

SOCIAL SECURITY - GENERAL  
1999

*DEVELOPMENT Britain commits to SA's future through investment in education, health, water and sanitation*

# Blair pledges R900m 'transformation aid' (297) CT(Gr) 8/1/99



**HAPPY HOUR** British Prime Minister Tony Blair (left) shares a laugh with Deputy President Thabo Mbeki at the signing of a bilateral economic agreement in Pretoria yesterday

PHOTO: JOHN WOODROOF

**THABO LESHILO**

**BUSINESS EDITOR**

Pretoria — British aid to South Africa would increase 40 per cent to R900 million over the next three years, Tony Blair, the visiting British prime minister, and Deputy President Thabo Mbeki announced yesterday.

After a South Africa-UK bilateral forum held yesterday at the presidential guest-house in Pretoria, the pair signed an economic agreement committing their respective governments to strengthening trade, economic, cultural and political ties between the two countries.

Blair said the development aid was a good investment in South Africa's future. It is earmarked for essential services such as education, health, water and sanitation.

"The new government has made huge strides since 1994. But transformation is far from complete.

"Britain is committed to strengthening its support for South Africa's efforts to over-

come the legacy of apartheid and to reintegrate its economy, as well as its society, into the global world."

The promised aid follows extensive consultation between the British department for international development and Pretoria, as well as civil society and the private sector in both countries.

Blair committed his government to ensuring that the British companies that emerged as preferred bidders for South African National Defence Force contracts would come through on their promises of an estimated R40 billion in offset investment.

Of this investment, 50 per cent would be in the defence industry and the other 50 per cent would be in industrial participation, said Blair.

He said the expected lucrative contracts were important for jobs in both countries. Mbeki said the government was about to hold detailed negotiations with the chosen bidders.

The leaders' joint communiqué said their bilateral forum "discussed a number of com-

mercial and defence matters that will led to considerable further UK investment in South Africa."

Later in the day Stella Sigcau, the minister of public enterprises, issued a statement saying she had signed a memorandum of understanding establishing closer ties between British Aerospace and Denel, the state-owned arms company.

The agreement followed the award of a R1 billion contract by the British defence ministry to Somchem, a Denel subsidiary, for ammunition charges.

The UK is the largest market for South African exports and its leading trading partner and source of foreign direct investment. Two-way trade amounted to about R50 billion in 1997.

Blair said the UK would continue to press the European Union to conclude its protracted preferential trade talks.

Blair expressed "enormous confidence" in the security and stability of South Africa under Mbeki, who will take over as president when Nelson Mandela retires after this year's elections.



# SA can use R900m UK aid 'as it sees fit'

(297) CT(MR) 11/1/99  
THABO LESHILO

BUSINESS EDITOR

Johannesburg — Britain's R900 million aid package to South Africa comes with few strings attached, and the British international development department says the money can be used as Pretoria sees fit.

Laurie Lee, a representative of the international development department in Pretoria, said last week: "What we see as the purpose of aid is helping South Africa to deliver the priorities it sets for itself. We have confidence in the developmental priorities of the government."

Tony Blair, the British prime minister, announced the aid in Pretoria last week. It amounts to R300 million of new money a year for the next three years.

This compares with R300 million of British aid received since 1994.

The department said its new development strategy aimed to "help South Africa help itself by reducing poverty and inequality through economic growth and human development".

This move is a far cry from the approach to aid whereby donors end up running developmental programmes in the recipient countries, which are usually so poor that aid is often the biggest source of funds.

But the department said behind South Africa's First World facade lurked one of the largest income differentials in the world.

"The poorest 20 percent receive 3,3 percent of national income, while the richest 10 percent receive 47,3 percent."

The R900 million would be mainly used to provide local and foreign technical expertise to help the government improve service delivery and capacity.

This would help South Africa overcome the constraints to growth and improve the delivery of such essential services as education, health, water and sanitation.

"The central focus of the policy is a commitment to international targets. It also seeks to work with business, civil society and the research community to encourage progress that will help reduce poverty," the department said in its strategy paper on South Africa.

The department funded the research team that compiled the comprehensive Poverty and Inequality report, commissioned by the office of Deputy President Thabo Mbeki.

The report, published last year, found that half of South Africans lived

in poverty, using a poverty line equivalent to about \$2,40 a person a day.

The department aims to reduce by half the number of South Africans living in extreme poverty by 2015. It said 23,7 percent of the local population lived on less than \$1 (then about R3) a day in 1993.

Its other key targets included universal primary education in all countries by 2015 and reducing by two thirds the mortality rates for infants and children under the age of five.

"South Africa is making real progress. A sound policy framework has been established," the department said.

**'The package  
will help South  
Africa to  
deliver the  
priorities it sets  
for itself'**

# Role of development bodies in the spotlight

New relevance needs to be found for development corporations set up by the previous government, writes **Patrick Wadula**

BD 19/1/99 (297)

PROVINCIAL governments are struggling to find ways of creating relevancy for provincial development corporations that have become a financial burden for the provinces.

Most of the development corporations set up during the previous government as tools of development for the former homeland administrations had the mandate to help develop small, medium and microenterprises in their regions as a means of creating employment.

However, since then the corporations have extended their interests to building industrial parks and investing in various companies.

Most of the provincial development corporations have admitted that over the years the disbursement of funds for various projects was not closely monitored and this led to the accumulation of debt of millions of rands to banks and other institutions.

Brian Molefe, finance department asset and liabilities head, said there still was a role for the corporations. However, there probably was the need for a national framework to deal with provincial assets.

He said the development corporations established by an act of the provincial legislature were accountable to the provinces' MECs of finance and trade and industry and not to central government.

North West finance and econom-

ic affairs spokesman Leon Bevan admitted the North West Development Corporation's investments in Sun International SA and Johannesburg Stock Exchange listed Yabeng were badly hit after the slump in the capital markets last year. He said the provincial government was investigating ways of disposing its shareholding in the two companies.

Other provincial development corporations disposing their interests in companies are the Transkei Development Corporation, which has at least a 6% shareholding in Sun International and the Free State Development Corporation, which has interests in a furniture factory, a bus service company, Maluti Dairy and a housing corporation.

Nonpayment of loans advanced to small, medium and microenterprises was also a problem.

Bevan said other main streams of self-generating funds that included rental income from large industrial estates and other commercial property owned by the corporation were also affected by nonpayments.

The provincial government was investigating how to ensure future sustainability of the development corporation.

"We clearly foresee a future role for the North West Development Corporation albeit in a total restructured fashion and a new focus as

market maker. This will unavoidably lead to scaling down of noncore activities towards a more lean and mean structure," he said.

Northern Province finance department head Morore Mphahlele said the Northern Province Development Corporation had a major role to play — especially in a province that was mostly rural.

He argued that the closure of the corporation would lead to tremendous loss of skills needed by the provincial government and suggested the corporation's role could be in retail funding for small, medium and microenterprises.

Free State finance MEC Zingile Dingane said corporations had to be seen as government institutions with a mandate for the promotion and development of small, medium and microenterprises.

He said the restructuring process of the corporation had not moved as fast as it should have, but structures were being put in place to ensure the speedy disposal of the government's interests in companies.

Dingane said while provincial small, medium and microenterprises desks developed policies and new initiatives around the specific areas for development and promotion of small businesses, development corporations were meant to be the implementing arm of the provincial government.



# Dept helps turn the tide of poverty

More that 45 state programmes have been implemented to provide benefits and job prospects to the main breadwinners – the women – in an area where 325 000 people live

BY HOPEWELL RADEBE

In the district of Ga Modjaji, deep in the backwaters of the Northern Province, lies a constellation of 35 villages nestled in the green valleys.

About 325 000 people live in this poverty-stricken region, the main breadwinners being the women, who rear livestock and grow agricultural products in their backyards.

The region has a 95% unemployment rate.

But an innovative programme by the Department of Public Works has started to turn things around.

In terms of the Rural Anti-poverty Programme, the department has set up 46 projects worth R21-million to "turn the tide of poverty" in the region.

The centrepiece of the programme is a bustling "common economic hub" at a

central village. People from the whole region flock here to trade their wares to outsiders and to each other.

Clusters of building complexes for business, entertainment and social development activities have been built.

There are multipurpose

## Hawkers have rented shops already

community halls, a taxi and bus rank with provision for hawkers' shops, a spacious factory building, a training centre, a daycare centre and a sports field.

Since the inception of the programme earlier this year, about 4 441 people have been trained in various managerial and building skills.

George Malatji (53), who says he has never been employed in his life, used his newly-acquired construction skills to take part in the building of the new creche.

He said he now felt like "a real head of a family" since the project started. "I have even spoilt my wife with a new dress and a pair of shoes which she will wear to church," Malatji said.

Entrepreneurs have begun registering to rent hawkers' stores built around the taxi and bus ranks near the complex, which is proving a catalyst for the local economy.

The department will monitor the project closely with a view to replicating it in other parts of the country, especially in the poorer provinces.

Public Works Community Based Programme director Gabi Gumbi said the idea of cluster buildings for social development programmes

came out of discussions between the department and rural communities in South Africa's three poorest provinces: the Northern Province, KwaZulu Natal and the Eastern Cape.

In the past, villages applied for funding only for creches and schools, she said.

## Project may be replicated elsewhere

But physical visits and discussions with rural leaders reflected a need for an economic niche in every village.

Rural administrations which maintained and repaired the buildings would also have a regular source of income from entrepreneurs renting the shops and people using community

business buildings.

Public Works Minister Jeff Radebe, who visited Ga-Modjaji recently, said the projects had enhanced social and economic equity, particularly for women.

He said the Cabinet has allocated a further R85-million from the Poverty Relief Fund to expand his department's rural anti-poverty programmes.

Depending on the priorities of each village or district, the department has been building access roads, helping to set out communal gardens and irrigation schemes, fencing grazing areas and low level bridges, and advising on vegetable markets.

Because the planning and the construction of these assets involve the participation of community-based organisations and enterprises, "communities were bound to care for and to own the projects", Radebe said.

# Chilli sauce gives 'lifeline' to villagers in North

BY HOPEWELL RADEBE

Sarah Molebatsi grew up subjected to continuous drizzling weather in the plantations in Mokwakwaila village – one of several nestled in the Ga-Modjaji region in the Northern Province.

Most of her life she survived by working on farms, earning a meagre salary

while her husband, Moshe (48), was unemployed. "He (Moshe) augmented our income by selling vegetables," she explained.

The mother of three is very excited about the prospect of becoming one of the hundred villagers who will soon begin working at a community factory which will manufacture chilli sauce.

"Imagine all super markets in the province order our chilli sauce stock from our factory. It will mean a better job and a better salary," she said.

The Department of Public Works has donated the building to her community to jump-start their business activities. It forms part of a cluster of facilities including

a hall, a sports field and several shops for entrepreneurs around a new taxi and bus rank. Molebatsi was also upbeat about the day-care centre built 100m from the factory.

She said women would no longer have to carry their children on their backs while working in the plantation fields and her 15-month-old baby, Josiah, would be one of

the young ones attending the creche.

Her husband, who was employed during the construction phase of the taxi rank, said he intended renting one of the shops to sell vegetables.

As Moshe spoke of his business plans, his wife cast her eyes on the green pastures covering the surrounding mountains.

## Lack of incentives hinder development zones' growth

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GRAHAMSTOWN — The development of SA's industrial development zones is being hampered by the trade and industry and finance departments' failure to agree on incentive schemes, recently appointed East London IDZ Implementing Authority CEO Peter Miles.

The authority is a Section 21 company established and jointly funded by the national and Eastern Cape governments. Its brief is to develop the development zone, which is centred on East London's harbour, to a stage where it can run profitably on its own.

At that point management and marketing of the development zone will be handed over to a profit-seeking joint venture between the East London municipality and as-yet-unidentified private sector companies.

The municipality will give the land on which the zone will be developed as its equity contribution.

Miles said because the zone would not have to buy its land, significant cost savings would be made which could be passed on to investors. The company also had to market the greater East London area to investors.

Miles said until the development zone legislation and incentive schemes were in place, attracting investors would be impossible. He said SA's investment incentive schemes were inadequate and needed special attention, especially those aimed at attracting foreign direct investment into development zones. — ECN.

(30) (501199)



## REPORT SPARKS ACTION

# Taxman probes leak of Boesak's arrears

ET 25/11/99

(297)

**THE RECEIVER OF REVENUE** has vowed to bring to book those responsible for leaking confidential tax information about Allan Boesak to the press. **CHRIS BATEMAN** reports.

**T**HE taxman, citing "breach of secrecy", has asked police to probe reports in *Die Burger* claiming that former Western Cape ANC leader and director of the defunct Foundation for Peace and Justice (FPJ), Allan Boesak, was over R1 million in tax arrears.

National Commissioner of Revenue Trevor van Heerden said yesterday that recent allegations that the Receiver of Revenue's office in Cape Town had divulged tax information about Boesak were "viewed in a very serious light".

*Die Burger* gave explicit details

of Boesak's income between 1989 and 1994, using confidential tax assessments.

The documents also reportedly showed that since 1995 Boesak had received no income and reflected his current status as "jobless".

The newspaper quoted an anonymous source in the Receiver of Revenue's office as saying Boesak's annual net incomes figures were "impressive", and that tax officials intended summoning Boesak to pay the arrears.

Van Heerden said the country's tax acts prohibited the disclosure of

any taxpayer's affairs, adding that the Receiver of Revenue had laid a charge at the Cape Town Central police station late last week.

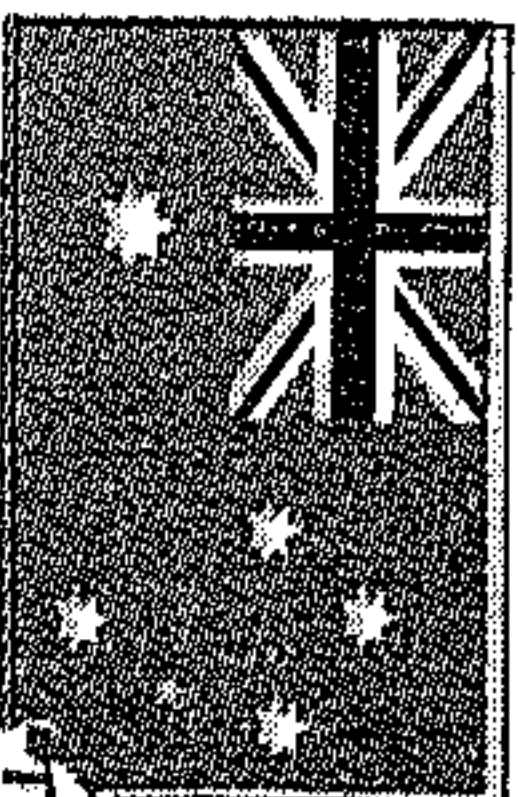
"Anyone found guilty of breaching the secrecy provisions of the tax acts ... will be prosecuted to the full extent of the law," he said.

Boesak's attorney, Chris Petty, said last week he had spoken to his client about *Die Burger's* report and that as far as he knew "that information (in the article) is totally incorrect".

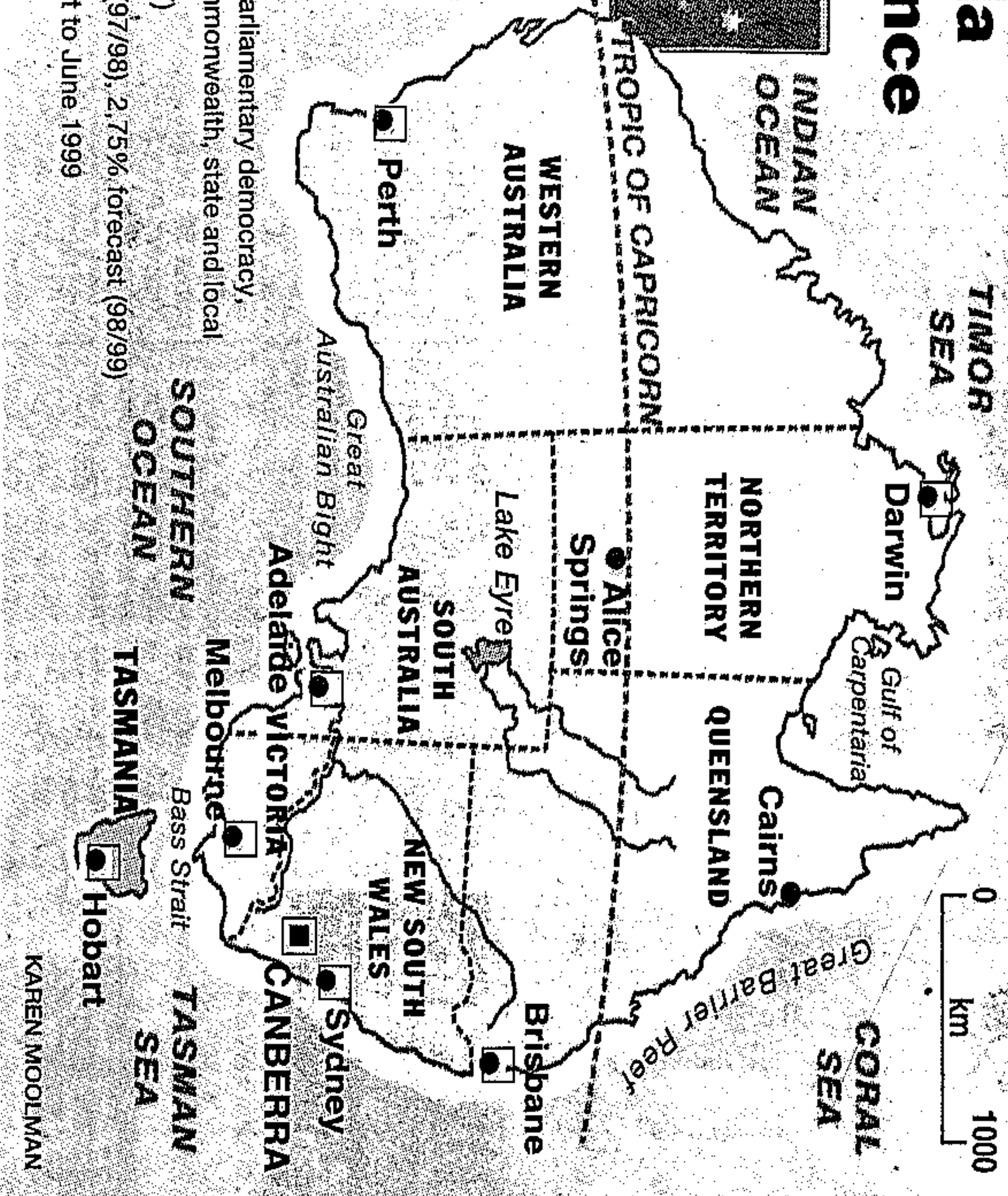
Petty said he and Boesak were considering legal action. The pair are meanwhile preparing for the February 8 resumption of Boesak's Cape High Court trial on fraud and theft charges relating to the abuse of overseas donations to the FPJ.



# Australia at a glance



**Capital:** Canberra  
**Population:** 18-million  
**Land area:** 7,68-million square kilometers  
**Currency:** Australian dollar  
**Language:** English  
**Form of government:** Parliamentary democracy, three-tier system - commonwealth, state and local  
**GDP:** A\$444,6m (96/97)  
**GDP growth rate:** 4,4% (97/98), 2,75% forecast (98/99)  
**Inflation:** 2,5% forecast to June 1999



KAREN MOOLMAN

## Aussie aid flows into the republic (2q7) 9d 26 11 99

AUSTRALIA is committed to a series of aid and development programmes to assist SA's transformation. Aid flows to SA for 1998/99 are estimated at R35m. David Urquhart, head of AusAID in SA, says the current programme encompasses a broad set of objectives aimed at supporting the South African government's efforts to tackle poverty and the challenges of reform.

The programme's objectives are human resource development, capacity building and institutional strengthening; fostering the development of long-term links between Australian and South African institutions and assisting in building the economy and democratisation.

On May 10 1994, the day the new South African government was inaugurated, the Australian government announced a three-year A\$30m (about R100m) aid commitment to SA.

An umbrella Memorandum of Understanding, which provided a broad framework for the Australian development co-operation programme, was signed at Cap Town in May 1995.

The flagship of Australia's development assistance programme with SA is the Capacity Building Programme. The programme is aimed at providing technical advice and expertise to South African national institutions in support of the development objectives of the government institutions during the transformation process.

AusAID is currently implementing more than 100 activities, among them projects in the fields of water supply and sanitation, HIV/AIDS education and housing

## Exporting management skills

business of listed Australian company AWA, and the sale of retailer Best and Less to Pepkor Holdings.

Jan Hugo, director of RMB's mergers and acquisitions, says that while it is still too early to assess the turnarounds of Country Road and Davids, they point to the potential that can be achieved.

RMB's corporate finance division has been involved in Iscor's joint venture with Australian mining company Hancock Prospecting for the Hope Downs iron ore project in Western Aus-

tralia. If it proceeds, this project would require an investment of R3,5bn by the joint venturers.

RMB has been represented in Australia since 1987. Its corporate finance division, with offices in Sydney and Melbourne, was started about two years ago as a resource-focused business facilitating deals in the mining resources sector.

Says Hugo: "Many Australian companies have operations in Africa and given the natural links between SA and Australia it made sense for us to establish a business to pick up on these

flows so that we could service Australian corporates from a Johannesburg base."

As a result of their presence in Australia the group began receiving inquiries about industrial deals. Today, the flow in terms of industrial deals is larger than those undertaken on the resources side.

While the flows thus far have largely been from SA to Australia, significant recent Australian investments facilitated by RMB are the purchase by the listed Australian electronic settlement clearing house, Comput-

ershare, of RMB's Optimum and Anglo's Consolidated Share Registrars. Australian mining group Aquarius has invested in JSE-listed Kroondal Platinum Mines.

In the energy field, RMB Australia Limited (RMBAL) has been expanding its presence in Australia's deregulating energy markets. RMBAL's energy strategy is based around the transfer of risk management and trading skills from the financial market to the energy market.

During 1998, RMBAL began trading in the New South Wales and Victoria power pools.

In December it entered into an agreement with Ikon Energy to provide Ikon with an electricity wholesale interface, price and risk-management service.

SOUTH AFRICAN expertise and management skills, notably in the retail sector, are helping to turn around underperforming companies in Australia, setting the stage for the possible entry of more local corporates.

Rand Merchant Bank's (RMB) corporate finance division has facilitated a number of acquisitions of Australian operations by South African companies. Two of these, Woolworths' majority purchase of fashion retail chain Country Road for about R400m and Metro Cash & Carry's purchase of the wholesale grocery group Davids, were potential turnaround situations.

Two other major deals are the acquisition by Plessey of the communication and technology



## NATIONAL LOTTERY

### TECHNOLOGY GIVES A FIRM HANDLE ON THE NUMBERS GAME

International partners may give Uthingo an early edge (297)

The bids are in and the chips are down for the three consortiums chasing R3bn annual turnover that is the putative prize for the one chosen to operate SA's first national lottery.

Political influence is often the key determinant in contests like these. But in this case the power players seem almost evenly weighted, which could mean that victory will depend on how government balances technology with black empowerment in its selection procedure.

With a project as large and complex as this, logic suggests technology should be the primary consideration — provided it has an acceptable empowerment presence. If that is to be the winning formula,

» Logic suggests technology should be the primary consideration for an undertaking as large and complex as this«

then the technology behind Gtech Corp of the US may give Uthingo the edge.

Uthingo, chaired by company director and political analyst Khehla Shubane, is 30% foreign-owned — by Gtech, the UK's Camelot and Australia's Tattersalls.

Gtech holds about 70% of the world technology market for wide-area lotteries, and has experience of managing thousands of terminals spread across hundreds of miles. SA's lottery will have up to 10 000 terminals nationally. Gtech has a good technical performance record.

Operating partner Camelot runs the UK lottery, the world's largest with a turnover of £5,5bn/year. Tattersalls runs lotteries in Australia and Tasmania.

Last year Gtech shed 800 workers in the US — a quarter of its 3 200-strong workforce.

Its reputation took a hammering when Virgin's Richard Branson was awarded £120 000 damages in a libel action against Gtech chairman and CE Guy Snowden. Branson claimed Snowden had tried to bribe him to pull out of the contest to run the UK lottery, a contest that was won by Camelot and Gtech.

After Branson's court victory, Snowden quit as a Camelot director and Gtech sold its 22,5% stake in Camelot. Now, in conveniently distant SA, Gtech and Camelot are in bed together again.

Tattersalls is run by the estate of one George Adams, who launched the Tasmanian Lottery last century. There's not a great deal of public clarity about the beneficiaries of the estate, which may raise questions about the company's transparency.

The second consortium bidding is 100% SA-owned: LottoYethu, headed by chairman Elias Mphande, a company director and former trade unionist. LottoYethu is led by International Gaming Networks (IGN), the gaming and betting division of MultiChoice, which holds 20% of the eq-

uity. LottoYethu's technology partner is Automated Wagering International (AWI), a division of the US's Powerhouse Technologies.

AWI, which has no equity stake in the consortium, holds about 25% of the world's

wide-area lottery technology market and runs the Florida and Pennsylvania lotteries in the US.

AWI is probably not as strong in marketing as Gtech, though it claims to be technically superior — a debatable point.

Consortium number three is Moraba, chaired by businessman Moss Mashishi.

It's also 100% SA-owned and is led by Moribo Leisure, the leisure arm of Thebe Investments.

Moraba's technology partner is the US-based International Lottery & Totalizer Systems (ILTS), which is controlled by Malaysians.

ILTS's hardly new claim to fame is that it runs the central computer system at the Hong Kong Jockey Club and the Hong Kong Lottery. A lacklustre financial performance saw its net income for the third quarter of 1998 at US\$122 000, on revenue of \$4,3m. ILTS is listed on the US's hi-tech Nasdaq exchange, where its share price has tumbled from more than \$6 in August 1997 to a present low of just 43c. That's why some observers say there's just too much risk in ILTS as a technology supplier.

As for empowerment partners, Uthingo

has a broad spread with the Black Management Forum investment arm BMF Investment; the Disability Employment Concerns Trust; black IT company Motswedi Technology Holdings; the metalworkers' union investment arm, Numsa Investment Co; Nafcoc Investment Holding Co and Women's Development Bank Investment Holdings. Each of the six has a stake of more than 10%.

LottoYethu's empowerment base is strongly union-based: Hosken Consolidated Investments (HCI), the black empowerment investment trust fund for the SA Clothing & Textile Workers Union (Sactwu) and the Mineworkers Investment Co (MIC). Other empowerment partners give a broad geographic representation.

Moraba comprises 15 empowerment groups, with Moribo Leisure, Union Alliance, Makana Trust and the Ntuthuko Trust holding the largest stakes.

The licence winner — which will be required to invest up to R1bn in establishment infrastructure — is due to be announced in April and the national lottery should be on stream six months later, in October. It will replace all existing regional lotteries, such as Zama Zama and Ithuba.

Jack Lundin



Elias Mphande... and bid package



# THE STATISTICS ARE GREY

Most claims may be disputed

FM 29/1/99

The problem with trying to assess the extent of the use of disability insurance and its effectiveness in SA is the lack of statistics. Though disability products offered by the life insurance companies fall under the broad jurisdiction of both the Financial Services Board and the Life Offices Association, there is no central bank of statistics.

"Facts and figures are hard to find," says Kevin Letord, marketing manager of risk products at Fedsure Life. "The insurance companies tend to keep their statistics to themselves."

But there is some historical data available from the Life Insurance Ombudsman, and this indicates that traditional occupation-based disability insurance is a grey area. According to Fedsure, as many as half of all occupationally based disability claims are disputed by the insurance industry. Of these disputed claims, 60% were disallowed according to the 1995 Life Insurance Ombudsman report.

Conventional industry and company-provided disability has become even more of a contentious, and potentially costly, issue since the introduction of the new Labour Relations Act.

Failure by employers to strictly follow prescribed steps before attempting to dismiss an employee on the grounds of disability will result in an unfair dismissal claim by the employee.

Disability is increasingly being outsourced to professional disability management organisations, a number of which have recently been formed in SA.

One of these — the Alexander Forbes Disability Management Service — says apart from employers needing professional advice on the new labour legislation, disability claims are also difficult to assess because no standard for assessment exists, and doctors are not trained in disability assessment. This contrasts with practice in some Western European countries where people can qualify professionally in disability assessment. And, says Alexander Forbes, it heightens the need for a nonpartisan third party to act between companies and trustees or insurers. Though most employees are covered by

disability policies, offered by the company they work for at fairly keen rates, problems associated with claims indicate that it might not be a bad idea to seek additional, more flexible cover.

This is even more vital for the self-employed or people who work from home. Insurance is meant to be all about protecting your assets, and an individual's ability to work and earn an income must be one of their most valuable assets.

There is even an argument that for the young employed, disability insurance might be more important than life insurance, because there is a greater chance at this age of becoming disabled than dying.

With early signs of a growing trend towards self-employment in SA as government and large corporations downsize, as well as the group of people under threat from affirmative action policies, disability insurance will become vital. It has always been important, but the difference now is that the onus for finding the right cover is shifting more towards the individual than the company.

So how does one go about finding the appropriate disability policy? Once again, the general lack of industry statistics and the difficulty in measuring the value of disability insurance (sadly, a person only learns what it's worth — or not worth — when something goes wrong) make it a difficult task to perform without professional help. The best route is probably to use the services of a reputable financial adviser.

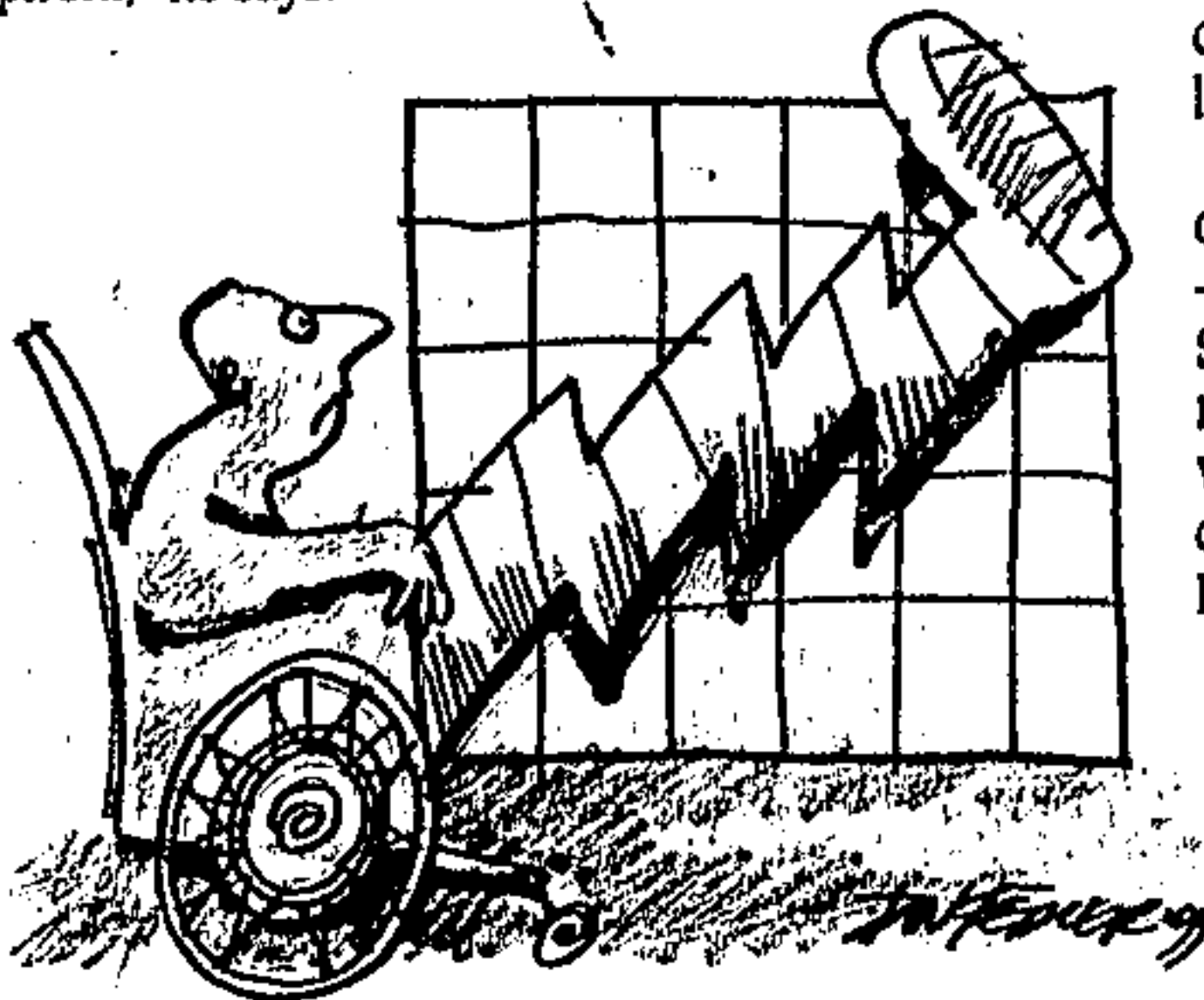
Occupational and financial circumstances will largely determine the type and level of disability cover necessary for a particular individual, but broadly speaking there are three types of product to consider.

First is the capital sum disability prod-

uct, where a person buys lump sum insurance to cover disability. This is the type of policy usually provided by companies for their employees, and in terms of claims seems to be the most problematic.

Capital sum disability insurance depends on the specific situation, and the growth of professional disability management organisations might ease some of the problems of the past. But Letord questions the value for money offered by this type of cover.

"Fedsure Life has developed a transparent product — the Debility Benefit — so the client knows exactly what he will get for a claim. All the benefits are specified upfront," he says.



Momentum Life has a similar product, which like Fedsure's seems to overcome one of the most common problems with disability products — that the individual has to be practically incapable of earning a living before the policy will pay out.

The Debility Benefit is not occupation-based, so the insureds will receive a payout if permanently disabled, irrespective of whether they are able to return to work or not. Letord says the policy can be selected

to provide cover to age 65 or the whole of life, and is available as a stand-alone policy or can be added to a policy with life cover as an ancillary.

Since its takeover of Norwich Life, Fedsure is also offering an Income Security Plan, which provides benefits for a maximum of two years for total disablement, and a Business Security Plan to cover the normal operating expenses of a business if the proprietor, who is the sole producer of income, is disabled.

But there are also short-term disability cover products available that in general have the advantage over products offered by life companies because they have shorter notice periods before claims are paid and attract lower premiums.

At least two organisations offer a variation of this product — the Professional Provident Society, and Financial Management International (FMI) — which are not limited to income protection only. FMI's Business Cashflow Protector allows cover for the four major individual or business expenses at competitive rates (see table). But as a short-term product, cover is only extended to two years

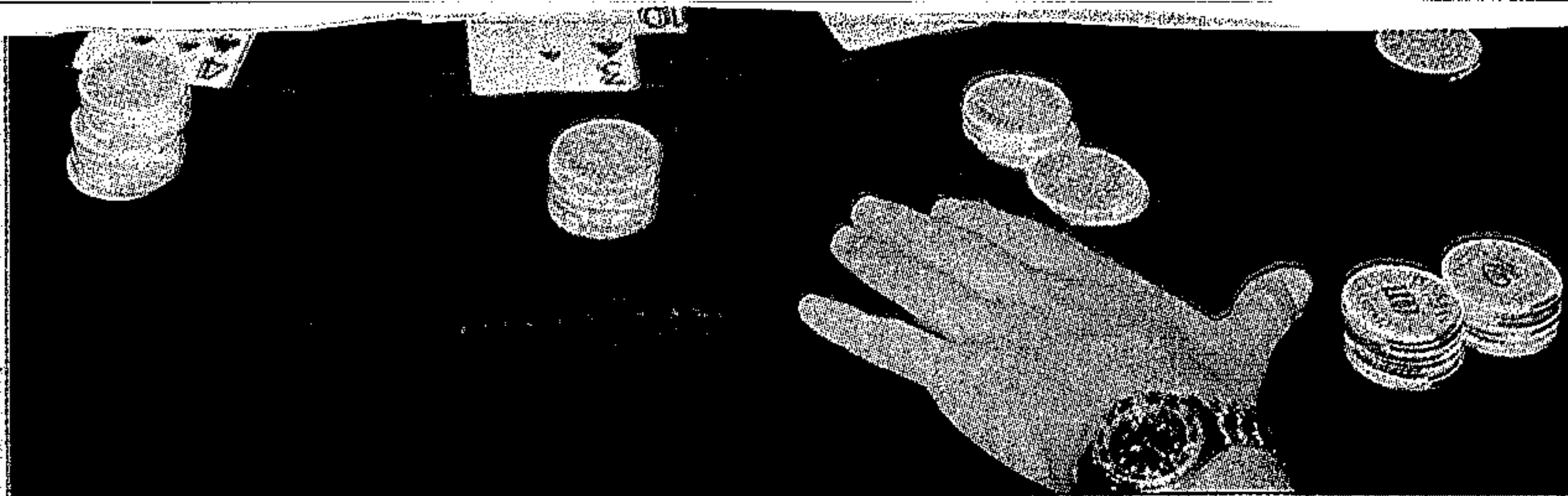
for temporary total disablement per occurrence.

One solution, which financial advisers should inform clients of, is to use a short-term product such as the Business Cashflow Protector in combination with a life company disability product with a two-year waiting period.

Premiums for both should be less than the cost of a conventional life product with a one-month waiting period.

Shaun Harris





**Putting money in the right hands: A national lottery will offer more than a chance to gamble and win prizes — the takings will go to community organisations and government projects**

# SA gambles on lottery

*MHG 29/1-4/2/99 (297)*

*The proposed national lottery is likely to prove hugely popular with South Africans and could benefit NGOs. Evidence wa ka Ngobeni reports*

**M**illions of people, and needy organisations, could soon benefit from the first South African national lottery, which is expected to contribute hundreds of rands to government budgets, as well as generating billions of rands in sales each year.

The national lottery is also expected to provide hundreds of jobs, improve the country's economy and pump billions into needy organisations in the country.

The South African NGO Coalition (Sangoco), which represents hundreds of NGOs across the country, has welcomed the possibility of lottery money.

"NGOs are forced to cut down on their operations and staff due to financial constraints, and we see the lottery as an opportunity for funding," says Sangoco's representative, Eugene Saldanha.

Saldanha said his organisation is currently setting up policies for the

distribution of the lottery money.

"We want to make sure that the policy that governs the distribution of lottery money is equitable," says Saldanha.

The national lottery, which will generally offer instant scratch-off tickets and online games to the public, is expected to generate sales of more than R5-billion each year.

Half of the national lottery's total takings will go to prizes. Most of the rest will be allocated to welfare, upliftment and development projects.

After profits, costs and winnings, there would be 30% left for good causes. Half of the "good cause money" will be given to the National Development Agency for reconstruction programmes and the other half divided between welfare, sport development, arts, culture and natural heritage.

The national lottery scratch-off tickets or online games will cost about R5 to R10.

The national lottery, if implemented, is likely to be hugely popular with the majority of South Africans and the government, but critics say it could encourage fraud and corruption.

In the United States, lotteries were banned at the end of the 19th century following a bribery scandal in the Louisiana lottery. Yet there are more than 165 national lotteries currently operating around the world.

The Department of Trade and Industry is currently reviewing three bidders keen to run the lottery. The department is to grant the country's

first national lottery licence by April this year.

The national lottery is expected to start operating by October 1999.

"The national lotteries will be closely monitored. There will be no fraud or corruption, and the tickets will be cheap," says trade and industry representative Themba Rabushe.

The lottery board will also monitor the nature of the lottery games that will be offered by the prospective operator.

Rabushe, who believes public participation in the lottery will determine its success, says specific organisations to receive the lottery money had not yet been identified.

"We are not going to give organisations money to play with. Organisations will be given money for instance to buy equipment, and we want to see the receipts," he says.

**R**abushe says the public will make submissions to the government on which organisations should receive the lottery money. The government will then nominate the organisations to receive it.

A separate national lottery distribution trust fund will be put in place to distribute billions of rands, Rabushe says.

"The lottery money will be used to help areas struck by disaster," adds Rabushe. The disaster fund is currently under financial constraints.

The national lottery, if implemented, also promises to provide employment to hundreds of retailers across the country. The retailers will operate the lottery terminals, sell tickets to the public and validate winning tickets using online terminals.

It is expected that within the first two weeks of operation, some lucky individuals will have won more than R100-million in cash prizes. The bidders for the national lottery licence expect that 45 lottery millionaires will be produced each year.



NE

*Proposed budget of R5bn is 'not capitulation to social responsibility lobby'*

# Marcus puts social plan to PIC

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

Cape Town — About R5 billion of the R140 billion funds under the control of the Public Investment Commissioners (PIC) should be set aside each year for social responsibility programmes, Gill Marcus, the deputy finance minister, said yesterday.

She denied that this was a capitulation to the lobby to use PIC funds, which mostly consist of government pension funds, for social programmes.

The department has been loath to give into this lobby. Marcus said setting a 3,5 percent limit on PIC funds that could be used for social responsibilities in infrastructure programmes and

black empowerment projects was in line with government thinking for more pension and investment funds to support development in South Africa.

This would not duplicate other government efforts to promote development. It would seek to fill gaps not met by those initiatives.

Until now, the PIC has only been able to invest in government stocks and a limited number of financial instruments. Marcus said this was too restrictive in light of modern investment practices and current social and economic circumstances.

She said that 3,5 percent was considered small enough not to impact on the performance of the PIC but was "big enough to make an impact on what you are investing in".

**We do not want to inhibit areas where people feel there are good opportunities**

"We do not want any inhibitions placed on areas where people feel that there are good opportunities," she said. Committee members

investing in

Marcus briefed the National Assembly's portfolio committee on finance about the PIC Amendment Bill, which would allow the PIC to diversify its investment portfolio to maximise profitability.

expressed concern that the amendments to the bill could encourage the PIC and its mandated investment agents to start investing in derivatives, which could have negative consequences for profitability and threaten the state pension fund. Marcus said that strict guidelines were in place to ensure sound investments. She rejected suggestions that the committee should have a say in how the PIC invested its funds on a daily basis.

The PIC would welcome broad policy guidelines from the committee and would report back annually allowing it to monitor PIC activities. The bill is subject to further amendment, depending on the committee's response.

(997)

CTBR 4/2/99





Back in court: Allan Boesak and his wife Elna outside the Cape High Court today

LEON MULLER

# Boesak won't testify in R1,1-m fraud trial

(297)

## Court hears evidence on bank statements

LENORE OLIVER  
HIGH COURT REPORTER

Allan Boesak will not take the stand to testify in his fraud and theft trial, the Cape High Court has heard.

Dr Boesak's defence counsel, Mike Maritz, told Mr Justice John Foxcroft at the resumption of the trial today that "as the evidence stands" he did not intend calling the veteran anti-apartheid campaigner.

Dr Boesak has pleaded not guilty to charges of fraud and theft involving R1,1-million intended for victims of apartheid.

Instead, Mr Maritz called char-

tered accountant Robert Cameron-Ellis to testify on the findings made by state auditors Dawn King and Johan van der Walt of the firm KPMG, which showed irregularities between the Foundation for Peace and Justice's main account and the World Alliance of Reformed Churches account.

Dr Boesak was president of the World Alliance of Reformed Churches.

Dr Boesak was accompanied to court by his wife Elna and his eldest daughter Leneke.

Mr Cameron-Ellis told the court that in the bank statements used by the State's auditors there was no evidence of what expenses were

paid or to whom they were paid.

He said it was impossible to conclude that the World Alliance of Reformed Churches' account was indebted to the Foundation account or vice-versa.

Mr Cameron-Ellis based his conclusion on the assumption that Dr Boesak was entitled to certain perks such as housing and car allowances as well vehicle maintenance.

The State disputes that Dr Boesak was entitled to these perks.

Mr Cameron-Ellis said: "The expenses include travel, but the statements do not give details as to who travelled or what the destination was."



# Boesak is owed over R94 000, claims auditor

RHODA DAVIDS

(297) et 9/2/99  
THE now defunct Foundation for Peace and Justice (FPJ), of which Allan Boesak was the director, still owes him R94 307,94.

This was said in the Cape High Court yesterday during the testimony of Robert Cameron-Ellis, a specialist forensic auditor flown in from Pretoria to testify in the fraud and theft trial of the former anti-apartheid activist.

Boesak has pleaded not guilty to charges of fraud and theft involving R1,1 million intended for the victims of apartheid.

Cameron-Ellis told the court that he was asked to comment on the validity of reports submitted by forensic auditors Dawn King and Johan van der Walt, both of the firm KPMG, who testified for the state at the start of the trial.

Cameron-Ellis claimed that their reports of fund irregularities between the World Alliance of Reformed Churches (WARC) and the FPJ accounts were inaccurate. The bank statements they used, he said, contained no evidence of what expenses were paid or to whom they were paid.

"The flaws that I found included an absence of substantiating evidence on payments to WARC, supplementary evidence of auditors have not been made, supplementary evidence of bank statements have not been taken into account and the evidence of audit clerk Mohammed (from Brey and Associates) were not taken into consideration," he said.

He added that the reason why the state's reports should be rejected is that King and Van der Walt relied on working papers based on evidence provided by FPJ bookkeeper Freddie Steenkamp, the state's star witness against Boesak.

However, in a day of high drama during earlier testimony, Steenkamp admitted to lying under oath.

Cameron-Ellis concluded that in his opinion it was "absolutely impossible" that WARC was indebted to the FPJ. Also, the financial records he viewed provided no basis to show that money donated by internationally acclaimed musician Paul Simon was intended for the Children's Trust, a part of the FPJ.

Cameron-Ellis said that after he had gone through the reconstructed financial statements it was established that the FPJ still owed Boesak R94 307,94.

J.C. Gerber, for the state, contended that there was insufficient evidence for Cameron-Ellis to make his conclusions.

Cross-examination continues today.



# Bafokeng to use royalties for development

Nomavenda Mathiane

THE BAFOKENG people would use their royalties from a deal with Impala Platinum Holdings to improve the infrastructure of their 29 villages, Bafokeng queen mother Semone Molotlegi said yesterday.

On Saturday Bafokeng and Impala signed a 20-year contract increasing royalties payable to the Bafokeng Nation from 14,94% to 22%, and agreed that the Bafokeng would also receive 1-million shares, which are worth R100m, as well as 1% minimum royalties.

The agreement ends a debate which started when Impala began mining platinum on the Bafokeng's land during the 1960s.

The deal will see the Bafokeng nominating one of its members to the Impala board and will give the Bafokeng preference for employment.

During the apartheid regime, the Bafokeng nation had running battles with Bophuthatswana leader Lucas Mangope over this land and royalties from the mining houses. The Bafokeng own 200 000 square metres of land, with the first farm bought in 1883 by Kgosi August Mokgatlhe.

Molotlegi said that in the past the royalties were paid into a trust held by the Bophuthatswana government and at the time the people had no idea how much was in the bank.

The new deal compels Impala to pay the money directly to the Bafokeng people through the Royal

Bafokeng Nation Trust.

Molotlegi said the money would go towards developing infrastructure in the area such as roads, schools and clinics.

None of it would be used by individuals, instead it would be for the exclusive use of upgrading infrastructure for community.

"We will now do what we have been doing all along, but better—improving the quality of life in the 29 villages," she said.

She said there were currently 29 primary schools and six high schools in the villages.

The Bafokeng now planned to build high schools in villages that lacked these.

They would also improve on a civ-

il works project started by the Bafokeng that has enabled locals to apply for tenders in the area.

She said since the mining industry had a undetermined lifespan, the Bafokeng people planned on being self-sufficient by the year 2020.

She said they also planned developing industrial areas to provide employment.

Ordinary people around Bafokeng were largely unaware of the agreement. Miners who said they were aware of the agreement said although they appreciated Impala's gesture, the money was not meant for the workers but for the Bafokeng people. They said miners from outside the area would now find it difficult to find employment in the mines.



# 'Foundation owes Boesak money'

Star 9/2/99 (297)

Cape Town - The now defunct Foundation for Peace and Justice, of which Dr Allan Boesak was the director, still owes him R94 307,94, it was claimed yesterday.

The claim was made in the Cape High Court during the testimony of Robert Cameron-Ellis, a specialist forensic auditor flown in from Pretoria to testify in the fraud and theft trial of the former anti-apartheid activist.

Boesak has pleaded not guilty to charges of fraud and theft involving R1,1-million intended for victims of apartheid.

Cameron-Ellis told the court he was asked to comment on the validity of reports submitted by forensic auditors Dawn King and Johan van der Walt, both of the firm KPMG, who had earlier testified for the State.

He claimed that King and Van der Walt were not accurate when they submitted reports

involving details of fund irregularities between the World Alliance of Reformed Churches (WARC) and the FPJ accounts.

The bank statements used by the State's auditors contained no evidence of what expenses were paid or to whom they were paid.

Cameron-Ellis said King and Van der Walt relied on working papers based on evidence provided by the State's star witness against Boesak, FPJ bookkeeper Freddie Steenkamp, who had admitted lying under oath.

Cameron-Ellis concluded that in his opinion it was "absolutely impossible" that the WARC was indebted to the FPJ.

However, during cross-examination J C Gerber, for the State, contended that there was insufficient evidence for Cameron-Ellis to make his conclusions.

Cross-examination continues today. - Own Correspondent



# Cost of providing social services estimated at \$30bn

John Dludlu

(297)

11/2/99

BD

IT will cost about \$30bn to extend essential social services to all South Africans in the next five to 10 years, according to a top executive of the International Finance Corporation (IFC).

At a news briefing in Sandton yesterday, Peter Woicke, the newly appointed executive vice-president of the IFC, said a lot of these funds for providing health, water and electricity in SA would have to come from the private sector.

Woicke said he saw opportunities in the infrastructure sector, telecoms, health care, education, tourism, financial markets as well as general manufacturing.

Already, the IFC, which is the World Bank's private sector arm, is investing in a range of health related sectors. These include an 89-bed medical centre near Cape Town, Eerste River, and the nine-

bed intensive care unit of the Lesedi Private Hospital in Soweto. The IFC's committed investment portfolio in SA stands at \$115m in 15 projects.

The portfolio was growing at a rate of an annual 20%, said Woicke.

The corporation invested \$679m in 81 projects in 23 African countries last year.

This task would be carried out by funding new businesses owned by indigenous entrepreneurs, and by restructuring and modernising small and medium-sized enterprises owned by previously disadvantaged people, he said.

The IFC would also support corporate unbundling where ownership was transferred to management or workers or was diversified, and funding projects were sponsored by South Africans in the rest of Africa.

The focus on small business

was important as companies in this sector tended to be majority-owned by blacks. Small business, he said, was also an area that was creating more jobs.

The IFC's single largest investment in the world was its \$120m commitment in Mozal, the \$1,3bn aluminium smelter being built in Mozambique.

In the last four years, the IFC had evolved a lot of responsibilities to its regional offices to reduce reliance from headquarters. "We have realised we want to be closer to our clients," he said.

In line with this approach, Johannesburg would be strengthened to serve as a regional "hub for the southern cone". Johannesburg also serves Botswana, Lesotho, Namibia, Swaziland and Mozambique.

Though he felt SA had a good government, Woicke expressed concern about other governments in the region.



# Free State welfare and health services in crisis

(297) ~~297~~  
SMW 11/2/99

Provincial government's accumulated overdraft of R460-m is preventing it from receiving financial relief from bank

By SIMON ZWANE AND  
RAPHAEL BANDA

**S**ocial welfare services and major public-works projects in the Free State could grind to a halt because of a financial crisis which has already forced some provincial health facilities to shut down.

The situation threatens to paralyse all state functions as the provincial government has run out of money to keep its services in operation.

The government has overspent its budget by R170-million and an accumulated overdraft of R460-million is preventing it from receiving financial relief from its bank.

A promised bailout by central government has not yet materialised.

Non-governmental organisations, which provide services to the elderly, children and rehabilitation of drug addicts, have not received government subsidies since last year and some of them are considering closing down.

Fears have also been expressed that the welfare de-

partment could experience difficulties in paying old-age and disability grants if the promised bailout is not forthcoming.

Construction companies - which are owed about R80-million in outstanding payments by the provincial public works department - are also facing financial ruin and possible liquidation because of the provincial government's failure to pay them for the work they have done.

Public works MEC Sekhupi Malebo confirmed that his department owed about R80-million to contractors that have been involved in road construction and the building of schools and clinics.

The provision of services such as health and welfare as well as the building of schools, clinics and hospitals has been thrown into chaos because of the cash flow problem.

The financial crisis came to light in June when the province was moving its account from FNB to Absa. When it emerged that the province had accumulated a R460-million overdraft

over the past two years, Absa refused to grant an overdraft facility to the government.

The crisis deepened last week when hospitals started turning patients away as they ran out of basic necessities.

The health department received R10-million on Monday when the situation became critical to pay outstanding accounts. It still owes R63-million to suppliers.

"Some welfare organisations are talking of closing down," said Gert Kruger, director of the Aurora Alcohol and Drug Centre in Bloemfontein.

The provincial welfare department had recently asked welfare organisations to detail their financial positions and operations "for a clear picture of what is happening" by February 10, social welfare MEC Ouma Motsumi-Tsopo said yesterday.

At a meeting with representatives of the non-governmental organisations on January 25, the department said it would prioritise struggling organisations when allocating subsidies.



# 'Ghosts' exorcised, govt saves R280m

CT 19/2/99

(297)

THE removal of 70 000 "ghost" beneficiaries from the government's security grant system had saved the welfare department over R280 million in the present financial year, Welfare Minister Geraldine Fraser-Moleketi said yesterday.

She told a media briefing in the city that 70 772 "ghosts" had been detected in the system in the 1998/99 financial year.

They were typically old age pensioners who had died but whose relatives continued to draw their benefits from the welfare department.

They are detected by officials checking off names against the population register maintained by the Department of Home Affairs.

"Through this process and other measures we have saved R281,9 million this year," she said.

The welfare department had allocated R50m to 1 133 poverty alleviation projects that had benefited more than 93 000 participants.

The child support grant introduced in April last year now reached more than 23 823 children every month.

"We remain determined to reach three million children in the poorest households over the next five years," she said.

A commission of inquiry would be established to investigate the alleged abuse of elderly people at a Goodwood care centre. — Sapal



# RDP bears the brunt of cuts

*Trevor Manuel boasted of increased government spending, but analysts say the budget won't boost development in real terms. Ann Eveleth reports*

mtg 19-25/2 1999 (297)

**L**ow-income wage earners will benefit from significant tax cuts this year, but the Reconstruction and Development Programme (RDP) is poised for a setback following real cuts in most social spending categories as the 1999/2000 budget fails to keep pace with inflation.

Minister of Finance Trevor Manuel's upbeat rendition of the nominal increase in government spending masks development funding cuts that emerge when figures are adjusted for inflation, say economic analysts for the Anti-Poverty Coalition.

Manuel's 1999 *Budget Review* estimates consumer price inflation for the year at 7.6%. That means the government would have to increase last year's budget of R205-billion to R220.5-billion this year just to keep pace with inflation. At R216.8-billion, government spending is set to drop by 1.8% in real terms. This is despite

a 2% real rise in government revenue over the past year.

Sally Timmel and Elroy Paulis, of the University of the Western Cape's popular economics unit Fair Share, and National Labour and Economic Development Institute researcher Ravi Naidoo put Manuel's budget under the microscope this week as part of a civil society coalition response to the budget.

The Anti-Poverty Coalition includes the South African National NGO Coalition, the Congress of South African Trade Unions (Cosatu), the South African Council of Churches, the Southern African Catholic Bishops' Conference and Fair Share.

Said Timmel: "Other than conditional grants, every RDP department has had its budget cut in real terms."

Hardest hit are water and sanitation programmes, with this year's R2.5-billion marking a 19.9% real decline from last year's R2.9-billion.

Next up is agriculture, where struc-

tural reforms of credit boards, parastatals and credit schemes probably explain the 16.9% real drop from R736-million to R658-million.

Rural development is dealt another budget blow with the 14.3% real reduction in the land affairs budget, from R752-million last year to R693-million this year.

While the department has failed to spend its budget in the past, recent capacity growth and policy reforms were expected to push up expenditure on land reform this year.

The housing budget marks an equally dramatic real drop of 14.4%, from R3.8-billion last year to R3.5-billion this year.

Both the education and health budgets represent real drops in spending, although the decline in these sectors is smaller.

Combined national and provincial education spending is set to drop by 0.7% in real terms, although climbing nominally from R45.4-billion last year to R48.5-billion in 1999/2000.

The total health budget will decline by 2.2% in real terms this year, despite a nominal increase from R22.8-billion to R24-billion.

And while civil service and welfare pension spending rose nominally from R18.9-billion to R19.8-billion, this represents a real cut of 2.6%.

Manuel boasted that individual monthly pension benefits would rise by R20. But Timmel said this nominal 4% increase was overshadowed by inflation, so that it actually amounts to a 3.6% cut in the value of this year's pension.

Fair Share described this as a "disappointing" cut in "the most important financial support to the rural poor. Rural poverty, which is likely to gain the least from the job creation programmes, remains a challenge."

**W**hat has risen — by a shocking 11% over last year — is the amount South African taxpayers are shelling out to service South Africa's R338-billion debt albatross. This now accounts for 22.2% of total government spending. The increase is attributed to the rise in interest rates.

Most of this debt is linked to the Government Employee Pension Fund. Cosatu has welcomed Manuel's commitment to investigate restric-

turing the fund. But Manuel is sticking to his guns, saying, "The government is not persuaded that increased service delivery can be sustained in this way."

South Africa employs a prepaid system for the fund, which means it sets money aside now for a large portion of all the pensions of public servants it will have to pay — often far in the future.

Timmel said the government's decision to fund 72% of these costs now flies in the face of growing economic wisdom that funding 60% of a prepaid system is sufficient.

She endorsed calls for South Africa to adopt a pay-as-you-go system which would free up substantial funds.

"Private companies use prepaid systems in case they go bankrupt. I don't think the government is in danger of going bankrupt, and if it did, why should public servants be in a better position than anyone else?" she asked.

Anglican Archbishop Njongonkulu Ndungane welcomed Manuel's commitment to reprioritising government spending, but said this did not translate into a discernible difference to the poor and unemployed, because poor people bore the brunt of South Africa's debt service costs.

Ndungane also welcomed the R1-billion allocated to poverty relief and job creation, but said this was a "drop in the ocean."



# Boesak's silence a sign of guilt, fraud trial told

297 ARG 22/2/99  
ASHLEY SMITH  
COURT REPORTER

Allan Boesak's refusal to testify in his own defence should be interpreted by the Cape High Court as a sign of his guilt, prosecutor J C Gerber argued today.

Mr Gerber, who is presenting the State's final arguments in the fraud and theft trial of Dr Boesak said the charges against him "cried out for an explanation".

However, Dr Boesak had chosen to remain silent, which "in effect" made the State's case against him stronger.

Quoting extensively from foreign and South African court judgments, Mr Gerber said the High Court was obliged to draw a "logical inference" - favouring the

State - from Dr Boesak's unwillingness to testify.

Dr Boesak has pleaded not guilty to charges of fraud and theft involving R1,1-million paid to his now-defunct Foundation for Peace and Justice and which was intended for victims of apartheid.

Mr Gerber said today that although the constitution granted Dr Boesak the right not to testify, an accused person elected whether or not to present evidence rebutting the State's case.

In choosing not to give the High Court an explanation rebutting the charges against him Dr Boesak should have been fully aware of the risks involved in remaining silent.

The court should look at the cumulative evidence against Dr Boesak and find him guilty, said Mr Gerber.



# Boesak (297) 'must just explain'

REVEREND Allan Boesak's failure to testify about allegations that cried out for an explanation rendered the *prima facie* case against him conclusively proved, the state argued in the Cape High Court yesterday.

Prosecutor JC Gerber quoted at length from decided cases and contended that the new Constitution had only brought about changes in emphasis in criminal cases, but had not changed the law itself.

Boesak, former head of the now defunct Foundation for Peace and Justice, has pleaded not guilty to 27 counts of theft and fraud involving R9 million, of which he is alleged to have taken R1,1 million for himself.

Gerber said it would have been easy for Boesak to testify had he really been innocent of the charges against him.

## Explain his innocence

Gerber told the court if he (Gerber) had borrowed a friend's car, not knowing that it was a stolen car, and he was stopped by the police, it would be a simple matter of explaining to the police that he had merely borrowed the friend's car and did not know it was stolen.

Boesak was in this kind of situation and merely had to explain his innocence to the court.

Gerber said that the council of the Bellville South congregation decided in 1984 to establish a trust, called the Foundation for Peace and Justice.

Boesak was appointed trustee and director of the FPJ, which initially started as an extended ministry of the congregation to serve the country's poor and oppressed communities, especially in the Western Cape.

## Foreign donations

The FPJ was dependent on foreign donations.

Gerber said the three major donors were from Scandinavian countries – the Church of Norway and Danchurch Aid, two church organisations, and the Olaf Palme International Centre, a human rights organisation.

A major portion of the available funds from these donors came from their respective governments, and the donors were thus accountable to their governments as well as their taxpayers. Because Boesak was in the forefront of the fight against apartheid, he was trusted by the donors. The donors felt assured that their donations were utilised for the purposes intended.

The hearing continues. – Sapa.

Sowetan 23/2/99



'ENOUGH EVIDENCE ON 27 COUNTS'

# Silence shows guilt, Boesak trial is told

ET 23/2/99 (297)

**THE** state claimed yesterday that cleric Allan Boesak knew he was illegally using funds intended for social upliftment of oppressed communities. **RHODA DAVIDS** reports.

**B**y failing to give evidence in his trial on charges of fraud and theft involving R1,1 million, anti-apartheid cleric Allan Boesak could have been showing that he had something to hide, the Cape High Court heard yesterday.

Boesak, former director of the now-defunct Foundation for Peace and Justice, has pleaded not guilty to the charges, but has not taken the stand in his own defence.

Once the prosecution has produced evidence sufficient to establish guilt, an accused who fails to give evidence to prove otherwise is at risk, said prosecu-

tor JC Gerber in his closing arguments yesterday.

Gerber lashed out at Boesak for choosing not to give evidence.

"There is enough evidence for the court to properly convict Boesak on the remaining 27 counts as the accused refused to testify without offering an explanation to the court. He took the risk of staying off the stand but he must be prepared to suffer the consequences," said Gerber.

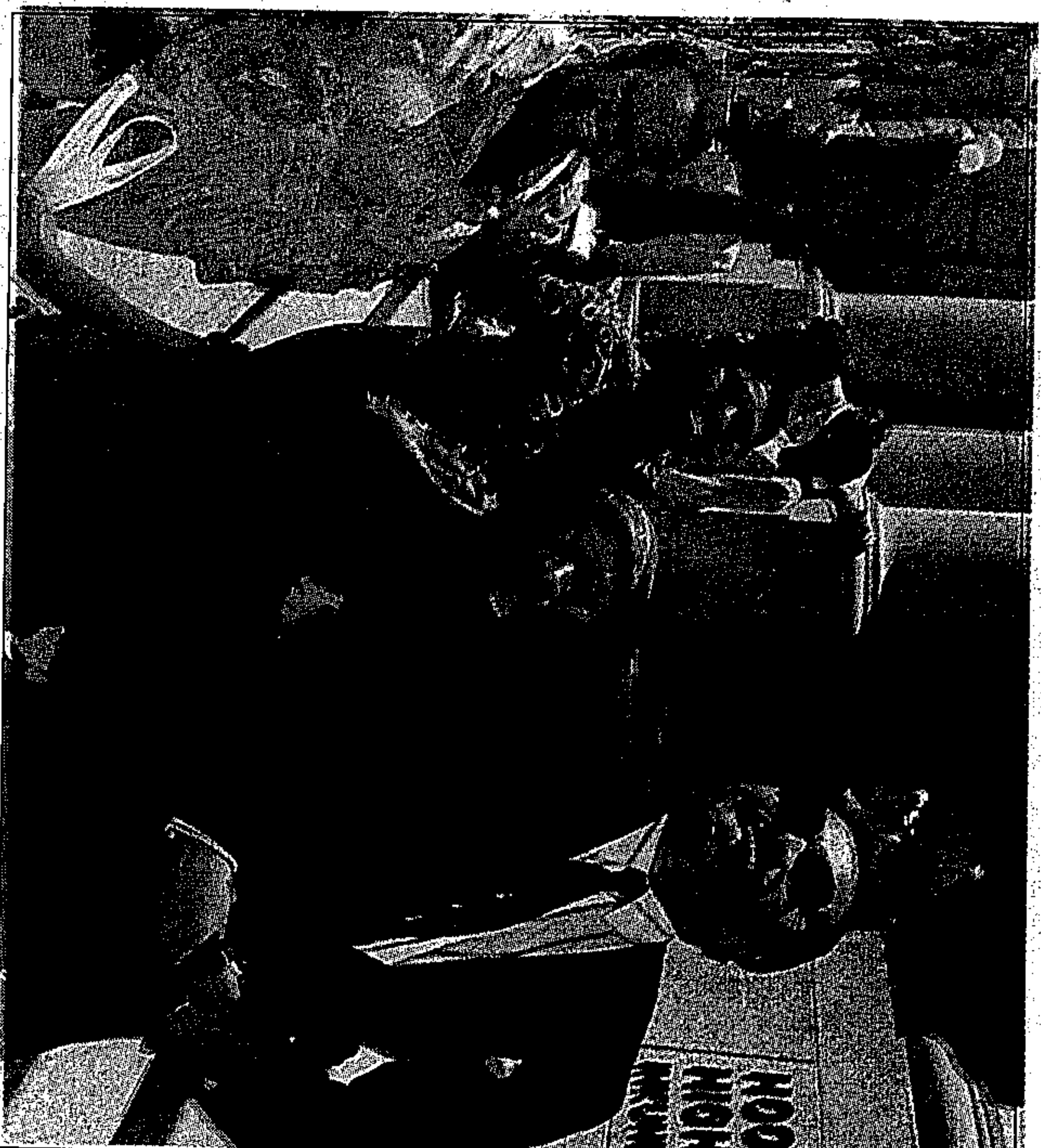
Gerber defined a "trustee" as one who acted with "care, diligence and skill" in managing the affairs of another.

The only reasonable inference the court could draw was that Boesak knew that he was illegally using donated funds intended for the social upliftment of poor and oppressed communities.

It was clear from the evidence that Boesak had decided to keep portions of the donations and stolen money intended for the children of apartheid.

Gerber further said that Boesak could easily have proven his innocence on a number of the counts, had he chosen to explain his situation to the court.

When Boesak's legal team closed their case two weeks ago his counsel, Mike Maritz, SC, said as evidence stood before the court there was no need to call Boesak to the stand.



**SMILING:** Allan Boesak shares a lighter moment outside the court yesterday with supporter Saria Beest and others. Beest said she was an old school friend.

PICTURE: ALAN TAYLOR



# Boesak's lawyer condemns 'trial by media'

(297)

AKG 23/1/99

**LENORE OLIVER AND ASHLEY SMITH**  
COURT REPORTERS

As Allan Boesak celebrated his 53rd birthday in the Cape High Court today, his lawyer lashed out at the media, saying they had fanned the widespread public perception that Dr Boesak was guilty of fraud and theft.

Mike Maritz was delivering closing argument in the trial of Dr Boesak who has pleaded not guilty to fraud and theft charges involving R1,1-million in foreign donor funds to the Foundation of Peace and Justice, which he headed.

Mr Maritz said Dr Boesak's only safeguard was the objectivity of the court. Without that, he would be at the mercy of the media. "The court has to be on guard not to be influenced by this prevalent climate.

"In 1997, Dr Boesak's picture was placed in a newspaper with South Africa's 10 most notorious criminals.

"The media reported extensively on the Office for Serious Economic Offences' investigation, Freddie Steenkamp's trial, and there was public outcry, fanned by the media, about his post as an ambassador to Geneva," said Mr Maritz.

Dr Boesak was out of work and in public disgrace. His trial was the topic of discussion at dinner parties and social events.

"The media reported on allegations and rumours of Dr Boesak's misappropriation of funds by people such as former foundation employee Thelma Sacco, who was fired by Dr Boesak."

Mr Maritz said Mrs Sacco was a gossip-monger, who had waged a campaign against Dr Boesak over the years, and her evidence during the trial was irrelevant.

Mrs Sacco, Steenkamp and se-



LEON MOLLER

**United front:** fraud accused Allan Boesak and his wife, Elna, with senior counsel Mike Maritz after yesterday's court hearing

tary Lucille Fester were mendacious and dishonest witnesses, he said.

The perception of Dr Boesak's guilt was also prevalent in legal circles, said Mr Maritz. "These are the

people who should know that a person is presumed innocent until proven guilty."

Mr Maritz called the State's forensic evidence a shambles and

auditors Dawn King and Johan van der Walt biased.

"The State's forensic evidence was lacking in logic and at times cavalier," said Mr Maritz.

His argument was continuing later today.

Earlier, the State alleged in closing argument that Dr Boesak stole from foreign donors to support a lavish lifestyle while presenting himself as someone who cared for the poor.

The argument - more than four hours long - ended in the Cape High Court yesterday with an emotional charge by prosecutor J C Gerber that Dr Boesak's "general attitude" was that of a "reckless" fraudster.

He argued that the anti-apartheid cleric, former director of the now-defunct Foundation for Peace and Justice, should be found guilty of fraud and theft charges involving R1,1-million.

The evidence of the foundation's jailed former bookkeeper, Freddie Steenkamp, whose testimony dramatically turned into a confession that he had falsely accused Dr Boesak, should be handled with the "utmost care", said Mr Gerber.

Mr Steenkamp could never have acted alone and it was Dr Boesak's task as trustee and director of the foundation to see that the money was used to uplift the poor.

The court should believe Mr Steenkamp only where his evidence was corroborated by the other key State witnesses. Mr Steenkamp was in other respects a liar and an unreliable witness.

Mr Gerber, who repeatedly asked the court to find that Dr Boesak's refusal to testify should count against him, said that although the charges "cried out for explanations" Dr Boesak had remained silent.



## NATIONAL

# Boesak's failure to testify 'proves case'

State argues failure to testify renders prima facie case proved

PD

23/2/99

(297)

CAPE TOWN — Allan Boesak's failure to testify over allegations that cried out for an explanation rendered the prima facie case against him conclusively proved, the state argued in the Cape High Court yesterday.

Prosecutor JC Gerber quoted at length from decided cases and contended that the new constitution had brought about changes in emphasis in criminal cases, but had not changed the law itself.

Boesak, former head of the now defunct Foundation for Peace and Justice, has pleaded not guilty to 27 counts of theft and fraud involving R9m, of which he is alleged to have taken R1,1m for himself.

Outlining Boesak's background, Gerber said Boesak had been a minister in the Dutch Reformed mission church in Bellville South.

Boesak had been active in SA politics and was well known worldwide.

During 1982 Boesak had been elected president of the World Alliance of Reformed Churches and was expected to travel extensively.

Gerber said it would have been easy for Boesak to have testified if he were really innocent of the charges against him.

Gerber told the court that if he

(Gerber) had borrowed a friend's car, not knowing that it was a stolen car, and was then stopped by the police, it would be a simple matter of explaining to the police that he had merely borrowed the friend's car and did not know it was stolen.

Boesak was in this kind of situation and merely had to explain his innocence to the court.

Gerber said that the council of the Bellville South congregation decided in 1984 to establish a trust as an extended ministry of the church.

In October of that year, the trust,

called the Foundation for Peace and Justice, was established and Boesak was appointed its trustee and director.

Gerber said the foundation started as an extended ministry of the congregation to serve the country's poor and oppressed communities, especially in the Western Cape.

It was dependent on foreign donations. The three major donors were the Church of Norway and Danchurch Aid and the Olaf Palme International Centre, a human rights organisation.

A major portion of these donors' funds came from their respective gov-

ernments and the donors were thus accountable to their governments as well as their taxpayers.

Because Boesak was in the forefront in the fight against apartheid, a church minister, as well as president of the World Alliance of Reformed Churches, the donors trusted him.

The fact that the accounting records of the foundation were annually audited had added to this feeling of comfort, Gerber said. They were sure their donations were used for their intended purpose.

The audited reports were usually accompanied by a director's report, compiled by Boesak.

The hearing continues. — Sapa.



# 'Den of thieves' out to get Boesak (297)

ARLT 24/2/99

**LENORE OLIVER**  
HIGH COURT REPORTER

**State witnesses in the Allan Boesak fraud and theft trial made up a "veritable den of thieves", Dr Boesak's advocate Mike Maritz told the Cape High Court.**

"Champion among these was Freddie Steenkamp, a gentleman who over years systematically defrauded the Foundation for Peace and Justice and Dr Boesak, and stole in excess of R1,5-million".

This was the submission by Mr Maritz yesterday in his closing argument in the trial of Dr Boesak, who has pleaded not guilty to theft and fraud charges involving R1,1-million in foreign donor funds to the Foundation for Peace and Justice, which he headed.

The money was intended for victims of apartheid.

Steenkamp is serving a six-year sentence for theft of more than R900 000 from the foundation.

Mr Maritz launched a scathing attack on the State's witnesses and said that by Steenkamp's own admission he had lied during his evidence under oath.

"On his own evidence, he regarded Dr Boesak as his role model and his biggest hero in life. Yet this did not preclude him from stealing large amounts from Dr Boesak personally and later falsely incriminating him in the course of his own trial.

"Steenkamp was a completely dishonest and mendacious witness of the worst kind - inherently dishonest with no qualms about perjuring himself and misleading the court," said Mr Maritz.

Of evidence given by foundation bookkeeper Lucille Fester, Mr Maritz said: "In the light of the overwhelming evidence establishing her thefts, it is a complete

mystery why she was not prosecuted.

"The obvious inference is that she was excused in exchange for her testimony against Dr Boesak. If this is so, her denial (of stealing money) is a complete falsehood and would further mean that she had to sing for her supper."

Ex-employee Thelma Sacco, who was fired by Dr Boesak, was a "demonstrably malicious and embittered gossip-monger, who over years conducted a campaign to malign Dr Boesak.

Steenkamp's wife, Amanda, lacked credibility and was as dishonest and untruthful as her husband.

Mr Maritz also criticised the media's role during Dr Boesak's trial. He accused the media of fanning the widespread public perception that Dr Boesak was guilty and said his only safeguard was the objectivity of the court.

Mr Maritz continues argument today.



# Security measures stepped up at crime-ridden Baragwanath

BY SELBY BOKABA  
Crime Reporter

Security at the crime-ravaged Chris Hani Baragwanath Hospital, hit by a spate of robberies recently, has been tightened as part of a Gauteng government drive to improve safety at hospitals and clinics.

Gauteng Premier Mathole Motshekga and health MEC Mofokeng Gungubele yesterday announced immediate and medium and long-term measures to curb crime at health institutions.

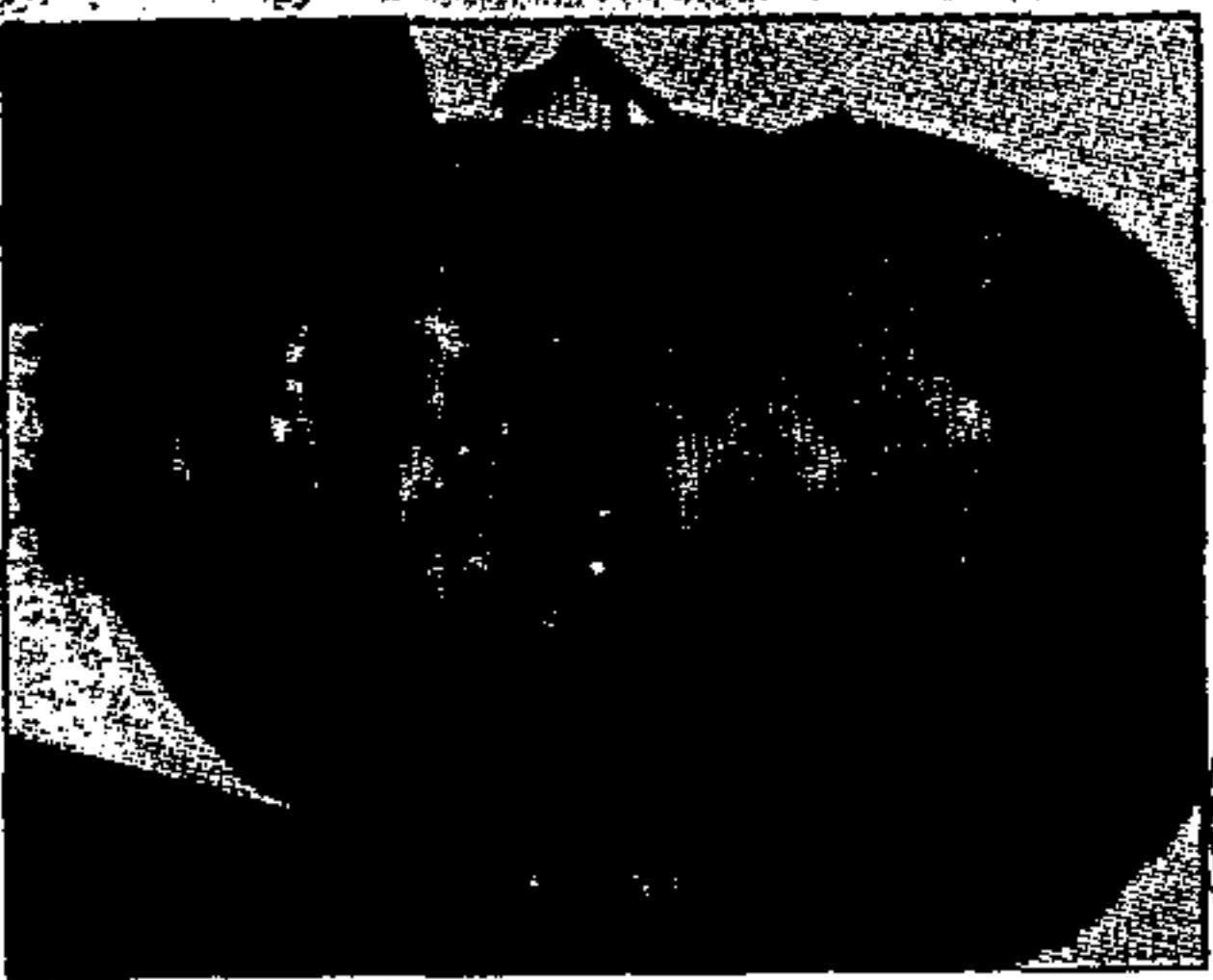
Measures already implemented at Chris Hani Baragwanath include the tightening of access control, the issuing of access cards to all visitors' vehicles, the searching of vehicles on exit, and the evaluation of security systems in "hotspots".

Motshekga said they were working towards implementation of the gun-free policy adopted by the Health Department in respect of all health-care institutions.

He said where gun safes had been installed at the entrance to hospitals, no armed person - whether a staff member, patient or visitor - may enter the premises.

Motshekga said improvements to security provisions would be planned and budgeted for during the 1999/2000 financial year.

## Premier Mathole Motshekga



for during the 1999/2000 financial year.

"They would include measures such as securing parking areas by means of fencing and local access control, installing surveillance equipment in key areas, implanting electronic tracers in equipment, and upgrading the training of security personnel.

"I believe that the crucial first steps have been taken to reverse the tide of criminality sweeping our hospitals and clinics," he said.

Dr Claude Mondzanga, the hospital's acting chief superintendent, said he was happy with the proposed safety measures.

# Boesak's advocate lashes out at media and witnesses

Cape Town - As Allan Boesak celebrated his 53rd birthday in the Cape High Court yesterday, his lawyer lashed out at the media, saying it had fanned the public perception that Boesak was guilty of fraud and theft.

Mike Maritz was arguing in the trial of Boesak, who has pleaded not guilty to fraud and theft charges involving R1.1-million in foreign donor funds from the Foundation of Peace and Justice, which he headed.

Maritz said Boesak's only safeguard was the objectivity of the court. Without that he would be at the mercy of the media.

"The court has to be on guard not to be influenced by this prevalent climate. In 1997 Dr Boesak's picture was placed in a newspaper with South Africa's 10 most notorious criminals.

"The media reported extensively on the Office for Serious Economic Offences' investigation and Freddie Steenkamp's trial, and there was a public outcry fanned by the media, about his post as an ambassador to Geneva," Maritz said.

Boesak was out of work and in public disgrace. His trial was the topic of discussion at dinner parties and social events.

"The media reported on allegations and rumours of Boesak's misappropriation of funds by people such as former foundation employee Thelma Sacco, who was fired by Boesak."



## Allan Boesak

foundation employee Thelma Sacco, who was fired by Boesak."

Maritz said Sacco was a gossip monger who over the years had waged a campaign against Boesak, and her evidence during the trial was irrelevant.

The perception of Boesak's guilt was also prevalent in legal circles. Maritz said: "These are the people who should know that a person is presumed innocent until proved guilty."

Maritz called the State's forensic evidence a shambles, and auditors Dawn King and Johan van der Walt biased. "The State's forensic evidence was lacking in logic and at times cavalier," he said. - Own Correspondent

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# Charges not proven — Boesak's counsel

(297) CT 25/2/99

ALLAN Boesak's senior counsel, Mike Maritz, yesterday began an analysis of each of the 27 counts of theft and fraud to which Boesak has pleaded not guilty in the Cape High Court.

Earlier, the prosecutor, J C Gerber, contended it was theft to use money for purposes other than those for which it was specifically donated.

He conceded that some money was stolen by the Foundation for Peace and Justice (FPJ) bookkeeper, Freddie Steenkamp, but said this did not detract from Boesak's guilt and accountability as an FPJ trustee.

If innocent, Gerber maintained, Boesak could easily have testified to refute any or all of the cases presented by the prosecution.

Maritz countered that this particular charge had the same basis as one of the five counts on which Boesak had already been cleared by the court late last year.

Maritz and Gerber argued as follows on the remaining counts:

● Count 2: Theft — the alleged use of R161 000 provided by the Olaf Palme Centre (OPC) for purposes other than intended. Gerber said the money was used to pay Indonesian tax, payable on a foreign exchange transaction that would have secured profit for the FPJ — a project nevertheless not approved by the OPC.

Maritz argued that the state had failed to prove it unlawful for this sum to have been paid from FPJ funds at all, whoever the donor may have been. The state had also had to prove that Boesak had known of the unlawfulness of the payment, but there was no evidence about this.

● Counts 3 and 4: Fraud and theft involving funding provided by singer Paul Simon, specifically for the FPJ's Children's Trust. Gerber contended that Simon had

donated R682 621, but that Boesak had fraudulently only informed the FPJ trustees about R423 000.

Maritz countered that the charges depended on proof that the full R682 621 had been intended specifically for the Children's Trust, but there was no evidence to support this.

● Count 5: Theft — funds specifically provided for the Children's Trust, were invested in Bankers Acceptances (BAs), but one BA, for R447 111, was allegedly used to reduce the FPJ's overdraft.

Gerber argued that Boesak had consented, agreed to or approved this transaction. Maritz countered that this charge depended on proof that Boesak himself had transferred the money to the FPJ's account, but the state had depended on the unreliable testimony of Steenkamp, FPJ staff member Lucille Fester and bank manager John Ettisch.

● Counts 6 and 7 — Fraud and theft: After the OPC had refused funding for an FPJ radio studio for Boesak's wife, Elna, Boesak had obtained money from Sida, a different donor organisation, to fund an audiovisual project about democracy and voter education for the 1994 elections. It is alleged the money was instead used to set up the studio.

Maritz countered that the fraud charge depended on proof that the false representation was made "at or near Bellville" as alleged in the charge sheet, but lack of evidence about this in itself justified an acquittal.

Another ground for acquittal was the confusion about the approved audio visual unit, which, Boesak understood, was to have been developed into a proper studio.

A breach of contract did not amount to theft or fraud, Maritz contended.

The hearing continues today. — Sapa



# 'No direct evidence against Dr Boesak'

(297) ARG 25/3/99  
Missing witnesses speak volumes – counsel

**LENORE OLIVER**  
HIGH COURT REPORTER

The State had no direct evidence implicating Allan Boesak in his theft and fraud trial in the Cape High Court.

This was the submission by defence counsel, Mike Maritz, in the trial in which Dr Boesak has pleaded not guilty to theft and fraud charges involving R1,1-million in foreign donor funds to the Foundation for Peace and Justice, which he headed.

The money was intended for victims of apartheid, especially projects to uplift the disadvantaged.

Mr Maritz also told Mr Justice Foxcroft that the State deliberately did not call certain witnesses who could have shed light on the facts.

"The only inference to be drawn

is that these witnesses would not have helped the prosecution," he said.

Because there was no direct evidence linking Dr Boesak to the crime, his guilt or innocence had to be determined by reference to circumstantial evidence and inferences which could be drawn from the proven facts.

Mr Maritz said: "The court is being asked by the State to embark on a process of inferential reasoning on incomplete facts."

There was not a "shred of evidence" that Dr Boesak had acted in common purpose with Steenkamp by misappropriating or diverting funds from projects.

Freddie Steenkamp was the foundation's bookkeeper and is serving a six-year sentence for the theft of

more than R900 000.

"There is no direct evidence that Dr Boesak had actual knowledge of any intended diversion of funds or misappropriation by Steenkamp.

"On Steenkamp's evidence, he and Lucille Fester (the foundation secretary) stole an amount in excess of R1,6-million, which far exceeds any shortfall that there might have been to projects," said Mr Maritz.

Steenkamp also testified that he had stolen the funds without Dr Boesak's knowledge.

This was borne out by the State's admission that there was no contact between Dr Boesak and the project representatives, and evidence by a project leader that he never raised any complaint with Dr Boesak about not receiving funds.

Argument continues today.



## OLITICS & PARLIAMENT

# Defence team calls for Boesak's acquittal

CAPE TOWN — Fraud and theft charges against Allan Boesak, involving funding by Swedish International Development Aid (Sida), were based on the mistaken assumption that the money was used to set up a television and radio broadcasting studio for Boesak's wife Elna.

This was contended in the Cape High Court yesterday by Boesak's defence team, Mike Maritz SC and Jaap Celliers. They argued for his acquittal on 17

counts of theft and 10 of fraud involving the embezzlement of millions from the Foundation for Peace and Justice.

Boesak has pleaded not guilty to all 27 counts before Judge John Foxcroft and two assessors.

After the Olaf Palme Centre refused the foundation's funding for a broadcasting studio, Boesak obtained funding from Sida — given not for a studio, but specifically for an audio-visual project as part of a voter education programme

for the 1994 elections.

Prosecution team JC Gerber and Thinus van der Vijver alleged that instead, the money was fraudulently used to set up the studio and, if innocent, Boesak should have explained to the court.

Boesak has declined to testify.

However, Maritz contended the evidence refuted any intention to defraud, thereby destroying the basis of the state's case.

The use of the money for the studio may have been a breach of

contract, which the defence disputed, but breach of contract did not amount to fraud.

Maritz contended that the audio-visual unit was intended as the first phase in the project to be followed by a series of video and audio cassettes about democracy, and culminating in the setting up of the studio itself. The unit had been established "exactly in accordance with the agreement".

The hearing continues. — Sapa.



Cape Town — Allan Boesak had no case to meet on the charge of unlawfully using aid money for purposes other than projects launched by the now defunct Foundation for Peace and Justice, defence counsel argued in the Cape High Court yesterday.

Boesak's senior counsel Mike Maritz started an individual analysis of the 27 counts of theft and fraud to which Boesak has pleaded not guilty.

Earlier, prosecutor J C Gerber argued it was theft to use money for purposes other than

Boesak's use of money, neither theft nor fraud,

tified. Maritz countered that the charge depended on proof that Boesak himself had transferred money to the FDI's account.

those for which it was donated. Gerber conceded that some money was stolen by FPP bookkeeper Freddie Steenkamp, but said this did not detract from Boesak's guilt. If innocent, Boesak could have testified to refute the case presented by the prosecution. Maritz countered that the charge had the same basis as one of five counts on which Boesak had been cleared last year.

Maritz and Gerber argued as follows on the other counts: ■ Count 2: Theft – the alleged use of Rp61 000 provided by the Olof Palme Centre (OPC) for purposes other than intended. Gerber said the money was used to pay Indonesian tax, payable on a foreign exchange transaction that would have secured profit for the FPJ—a pro-

Maritz argued that the State had failed to prove it unlawful for this sum to have been paid from FPJ funds.

■ Counts 3 and 4: Fraud and theft involving funding provided by singer Paul Simon for the FPJ's Children's Trust.

Gerber contended Boesak had not informed FPJ trustees of the full amount, and that he could have testified to refute the

prosecution's case. Maritz countered that the charges depended on proof that the full amount had been intended for the Children's Trust, but there was no evidence to support this.

■ **Count 5: Theft** — funds specifically provided for the Children's Trust were allegedly used to reduce the FFP's overdraft. Gerber argued that, if innocent, Boesak should have tes-

ney to set up a studio for his wife Elna. Gerber contended that, if innocent, Boesak should have explained. Maritz countered that the charge depended on proof that false representation was made as alleged in the charge sheet, but lack of evidence about this justified acquittal.

The hearing continues. —Sapa



# Boesak 'didn't know statements were false'

ET 26/2/99 (297)

ALAN BOESAK, former director of the Foundation for Peace and Justice (FPJ), was unaware that financial statements that he signed concerning the foundation contained false information, according to Boesak's legal team.

Yesterday in the Cape High Court, Mike Maritz, SC, and Jaap Cilliers argued for Boesak's acquittal on 17 counts of theft and 10 of fraud involving the embezzlement of millions of rands from the FPJ.

Boesak has pleaded not guilty before Judge John Foxcroft and two assessors.

The fraud counts allege that Boesak misled the FPJ board of trustees, as well as the donors, with false annual financial statements.

J C Gerber and Thinus van der Vijver, leading the prosecution, earlier stated that Boesak had signed and allowed the statements to be presented to the donors and the board, thereby defrauding them. If innocent, they said, he should have explained himself to the court.

Maritz contended that Boesak had hired auditors to ensure accuracy, and that he relied on them to detect irregularities.

The fact that Boesak had signed the financial statements did not mean he was aware that they contained false information.

Maritz conceded that legally someone sign-

ing a document cannot say afterwards that he did not know its contents.

However, while expected to know the contents, a signatory cannot be presumed to know that a document contains falsehoods.

Maritz said most of the falsehoods related to the writing off of loans and the concealment of thefts by former FPJ bookkeeper Freddie Steenkamp — and, allegedly, Lucille Fester — of which Boesak had been unaware.

Concerning theft of funds intended for FPJ projects, Gerber argued that as an FPJ trustee, Boesak had a duty to ensure that the funds were used for the intended purpose.

Although concerned donors had often informed him of rumours that funds were being misappropriated, Boesak failed to investigate.

Maritz countered that there was no evidence that Boesak had personally benefited from, or stolen any of the amounts in question, or that he had acted in concert with Steenkamp. Nor had he deliberately diverted project funds.

Boesak had delegated the management of projects to Steenkamp and FPJ staff member Norman Michaels, and was not aware that any projects had not received amounts due to them, Maritz said.

The trial continues on Monday. — Sapa

*There is no evidence that Boesak stole any of the amounts in question — his lawyer*



# Boesak did not misuse videos cash, court told

LENORE OLIVER

HIGH COURT REPORTER

ARG 26/2/99  
Although Allan Boesak's Foundation for Peace and Justice did not complete a project for which it received foreign funds, it did not mean a breach of contract, Dr Boesak's defence argued.

Mike Maritz was delivering closing argument at Dr Boesak's Cape High Court trial yesterday.

He has pleaded not guilty to theft and fraud charges involving R1,1-million in foreign donor funds to the foundation, which he headed.

The money was intended for victims of apartheid, especially for projects to uplift the disadvantaged.

The court heard earlier that in 1993 the foundation had approached the Swedish International Development Agency for a R762 521 donation to produce 12 videos on democracy in the run-up to the 1994 elections.

The State alleges the money was instead used to build a radio and television studio for Dr Boesak's wife, Elna, and the videos were never produced.

State advocate J C Gerber said Dr Boesak had deliberately misled the donors into providing the money when he knew it would not be used

to produce cassettes.

Mr Maritz told Mr Justice John Foxcroft that the State's case was predicated on the "erroneous assumption that the grant had been used for the establishment of a television and radio broadcasting station for Elna Boesak".

"This is refuted on all of the evidence... the evidence overwhelmingly established that there was no question of any breach of contract on the part of the foundation and that the grant had been spent in accordance with the agreement."

The fact that the grant would not be sufficient to complete the entire project was quite clearly spelt out in the correspondence, was therefore envisaged and could not be called a breach of agreement.

"It was inevitable that it would happen and there was therefore also misrepresentation."

Mr Maritz said the facilities built from the donors' money were part of the project and the State had a duty to prove that Dr Boesak had made a misrepresentation to donors in his application for funds.

"On the basis of the correspondence, which included great detail of what the project would entail, it escapes me how there could have been misrepresentation."



# Boesak an easy target for media, says counsel

(297)  
But State says his silence in court is a sign of guilt

ARG 27/2/99

LENORE OLIVER

In a scathing attack on state witnesses and the media, counsel for veteran anti-apartheid activist Allan Boesak this week pulled out all the stops to argue his client's innocence.

In the Cape High Court, Mike Maritz described state witnesses as "a veritable den of thieves" lacking credibility.

With the trial reaching its final stages, Mr Maritz also lashed out at the media for their role before and during Dr Boesak's trial. He said the press was responsible for fanning the widespread public perception that Dr Boesak was guilty.

Mr Maritz was addressing Mr Justice John Foxcroft in his closing argument at the trial of Dr Boesak, who has pleaded not guilty to fraud and theft charges involving R1,1-million in foreign donor funds to the Foundation for Peace and Justice, of which Dr Boesak was director.

The State alleges a further R8-million was misappropriated from the foundation.

The trial has been marked by hard-hitting statements by the defence team. Last week fiery words were exchanged as Mr Maritz and state advocate J C Gerber clashed.

Judgment is expected in the trial, which has been running since August, within weeks.

In argument, Mr Gerber urged the judge to interpret Dr Boesak's refusal to testify as a sign of his guilt.

He said the court was obliged to draw a "logical inference" favouring the State from Dr Boesak's unwillingness to testify.

Although the constitution granted Dr Boesak the right not to testify, an accused person chose whether or not to present evidence rebutting the state's case. Dr Boesak should have been fully aware of the risks involved in remaining silent, Mr Gerber said.



CASE NEARLY OVER: Allan Boesak arrives at the Cape High Court

"The court should look at the cumulative evidence against Dr Boesak and find him guilty."

But Mr Maritz replied by attempting to demolish the credibility of several state witnesses - foundation bookkeeper Freddie Steenkamp, his wife, Amanda, secretary Lucille Fester, and fired employee Thelma Sacco.

Steenkamp is serving a six-year sentence for the theft of more than R900 000 from the foundation.

The foursome made up a "veritable den of thieves", with Steenkamp "the champion... a gentleman who over years systematically defrauded the Foundation for Peace and Justice and Dr Boesak, and stole in excess of R1,5-million".

Mr Maritz said: "On his own evidence, he regarded Dr Boesak as his role model and his biggest hero in life. Yet this did not preclude him from stealing large amounts from Dr Boe-

sak personally and later falsely incriminating him in... his own trial."

He labelled Steenkamp a "completely dishonest and mendacious witness of the worst kind - inherently dishonest with no qualms about perjurying himself and misleading the court."

Mr Maritz said it was a mystery to him why Ms Fester was not prosecuted because of the overwhelming evidence establishing her thefts from the foundation.

The obvious inference was that she was excused in exchange for her testimony against Dr Boesak.

Employee Thelma Sacco, who was fired by Dr Boesak, was also criticised and described as a "demonstrably malicious and embittered gossip-monger, who over the years conducted a campaign to malign Dr Boesak".

"Because of her obvious grievance and motive to injure Dr Boesak it would be unsafe to rely on any of her evidence adverse to him."

Amanda Steenkamp lacked credibility and was as dishonest and untruthful as her husband.

Mr Maritz claimed her deceit was finally exposed by her husband when he conceded she had reprimanded him for having made concessions under cross-examination.

Of the media, Mr Maritz said: "Out of office, out of favour, out of work and publicly disgraced, Dr Boesak became an easy target for cartoonists and those... inclined to seek sensation."

"Numerous articles... blatantly proclaimed his guilt. A prominent Sunday newspaper ran a full-page article with photographs which included Dr Boesak among five or six of the most notorious criminals in South Africa."

Because of Dr Boesak's prominent role in the political struggle and the controversy surrounding him, stories of his guilt were received with great glee and enthusiasm in many circles, Mr Maritz said.

Argument will continue on Monday.



# Boesak's ordeal will soon be over

(297) Af

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## Another stage ends in the chequered career of a leader

THE year-long fraud trial of the charismatic former political activist and Western Cape leader of the ANC Dr Allan Boesak is drawing to a slow painful conclusion in the Cape High Court. City Press News Editor ELLAS MALULEKE reports on the revered theologian who played a meaningful role in South African political emancipation.

**I**T WAS late in 1996 when I picked up the phone to call Sweden and spoke to a Dan Church Aid official who confirmed rumours that Allan Boesak was being investigated for financial irregularities. The news, which was later dished out by a South African wire service which paid for my rent and bond was flashed in all newspapers: "Boesak being investigated for misappropriation of donor funds", screamed the headlines. Boesak, the former director and trustee of the

Foundation for Peace and Justice, told the court last week through his defence team Mike Maritz, SC, and Jaap Cilliers that he was unaware that financial statements that he signed concerning the FPJ contained false information. Boesak has pleaded not guilty to all 27 counts before Judge John Foxcroft and two assessors. He formed the FPJ in 1983 and also served in many organisations as a trustee. The state claims Boesak helped himself to the R1.2 million from funds earmarked for the needy, which had been donated to the FPJ.



The defence team's strategy is that Boesak, who elected not to take the stand and face a grilling over the allegations of fraud and the embezzlement of millions of rands he faces, was used by the FPJ book-keeper Freddy Steenkamp, who has been convicted in connection with his part in the fraud.

During an earlier hearing, Steenkamp admitted that he had trained Boesak. The cleric, who missed out on an ambassadorial posting because of the scandal, is facing 27 charges involving theft and fraud. He will know his fate during the course of this week or next, depending on the length of the arguments made by his defence team and the state.

Maritz has already called for the acquittal of Boesak on all charges, and the chances are that Judge Foxcroft will rule in his favour. Maritz has countered the state case on the



COME BACK KING... Allan Boesak, pictured here with wife Elina, has survived many scandals in his career.

ground that there was no evidence that Boesak had personally benefited from or stolen any of the amounts in question, or that he had acted in concert and common purpose with Steenkamp. He denied Boesak had knowingly diverted funds earmarked for the FPJ for other purposes and his own use.

Maritz said that Boesak delegated the management of the FPJ projects to Steenkamp and FPJ staff member Norman Michaels. Before his fall from grace, Boesak was known as a highly charismatic church minister who loved the good life and as a "ladies' man".

The come-back kid of South African religious groups and political high life, Boesak survived a marital scandal when the then Bureau for State Security and Intelligence of the apartheid government leaked information about his secret love life in a bid to discredit him. Born in Kakamas in the Karoo, Boesak, who was born from a highly religious family in 1946, matriculated at a Somerset high school, studied theology at the Dutch Reformed Mission Church in Cape Town and became a minister of an NG Kerk in Paarl.

He then left to study theology in the US and the Netherlands between 1970 and '76, and became a campus minister at the University of the Western Cape on his return.

He then became closely involved in politics and brushed shoulders with anti-apartheid activists, and also served in various community and religious bodies.

He was elected president of the World Alliance of Reformed Churches and spearheaded the suspension of racist church bodies like the NG Kerk and the Nederduitse Hervormde Kerk.

His anti-apartheid stance saw him take part in the formation of the United Democratic Front and lead its mass protest actions in the Cape and Gauteng alongside Archbishop Desmond Tutu and other internal anti-apartheid leaders, including Matthew Goniwe.

He also addressed volatile meetings and funerals of slain UDF and other community leaders, a move which irked the then pro-apartheid government security forces.

He shocked the white establishment in 1985 when he crossed the border into Lusaka to meet the ANC top leadership led by Oliver Tambo.

He also led a delegation that went to ask the then president FW de Klerk to unban all political organisations and liberation movements.

1985 was the most challenging year for Boesak, who was labelled as a traitor by the government and also by some members of the coloured community. It was in that year that he was detained under the

Internal Security Act and suspended by the NG Sendingkerk for an extra-marital affair with a SABC worker.

He made a dramatic come-back the next year when he was elected moderator of his church group and influenced the church to accept the Belhar Confession, which for the first time made the church acknowledge that apartheid was heresy.

He resigned from the NG Sendingkerk in 1991 after the unbanning of the ANC, and as president of the World Alliance Reformed Churches over his extra-marital affair with Elina Botha, a white SABC television producer. The affair led Boesak to divorce his childhood sweetheart Dorothy.

He bounced back in the same year when he was elected the provincial leader of the ANC in the Western Cape, and in 1992 he was one of only three African representatives to the United Nations International Commission which looked at the role of the UN in a post-cold war era.

Boesak, who was expected to lead the ANC to an easy victory in the first democratic elections in 1994, made a poor showing and the province went to the National Party.

He was replaced and appointed ambassador designate, a lucrative job which fell through because of police investigations into the alleged FPJ financial irregularities which surfaced in 1997.



By Mzwakhe Hlangani  
Labour Reporter

THE new Chemical Energy Paper Printing Wood and Allied Workers Union (Ceppwawu) has called for the establishment of a social fund for workers who are faced with retrenchment and rationalisation in the chemical, printing and pharmaceutical industries.

Its general secretary, Mr Muzi Buthelezi, said at the weekend the union would put pressure on employers to establish an industry-wide social fund to help train thousands of workers who were likely to be retrenched.

# Union calls for workers' social fund to be set up

In the petroleum sector a R3 million social fund has been established to retrain employees from Sasol and AECI who might be affected by the planned restructuring, he said.

"With globalisation and rising economic competitiveness, employment is shrinking and in the chemical industry an average of 4000 workers are

retrenched every three months." He said the campaign would be launched next week to push for a broad-based fund in the 12 different sectors covered by the industries.

On collective bargaining, the union's inaugural congress resolved to meet next week to review wage and working condition demands to be

tabled at the 1999-2000 negotiations. The implementation dates of collective agreements would be moved from March to July.

Ceppwawu president Mr Pasco Dyani said the union would approach the National Economic Development and Labour Council to review statutory council agreements made between the

rival South African Typographical Workers Union and Nedlac with the view of broadening representation in the council to include all sectors of the industry.

Negotiations on the national bargaining council had reached advanced stages, Dyani said.

He said Nedlac would make its final decision once employers in the paper, printing and wood sectors had formed an employers' association.

Ceppwawu boasts 92 000 members. It would affiliate to the Congress of South African Trade Unions and the International Trade Union secretariat.

Sowetan 1/3/99



Mar 2/3/99

## Boesak 'had right to determine own package'

(299)

Cape Town — The board of trustees at the now-defunct Foundation for Peace and Justice gave Allan Boesak carte blanche to determine his own remuneration package as director of the FPJ.

This was contended in the Cape High Court yesterday by Boesak's defence team, Mike Maritz SC and Jaap Cilliers, as they argued for his acquittal on the last two of 17 counts of theft and 10 of fraud, stemming from the alleged embezzlement of millions from the FPJ.

The team has already presented argument for Boesak's acquittal on 16 theft counts and nine of fraud, and yesterday urged Judge John Foxcroft and two assessors to find him not guilty.

Boesak initially faced 32 counts, but was cleared of five after an application late last year.

On the final theft count, Boesak is alleged to have used funds from the FPJ's urban discretionary account (UDA) for his bond and car payments, and home and car maintenance.

The prosecution team, comprising J.C. Gerber and Chris van der Vijver, contended that Boesak should have submitted to cross-examination about the charge, if funds in the UDA had truly been for his personal use, as contended by Maritz.

Maritz countered that Boesak had been free to determine his own remuneration package, and that his bond and car installments and car and home maintenance, all paid for from the UDA, had been part of the package.

This was supported by the fact that the UDA had not been subjected to auditing, Maritz suggested.

Maritz told the court it was significant that Boesak's housing installments were reflected in his divorce papers as part of his income.

(Boesak a few years ago launched, and then withdrew, divorce proceedings against his wife Elna).

Maritz added that it was no secret that husbands in divorce proceedings were notorious for understating rather than over-

stating their income.

He said the prosecution had relied on inferences based on the flimsiest evidence — a hopeless exercise — to prove that the UDA had not been Boesak's personal account.

On the final fraud count, Gerber contended that FPJ donors and trustees had trusted that Boesak was in control of the FPJ as a well-organised entity.

Gerber said the donors were fraudulently led to believe that financial statements truthfully reflected that funding was being used for the charitable purposes intended.

If this were not so, funds were being provided at a huge risk, of which donors were unaware, and Boesak had had a responsibility to ensure all was well.

Gerber contended that rumours of misappropriations should have prompted Boesak to investigate the possibility of embezzlement, but that he had recklessly failed to do so, or to explain himself in court.

The hearing continues today. — Sapa



# Boesak 'could decide his own remuneration'

THE board of trustees at the Foundation for Peace and Justice (FPJ) gave Allan Boesak carte blanche to determine his own remuneration package as director of the FPJ, Boesak's lawyers said in the Cape High Court yesterday.

Mike Maritz, SC, and Jaap Cilliers argued for Boesak's acquittal on the last two of 17 counts of theft and 10 of fraud stemming from the alleged embezzlement from the FPJ.

The team has already presented argument for Boesak's acquittal on

16 theft counts and nine of fraud, and urged Judge John Foxcroft to find him not guilty.

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Maritz told the court it was significant that Boesak's housing instalments were reflected in his divorce papers as part of his income. (Boesak a few years ago launched and then withdrew divorce proceedings against his wife, Elna).

He said the prosecution had relied on inferences based on the flimsiest evidence to prove that the UDA had not been Boesak's personal account.

The hearing continues on Tuesday. — Sapa

ET 2/3/99

(297)



# Boesak auditors 'face fraud charges'

LENORE OLIVER  
HIGH COURT REPORTER

## State counsel claims city firm 'in cahoots with peace foundation in

The auditors of the former Foundation for Peace and Justice, Mustaq Brey and Associates, would be prosecuted for fraud because they were "in cahoots with the foundation in committing fraud", the Cape High Court heard today.

This startling revelation was

made by state advocate J C Gerber at the trial of then foundation head Allan Boesak, who has pleaded not guilty to fraud and theft charges involving R1,1-million in foreign donor funds to the foundation.

Mr Gerber told Mr Justice John Foxcroft that it was clear that the firm of auditors had been accomplices in the misrepresentation of figures in financial statements to donors. Mustaq Brey and Associ-

ates, whose offices were in Athlone, have since amalgamated with another firm. None of the auditors was called to testify at Dr Boesak's trial.

Mr Gerber is today replying to argument by defence advocate Mike Maritz SC.

Earlier evidence before the court was that the foundation's high travel and salary costs were hidden in financial statements by being allocated to other accounts.

Mr Gerber further argued that, in spite of rumours that FFI projects were not getting money from the foundation, Dr Boesak had not made any inquiries because he had also been stealing from the foundation.

Mr Gerber said: "If Dr Boesak was innocent, he would have made inquiries.

"He didn't care because he was taking money from the foundation. "This was his attitude. He would

procure money for the foundation, sign contracts and then use the money as he saw fit. He did not bother to adhere to contracts."

Mr Gerber conceded that jailed foundation bookkeeper Freddie Steenkamp and secretary Lucille Fester, who had been called by the state, had not been reliable witnesses. Fired employee Thelma Sacco, whom the defence had termed a gossip-monger and who had waged a

campaign against Dr Boesak, had also not been the best witness.

However, she had attempted to tell the truth and had not been as bad as Steenkamp and Ms Fester.

He argued that the state's forensic auditing evidence had not been in a shambles as claimed by Dr Boesak's defence. "It was not biased and was supported by the facts," Mr Gerber said. Judgment is expected to be given in about a fortnight.

Funds scam (297)  
ALL 2/18/99



# Auditors' evidence of no use to State, says Boesak advocate

LEONORE OLIVER  
HIGH COURT REPORTER

(297)

Evidence from the auditors of Allan Boesak's Foundation for Peace and Justice would not have helped win the State's case, the Cape High Court has heard.

Mike Maritz, counsel for Dr Boesak, said this was the only inference that could be drawn from State advocate J C Gerber's failure to call the auditors to give evidence for the State.

This follows Mr Gerber's startling announcement that he planned to prosecute the auditors, Mustaq Brey and Associates, because they were clearly "in cahoots with the foundation in committing fraud".

Mr Gerber's allegations about Mustaq Brey and Associates infuriated Mr Maritz, who said Mr Gerber had openly accused the auditors of complicity in fraud without their being present to defend themselves.

"This is without them being charged or Mr Gerber's allegations being based on evidence."

"We find this disturbing because the auditors were on the list of witnesses and the only inference can be that they would not have assisted the State's case," said Mr Maritz.

Mr Gerber replied that he could run only one trial at a time. Dr Boesak has pleaded not guilty to fraud and theft charges involving R1.1-million in foreign

donor funds to the foundation.

The main aim of the foundation was to help victims of apartheid, especially through projects for the upliftment of disadvantaged communities.

The State alleges a further R8-million was misappropriated.

Judgment is due on March 17. Yesterday Mr Gerber told Mr Justice John Foxcroft it was clear that Mustaq Brey and Associates had been accomplices in the misrepresentation of figures in financial statements to donors.

None of the auditors was called to testify at Dr Boesak's trial.

"There is evidence that the auditors also made journal entries. How else would Freddie Steenkamp and Lucille Fester's thefts be concealed?" asked Mr Gerber.

Steenkamp was the foundation's former bookkeeper who is serving a six-year sentence for theft of more than R900 000.

Ms Fester was the foundation's secretary.

Mr Gerber argued that the State had prima facie evidence on which the court could properly convict Dr Boesak.

Testimony by the donors and that of auditor Johan van der Walt had been excellent.

The State did not rely on Steenkamp's evidence.

Steenkamp confessed during his testimony that he had falsely implicated Dr Boesak in wrongdoings.

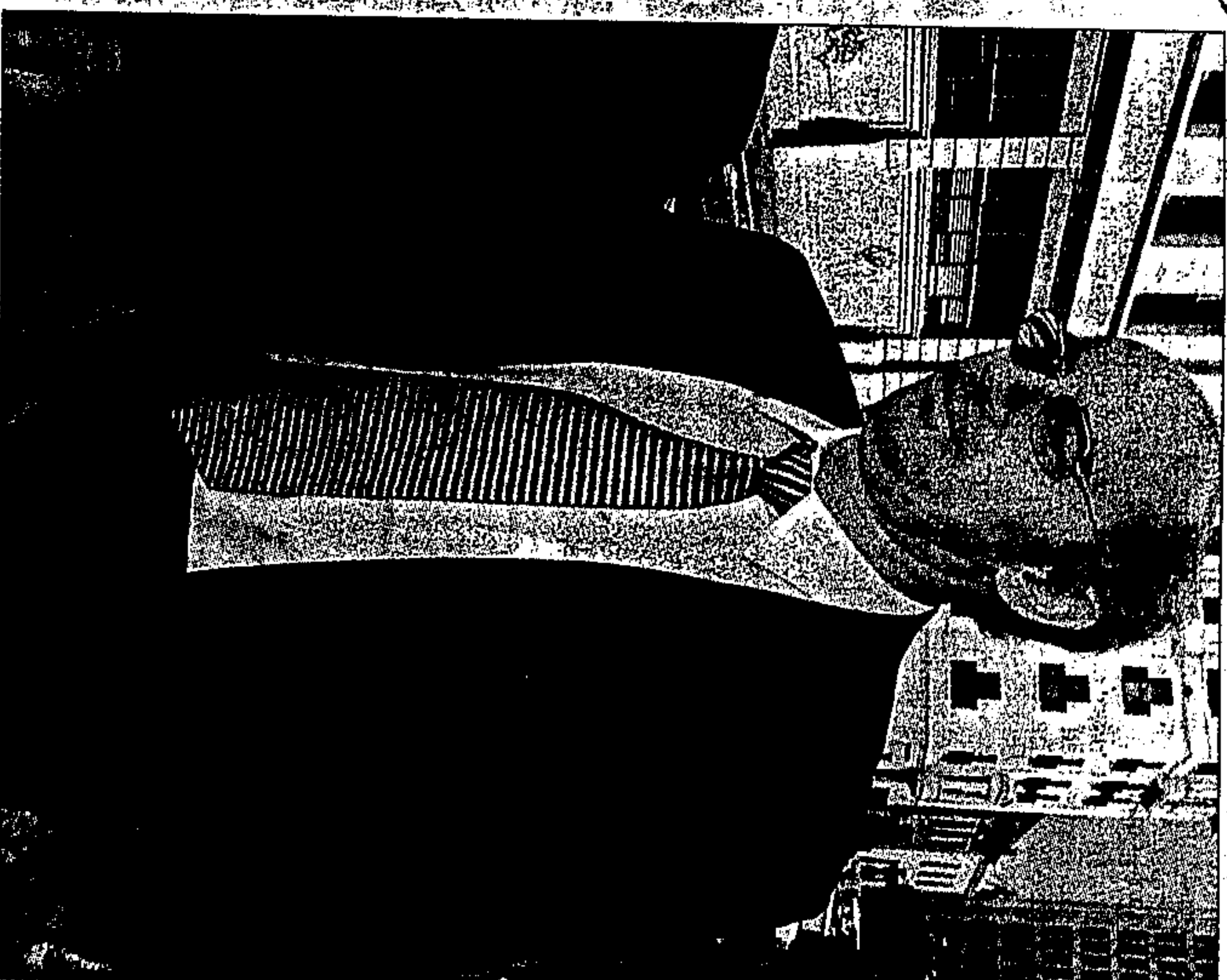


Countdown: Allan and Elna Boesak at the High Court yesterday. Judgment is due on March 17.



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MEMBER ASSOCIATION



Familiar path: Mike Maritz, counsel for Dr Boesak, at the Cape High Court yesterday.

LEON MULLER





Slow to deliver: If the provinces are in charge of their own welfare payments, the system could become more efficient.  
PHOTOGRAPH: RUTH MOTAU

# What's good for provincial welfare?

(297) MTG 5-11/3/99

*Social security grants should fall under the provinces, argues Amanda Fitschen*

**T**he state of provincial government finances has received a lot of attention, especially in the past week as provinces tabled their individual budgets.

While the latest published provincial revenue and expenditure figures indicate that matters are certainly better than they were a year ago, one should not believe all causes of provincial overspending have been dealt with satisfactorily.

Financial practices may have improved but the disjuncture between policy formulation and planning, budgeting and service delivery for social welfare still exists.

Provinces are currently responsible for the payment of social security grants to beneficiaries. Such payments are provided for in provincial budgets, and financed out of provinces' share of revenue.

The Welfare Laws Amendment Act (1997), however, provides the minister of welfare with the exclusive power to set the standards for such grants and carry the risk of unbudgeted claims. As a result, provinces are merely agents in the payment of social security grants; they have no real jurisdiction over the function.

This ambiguous situation (a disjuncture between policy-making and financial responsibility) leads to inefficiency in the system.

The question is quite simply: should social security grants be under the full jurisdiction of either the national or provincial government?

Currently, each province is re-

sponsible for deciding how to spend the share allocated to it from national revenues. If the welfare function were to become the sole responsibility of the provincial government, each provincial department of welfare would compile a budget that would have to be approved by the provincial legislature. The provincial welfare departments would be responsible for the financing and administration of their respective welfare budgets.

Savings on the social security budget would accrue to the province (and over-expenditure would have to be financed by the province). This creates a strong incentive for the province to take measures against fraud and corruption and to ensure management is effective.

The fact that the provinces are accountable for expenditure facilitates the decentralisation of managerial responsibility, which can have positive results for the efficiency of service delivery.

A disadvantage is that many of the problems regarding fraudulent claims currently being experienced may not be resolved by provincial decentralisation.

Beneficiaries may be tempted to migrate to where it is easiest to qualify for a grant and thereby affect accurate budgeting. Proper budgeting is dependent on accurate data, a factor that all provinces will have to address regardless of the funding option.

Funding by the provinces allows for all welfare functions to be budgeted together, supporting the inte-

grated management of the two sides of welfare provision and facilitating the implementation of the developmental social welfare objectives. On the other hand, poor budgeting may result in social security putting pressure on other welfare services. Nothing prevents the budgets for the various aspects of social welfare from being separated.

A provincially based system is theoretically closer to the beneficiaries and may address their needs and address problems better. In fact, in the purest form of provincial model the MEC for welfare, in consultation with the MEC for finance in a province, will determine the amount of the grant or award per category and the eligibility criteria.

On the other hand, if social security were to be purely national function, it would mean the national Department of Welfare would compile a social security budget for the whole country and the National Assembly would have to approve it as part of the national Budget.

The lines of accountability would be clear, but whether this would necessarily translate into better financial management and more effective administration is an open question — uniformity may simplify the administration, but over-regulation in a centralised system may lead to increased bureaucracy.

Any saving from effective administration of the social security system would accrue to the national government, as would any over-expenditure.

This option would require a cen-

tralised administrative structure and entail shifting responsibilities for personnel and infrastructure from the provincial departments of welfare to the national department.

The directorates that are currently running the system in the provinces would become regional offices for the national department. These shifts have political and budgetary implications.

Locating the responsibility for the function in the national sphere may lose the potential incentive effect arising from competition among the provinces. Provincial problems and issues may also be overlooked in the focus on the interests of national government. Administrators and policy-makers at the centre may be out

**The provincial sphere of the government spends more than 95% of the total amount voted to the national welfare function**

of touch with the needs of beneficiaries in far-away areas.

Shifting the financing of the social security function to the national level may undermine links between it and other welfare services that should continue to be the responsibility of the provinces. The developmental approach to social welfare may be hampered.

If the provinces are to be fiscally autonomous spheres of government and not merely administrations of the national government, they must be provided with the means to perform as fully-fledged decision-making governments.

In monetary terms, the provincial sphere of the government spends more than 95% of the total amount voted to the national welfare function. Of the provincial expenditure, more than 91% is used to provide the

social security function. In order to provide an integrated welfare service, to which the Department of Welfare is committed, responsibility for the social security function cannot be located separately from the rest of the welfare function.

Whatever method of financing social security is chosen it must ensure responsibility is clearly assigned. Whether social security is funded as a provincial or a national responsibility will impact on the funds allocated to the two spheres of government.

It is most appropriate that all aspects of responsibility for the social security function be located with the provincial sphere of government. In assigning the concurrent function to the provinces, constitutional provisions will be upheld — provinces will be able to operate as credible governments.

The sphere of government which spends the majority of the welfare budget will be able to determine how the money is spent (within the parameters of national norms and standards). The ability to integrate welfare services and social assistance is highest under a dispensation that allocates the function to the provinces.

If the issues are all so clear, what is delaying the decision? The answer is simple — the politics of centralised government versus fiscal federalism.

Nobody is willing to show their hand, not least of all in an election year where, if the ruling party obtains a two-thirds majority, it can make constitutional adjustments that would obviate the decision.

*Amanda Fitschen is a lecturer in economics at the University of Cape Town*



# When getting around is a challenge

Would you catch a bus if the only way you could get on to it was by having someone shove you through a window, or go on a business trip and have to be carried into the airport? **LINDA VERGNANI** reports on the challenges disabled people encounter in the course of a normal day

Few people would contemplate a business trip if it meant being carried to the entrance of the airport terminal in the arms of a complete stranger.

That is what Fadiela Lagadien, equity officer for the Working for Water Programme of the Department of Water Affairs, faces during her frequent trips to Johannesburg.

A quadriplegic, Ms Lagadien discovered that airport shuttle services did not offer special facilities for locals or visitors in wheelchairs. Instead they faced the indignity of being lifted from their wheelchairs and carried into the vehicle and then being offloaded the same way back at the airport.

"Even when you get a driver who is strong enough to lift you, it is embarrassing," says Ms Lagadien.

By the time she arrived in the airport terminal, she would find her clothes awry and would feel most unprofessional.

Ms Lagadien has now made a costly special arrangement for a taxi company to take her to the airport.

This is just one example of the hostile environment disabled people face in South Africa.

An estimated 7% to 9% of the South African population are moderately to severely disabled. These four million citizens include victims of crime and road accidents, people who have had strokes or are crippled by disease or old age.

The new South Africa has one of the most advanced national policies for disabled people in the world, but ironically, in practice, wheelchair users seem to be regarded as aliens from another planet.

In Cape Town, for example, much of the city and its facilities are effectively barred to disabled people. Very few pavements have curb cuts, very few buildings have ramps and fewer still, wheelchair accessible toilets.

The flights of stairs and narrow doors leading into most schools, libraries, post offices and other public buildings are as effective a deterrent for the disabled as razor wire with signs saying: "No disabled people allowed".

The public would be outraged at the latter, but accept the structural hurdles as perfectly acceptable.

The final straw is that public transport is largely inaccessible. What this adds up to is that disabled people, particularly the poor, are cut off from job opportunities.

Ms Lagadien, who acted as chief negotiator for the South African Federal Council on Disability at last year's Nedlac job summit, says a key achievement was an agreement that the private and public sector should aim to fill at least 2% of all positions with disabled people.

But implementing this is difficult.

On the one hand, there is resistance from businesses to adapting the workplace to fit the needs of dis-

abled employees, particularly if it means expensive building alterations like installing ramps or lifts.

On the other hand, highly capable potential employees are unable to get public transport to get to work.

Ms Lagadien never enters the central business district because it is so inhospitable to people in wheelchairs.

She says even if she could manoeuvre her wheelchair on to a station platform, it would be impossible for her to board a train because of the pole in the centre of the doorway.

The only way to catch a bus would be for someone to literally shove her through an open window.

For poor people, paying double to take their wheelchairs in taxis is not an option.

While there is a trial dial-a-ride system in Khayelitsha and Mitchell's Plain, Ms Lagadien criticises it as far too inflexible. Only registered members of an association for the disabled can use the service and they have to book 24 hours in advance.

Ms Lagadien says: "It takes away my whole independence and spontaneity if I have to plan everything 24 hours in advance. In Canada, you can pick up the phone and dial toll free for an Access Cab which will pick you up whenever and wherever you like."

"You are hoisted in your wheelchair in to the vehicle, strapped in and can go anywhere in the city. If they intend extending the dial-a-ride service in Cape Town on the basis of the existing system it will exclude tourists and visitors."

Ms Lagadien claims the city council repeatedly hires consultants to put forward plans for greater accessibility for disabled people.

Yet a comprehensive access plan has already been drawn up as part of Cape Town's Olympic bid.

"What has happened to those plans? Why don't they find them and dust them off and implement them?"

She adds: "We are not asking for a favour. The constitution outlaws discrimination on the basis of disability. So, we should be able to institute legal proceedings against people who bar our access to public places."

Shuaib Chalklin, who heads the South African Office on the Status of Disabled People in the office of Deputy President Thabo Mbeki, is hoping to create greater public awareness of the hurdles faced by the estimated four million disabled citizens.

He sees it as a human rights issue and hopes to get the private sector, NGOs and disabled people's organisations involved in improving facilities for this sizeable minority.

In an interview, wheelchair-confined Mr Chalklin said: "Our integrated disability policy is probably the most advanced in the world. My office was established to look at it in terms of implementation."

He believes great strides have been made, but it is unrealistic to expect instant transformation after decades of neglect and "dehumanisation" of disabled people under apartheid.

The new strategy is a holistic one that takes into account education, access to schools, health care, transport systems, work and so on. It also

involves increasing public awareness in creating a culture of human rights.

"My own view is that in five years' time you will probably see more disabled people employed, more active and more visible," says Mr Chalklin.

He says that Mr Mbeki is very serious about ending the



A little help from my friend: Fadiela Lagadien, an equity officer with the Government, needs Evan Young's help to get

marginalisation of disabled people.

Mike du Toit, secretary-general of Disabled People of South Africa (DPSA), says: "There is a paradoxical situation where our integrated national strategy on disability is arguably the best in the world."

"But, the day-to-day lives of disabled people haven't changed significantly, and perhaps have got worse."

Mr Du Toit says South Africa's national strategy, outlined in a 1997 white paper, brings together the experience of developed and developing countries and aims to integrate disabled people into every aspect of society. Yet, it remains frustratingly theoretical.

Some recommendations have been translated into legislation, like

provisions in the Employment Equality Act which require employers to set targets for employing disabled people.

But there is still no legislation requiring, for example, physical access to public buildings.

Mr Du Toit says it will take a long time to translate the policy into adequate legislation and programmes.

"So it is still absolutely essential that we have a strong disability rights movement in this country to make sure the benefits of these laudable policies do happen. People have to be really tough to survive."

On the positive side, Mr Du Toit says: "As a country we are starting again and it has given us a unique opportunity to build in disability and the disabled from the start."

He points out that disabled people have been brought into mentation 'structures Africa's new democracy the Human Rights Commission and Gender Commission and Commission.

On the development, disabled people now sit on the organisations like the Ntsiki Enterprises.

The Government has allocate 2% of all public posts to disabled people. 15% of Government contracts to companies either run by people or that practise people employment policies for the

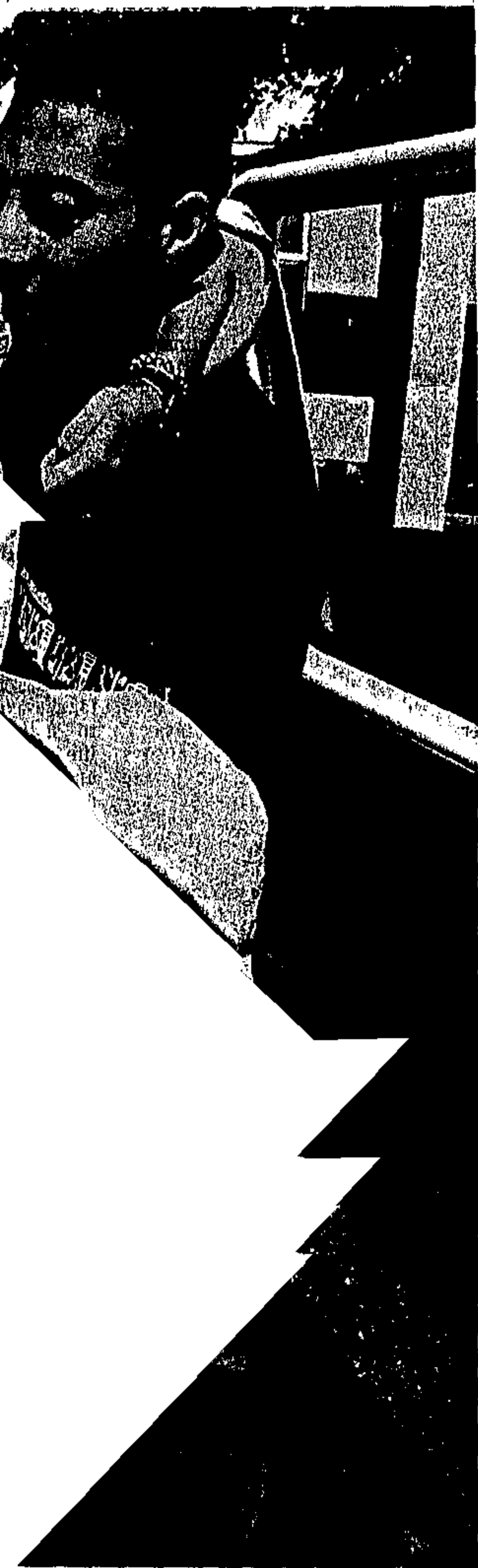
A trust made up of several disability organisations, DPSA, has invested in me



# challenge, every day

(297)

ARG 8/3/99



like S-tv and Classic FM and has formed a consortium to bid for projects like the operation of the national lottery. Mr Du Toit sees these as real opportunities for economic empowerment as well as raising consciousness about disability issues.

The long-term aim is to get disabled people into society and off welfare.

"But with unemployment rates of upwards of 80% among disabled people, as compared to about 25% of the adult population, disabled people are still caught in the welfare trap. You can target 2% of jobs for disabled people, but 2% of no jobs is still no jobs."

Among the steps he believes must be taken is an overhaul of the welfare system and the rooting out of corruption, including fraudulent claims for disability grants. There needs to be much greater human resource development and training for disabled people.

The barriers to getting credit to start small businesses need to be broken down.

"I think we need partnerships with the business sector: vocational training, in-house training, support for self-help groups."

Provincial, metropolitan and local authorities need to amend regulations so that they can implement the national policy.

In December, the Western Province produced a draft integrated provincial disability strategy which provided for the establishment of a disability desk in the premier's office. Such desks have already been established in several provinces.

The strategy lists which Government and local departments are responsible for action, but in certain key areas, like making public transport accessible, there are no finances allocated and no time frames.

The report gives some idea of the magnitude of the problems. For example, it notes a deterioration in rehabilitation services, with "severe budgetary constraints, staff attrition and loss of critical posts".

As for transport, the report says that in 1995 about 168 000 passengers were considered impaired while a further 861 150 have "special needs" because they are either children, frail elderly or people with health problems. That is over million people in this province alone needing special transport facilities.

Jenny Hendry, head of the Centre for Care and Rehabilitation of the Disabled at the Stellenbosch University Faculty of Medicine, says: "We have a wonderful constitution and a disability rights charter. We need to make sure that it is legally enforced, otherwise it's just hot air."

Ms Hendry says no one volunteers to adapt existing structures because of the expense.

"Our legislation has no teeth. If one wants to get the disability policy translated into action, then perhaps we need something like the Americans with Disabilities Act, which says that each public building has to be made accessible within five years of the promulgation of the act."

The centre is the only academic rehabilitation unit in the country and helps in trying to adapt workplace and home for patients.

Ms Hendry said: "Life is pretty

miserable for our more disadvantaged clients who stay in council houses and flats. The council does not easily put in ramps or hand rails.

"The pavements are sandy in the townships and the camber of roads is so steep that often our clients have no choice but to ride wheelchairs in the middle of the road."

Germain Steyn, 24-year-old holding room controller at Woolworths, was partially paralysed when he was shot in the head by gangsters in 1996.

He wants "to tell the world how difficult it is for someone in a wheelchair".

"I just want to be treated as a normal person, not as someone to be pitied. I didn't ask to be in this situation".

He lives with his parents on the first floor of a council block of flats in Belhar. He can hobble upstairs, but getting down involves being carried in his wheelchair by his father and a neighbour.

"I hate every moment of it because I don't want to be a burden on anyone."

He cannot use public transport so his father takes him to and from work. At night, he goes straight to bed, not wanting to inconvenience anyone by asking for lifts.

"I can't even get to church without help because there is no way that I can get my wheelchair up the pavements."

What he wants is what every other adult regards as a right - as much independence and freedom as possible.

So what can be done?

Clearly, legislation to enforce action is a priority. But there are also immediate ways that the public and private sector can help. For example, businesses can ensure that they actively seek out disabled people for employment, and that they adapt their premises to make them wheelchair accessible.

The city council must ensure that access for disabled people is the rule and not the exception.

Arthur Craik, senior architect in the city planners' department of the Cape Town City Council, says plans for new public buildings, including schools, hotels and libraries, will not get passed unless they are wheelchair accessible. The problem is adapting existing buildings.

Mr Craik says the council is gradually making curb cuts in selected area - for example on the Foreshore - but it costs R1 000 a pavement.

On crutches after contracting polio as a child, Mr Craik's ambition is to run a city users' rights office, which will co-ordinate facilities and access for disabled people in the whole of Cape Town.

A similar office has been set up in Johannesburg. It is something which is sorely needed right now.

Perhaps the only way to get action from public officials would be to have leaders volunteer to remain in wheelchairs for 24 hours. This could be done on the International Day for Disabled People on December 3. They would then have first-hand experience of the barriers that make a mockery of the rights of disabled citizens.

■ Linda Vergnani is a freelance journalist and South African correspondent for *The Chronicle of Higher Education*

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He points out that disabled people have been brought into the implementation structures of South Africa's new democracy including the Human Rights Commission, the Gender Commission and the Youth Commission.

On the development side, disabled people now sit on the boards of organisations like the SABC and Ntsiki Enterprises.

The Government has agreed to allocate 2% of all public service posts to disabled people. In addition, 5% of Government contracts will go to companies either run by disabled people or that practise progressive employment policies for this sector.

A trust made up of seven major disability organisations, including DPSA, has invested in media groups



# MONITOR

31

A BAROMETER OF GOVERNANCE AND DEVELOPMENT

## Little tax relief for cash-strapped NGOs

MTG 12-18/3/99 (297)

Ian Clayton

**C**ash-strapped NGOs should not expect much assistance with their funding from the latest Katz commission report.

The commission's proposals on donations to and possible tax deductions from NGOs are to be printed soon — but they are unlikely to result in any major changes.

Minister of Finance Trevor Manuel told Parliament this week the Katz report "does set out an approach which does take account of the important role that non-govern-

mental organisations play". But, he added, "it circumscribes how far we can go in providing a series of tax offsets for them".

Manuel summed up the approach by saying "the maxim" that applied in this case is "don't give away what you haven't got".

His comments, during a 15-minute interpellation debate in the National Assembly, indicate that NGOs are unlikely to get significant tax incentives to boost their dwindling finances.

With decreasing support from foreign donors, NGOs have pleaded with the government to be placed in

a similar position to universities and other organisations where donations are tax deductible.

During the debate in Parliament, the Inkatha Freedom Party's Farouk Cassim said NGOs in South Africa have proven their importance in South Africa, but the lifeblood that sustained them was being threatened.

"Many of these were dependent on overseas donations and overseas funding, but now that we are a country which has become a democracy on its own right, many of these NGOs will have to depend on the goodwill of local communities to sup-

port and to sustain them.

"If the NGOs diminish, if they do not have the funding to be able to continue with vital services, then the expenditure on the government's side will increase substantially, because NGOs not only solicit funding from people, but also solicit expertise and assistance from those among the people of our country who can give it. They get double value," Cassim said.

But both Manuel and the Democratic Party's Ken Andrew, who is also the chair of the joint committee of public accounts, pleaded for caution, with Andrew asking: "Where

does one start and where does one stop? Where does one draw the line?"

Manuel, who said the Katz report on corporate and individual giving would be printed soon, added: "With a number of these issues, there are many unintended consequences.

"One only has to drive down many of the main streets to recognise the fact that while there has been a good attempt to spawn micro-sized enterprises, a number of these people operating on sidewalks are not micro-enterprises in their own right, but are effectively branches of people who are much larger. The same thing happens in tax law.

"We must also avoid a situation where South Africa becomes a tax haven for all kinds of footloose individuals and quasi-industries," Manuel said.



# Judgment day tomorrow for fraud accused Boesak

Donor funds case draws to a close after seven months

Tomorrow is make or break day for Allan Boesak when Mr Justice John Foxcroft hands down his judgment in the anti-apartheid veteran's fraud and theft trial in the Cape High Court.

For seven months, the floor and every available surface of courtroom 19 have been filled with stacks of lever-arch files containing documentation pertaining to the trial, which started on August 25 last year.

And every day pretty well resembled the day before. Judge Foxcroft and his two assessors sitting elevated at the front of the courtroom, the legal teams in the first row, Dr Boesak in the dock and his wife, Elna, in her supportive role directly behind him.

What has fluctuated is the level of interest, with great numbers filling the limited seating in the first few weeks of the trial. Visitors to the court included Dr Boesak's supporters, family members and curious onlookers.

But there were endless problems before the trial even started. Dr Boesak's defence funding failed several times and the trial was postponed five times before the money problems were sorted out.

But once proceedings got under way, Dr Boesak remained mainly upbeat and positive. Whenever he and Mrs Boesak left the court building they walked into a barrage of press cameras and reporters.

Well-wishers would hang around so they could be seen with the couple on national television.

But no one could have predicted the spectacular courtroom drama which would unfold later in the trial in which Dr Boesak pleaded not guilty to fraud and theft involving R1,1-million in foreign donor funds from the Foundation for Peace and Justice, of which he was director.

The State alleges a further R8-million was misappropriated.

The foundation, set up in October

**LENORE  
OLIVER**

**HIGH COURT REPORTER**



1985, was established to procure funds to set up projects to help victims of apartheid, especially for the upliftment of disadvantaged communities.

In his opening address, State advocate J C Gerber told Judge Foxcroft that because of Dr Boesak's personality "he was the person around whom the Foundation for Peace and Justice revolved ... no important decisions were taken without consulting him and he decided which projects would receive financial assistance".

The main thrust of the State's case is that Dr Boesak used donor funds from Danchurch Aid in Denmark, the Church of Norway and the Olaf Palme International Centre in Sweden, as well as international singer Paul Simon, for purposes other than for the underprivileged.

The State called forensic auditor Dawn King, who gave evidence about Dr Boesak's alleged misuse of funds.

She said Dr Boesak used a large sum of the money to settle his own and his wife's personal debts.

Donor funds were allegedly also used to buy Dr Boesak a house in Vredehoek, a BMW car, security for his house, car and the foundation's offices.

Mr Gerber also argued that Dr Boesak was not entitled to vehicle maintenance, travel and home-loan repayments from the donor funds.

Dr Boesak is also accused of signing annual financial statements - presented to donors - when he knew they were inaccurate. Mr Ger-



**D-Day tomorrow: Allan Boesak**

ber alleges high travel and salary costs were concealed from the donors by entering lesser amounts in the foundation's books or by allocating them to other accounts.

Dr Boesak's counsel, Mike Maritz, hit back at Ms King's evidence, accusing her of concentrating only on entries which incriminated Dr Boesak and ignoring those which exonerated him.

Mr Maritz told Judge Foxcroft the foundation's bookkeeper, Freddie Steenkamp, had misappropriated money from "every possible source that he could lay his hands on", including stealing from Dr Boesak's personal account.

Steenkamp is serving a six-year sentence for theft of more than R900 000 from the foundation.

"Steenkamp is hardly a model bookkeeper," said Mr Maritz, referring to the foundation's reconstructed cashbook, movement of funds to other accounts and pencil entries entered at later dates.

The donors testified they had respected Dr Boesak because he was a high-profile and well-known anti-apartheid figure in many countries.

Swedish International Development Agency (Sida) official Lars-Olaf Hook told the court the agency had donated R760 000 specifically for the production of democracy and voter education videos, which had to be completed before the 1994 elections.

Mr Hook felt "disappointed, angry, upset and betrayed" because they had donated money for a project which had not produced any results.

"There should never have been an agreement. The money we donated had clearly been spent on something else.

"I was mainly upset about the fact that all the Swedish money had been used and there were no results.

"We don't even know what happened to the money or whether any equipment was bought," said Mr Hook.

Roivd Bakkevig, general secretary of the Church of Norway, testified that he had "trusted Dr Boesak to the end", but they were not satisfied with the foundation's feedback on its activities and therefore cut off all funding.

The Norwegian government channelled donations to the foundation through the Church of Norway from 1986.

Mr Bakkevig said that in a letter in March 1992 the Norwegian department of foreign affairs said it felt uneasy about rumours that the foundation was misusing donor funds.

"The department was not satisfied with the foundation's feedback on its activities and linked this to the rumours," said Mr Bakkevig.

(297)  
ARG 16/3/99



## Welfare groups to get bulk subsidies

Pearl Sebolao

(297)

GAUTENG is to give welfare organisations bulk subsidies as part of its plans to introduce sustainable financing strategies.

Welfare MEC Ignatius Jacobs told the provincial legislature yesterday that 10 pilot projects would be introduced in the 1999/2000 financial year.

The bulk subsidies would help welfare organisations to improve their finances.

The legislature's welfare committee welcomed the increase in pensions for the elderly and the allocation of more than R2bn for social security grants.

Meanwhile, Transport MEC Joyce Kgoali expressed concern over her department's reduced budget allocation.

BD 16/3/99



# Finally it's judgment day for Boesak

(297)

Cape Town - "The rest of my life depends on today, but my life is still in God's hands. I remain strong and fairly confident."

These were the words of an upbeat Allan Boesak, hours before Mr Justice John Foxcroft delivers his verdict in the Cape High Court today on charges of fraud and theft against him.

Boesak, former anti-apartheid activist and Western Cape leader of the ANC, is facing charges of theft and fraud involving R9-million from the Foundation for Peace and Justice (FPJ), of which he was the director.

He has pleaded not guilty to 20 counts of theft and 12 counts of fraud as well as to taking R1,1-million for himself.

"I can hardly believe that this has finally come and I am definitely anxious as to what will happen," said a seemingly relaxed Boesak.

He said his most memorable event during the trial was when former FPJ bookkeeper Freddie Steenkamp changed his testimony and admitted he had stolen large amounts of money.

In December last year, Boesak was discharged on five of the 32 charges.

"Regarding the remaining charges, there is enough evidence before the court that the accused may be convicted on," Mr Justice Foxcroft said in December.

But Boesak's counsel, Mike Maritz SC, told the court there was "not a shred of evidence" against his client. He referred to the main state witnesses as a "den of thieves".

If Boesak is acquitted, an offer to lecture at the Graduate Theological Union in Berkeley, California, still stands. The post remains open until September. - Own Correspondent



# BOESAK GUILTY

ARG 17/3/99

(297)



Brave faces Allan Boesak and his wife Elina arrive at the Cape High Court today before judgment in his marathon trial for fraud and theft involving donor funds from anti-apartheid groups

## Grim-faced cleric convicted of fraud and theft

### WHAT THE JUDGE SAID

- Dr Boesak's failure to report the full amount was ominous and suspicious
- The money was clearly not used for political work; for example it was used for the payment of his wife's debt
- He was in a position of trust and was placed in charge of funds for a specific purpose. This was not done and a prima facie case of theft exists
- The accused wrongfully and unlawfully appropriated money intended for the children of South Africa
- An unfortunate feature of this trial is that the donors felt assured that their money was being used properly

## Why wait years? Save from





Brave faces: Allan Boesak and his wife Elma arrive at the Cape High Court today before judgment in his marathon trial for fraud and theft involving donor funds from anti-apartheid groups

LEON MULLER

# Grim-faced cleric convicted of fraud and theft

LEON MULLER AND ASHLEY SMITH  
Cape Argus

Allan Boesak was today found guilty of three charges of theft involving R1,3-million and a fraud charge involving R259 000 sent by singer Paul Simon for use by the Children's Trust.

Boesak looked grim as Mr Justice John Foxcroft found him guilty of three charges of theft and one of fraud. He was acquitted on 23 charges of fraud and theft.

The R1,34-million he stole was made up of:

- R259 000 from Paul Simon which he had concealed from the trustees of the Children's Trust.

- An amount of R762 000 from the Swedish International Development Agency intended for the production of 12 audio-visual cassettes on democracy.

- And R322 722 from the Urban Discretionary Account, one of the accounts run by the Foundation for Peace and Justice, the anti-apartheid organisation which Boesak headed.

The court found this money had been used to put deposits on houses in Capetown and Vredendoe, and to pay his wife Elma's debts.

The veteran anti-apartheid activist was found not guilty of stealing R140 535 from the Coca-Cola Foundation which was destined for a social upliftment project in Capetown.

Boesak, former head of the World Alliance of Reformed Churches, had pleaded not guilty to fraud and theft involving foreign donor funds to the Foundation for Peace and Justice, of which he was the director. The State alleged that a further



Donor: Paul Simon, whose funds were stolen

R8-million was misappropriated.

Boesak appeared near to tears as the judge pronounced his guilty verdict. His wife Elma sat behind him.

Berlen, one of his daughters from his first marriage, wept as her father was found guilty.

As the judgment proceeded, Boesak's supporters in the packed gallery chanted: "Boesak, Boesak." A large crowd on the steps outside the court also chanted the disgraced cleric's name.

"The accused wrongfully and unlawfully appropriated money intended for the children of South Africa," Judge Foxcroft

told the court. He said it was apparent that the donors had respected and trusted Boesak to use the money properly.

The donors were conduits for their governments to which they were accountable. "An unfortunate feature of this trial is that the donors felt assured that their money was being used properly and they were fortified by the audited statements."

The confidence in the auditors, M Brey and Associates, was entirely misplaced and the fact that Freddie Stenkamp - Boesak's jailed bookkeeper - could steal so much was evidence of their failure.

"The normal protection for donors would then have been non-existent," Judge Foxcroft said.

According to evidence during the trial, Boesak told the trustees of only R423 000 of the Paul Simon donation of R682 000.

Judge Foxcroft said it became clear Boesak had used the Paul Simon money for whatever purpose he chose. "The money was clearly not used for political work; for example, it was used for the payment of his wife's debt."

During the trial, defence counsel Mike Martiz submitted that Simon had donated the balance of more than R250 000 - which Boesak was found guilty of stealing - for his political work and travel.

Judge Foxcroft said: "Dr Boesak was obliged to tell the Children's Trust trustees of the full amount."

"He should have reported that he was holding back some money and it is surprising that none of the trustees asked for the relevant documentation."

He said the trustees had testified and relied on Dr Boesak's honesty.

"Dr Boesak's failure to report the full

amount was ominous and suspicious."

The money was for the children and not for Dr Boesak's own benefit. He was in a position of trust and had a duty to inform the trustees. His failure to testify about this was also ominous.

Regarding the R762 000 donated by the Swedish International Development Agency, Judge Foxcroft said that despite Mr Martiz's intense grilling and disconcerting treatment of the donors, they had stuck to their story that they had donated the money only for the production of video-cassettes on democracy.

"Dr Boesak was in a position of trust and was placed in charge of funds for a specific purpose. This was not done and prima facie case of theft exists. There is an absence of explanation from Dr Boesak about why this happened."

Addressing prosecutor JC Gerber, Judge Foxcroft said the fact that Boesak had declined to testify was not necessarily a sign of guilt. He said the onus was on the State to prove beyond a reasonable doubt that Dr Boesak was guilty.

In the case of the Coca-Cola Foundation gift, the State had not proved its case. The five charges on which Boesak was discharged last year were: alleged fraud involving R140 935 from the Coca-Cola Foundation; alleged fraud involving R431 029 from the Children's Trust; alleged theft from the Marten's Food Aid project of about R16 000; alleged theft from a Children Protection Services donation of about R22 487; alleged theft from a Vrye Weekblad project of about R51 000.

The trial was adjourned to next Tuesday for argument and evidence in mitigation of sentence.

## WEATHERMAN PETE SAYS:

It'll bake again, but False Bay's gonna blow!

PAGE 11

## TONIGHT'S TV TIP



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children of South Africa?  
An unfortunate feature of this trial is that the donors felt assured that their money was being used properly?

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'RURAL FOLK' WERE THE LOSERS

# Donors hail Boesak verdict

CT 18/3/99 (297)

**SWEDISH** aid agency Sida has welcomed the ruling, along with most political parties. But the government remains tight-lipped over the verdict. **CHRIS BATEMAN** reports.

**T**HE Swedish International Development Agency (Sida) from which leading local activist and former ANC politician Allan Boesak stole R762 000, welcomed his conviction but said it would not help the "rural folk" for whom videos on democracy were supposed to be made.

Speaking from Stockholm as opposition political parties across the South African spectrum welcomed the judgment, Lars-Olaf Hoök, Sida's Southern African division chief said: "We are very happy now that this has been tried in a South African court."

"We always knew that the main person, (Foundation for Peace and Justice accountant) Freddie Steenkamp is sitting in jail and now also Allan Boesak has been found guilty on some of the charges."

Hoök said that while Sida was happy with the trial outcome, "that doesn't help people in the rural areas, that was the objective and it has been spoiled".

He explained that Sida's intention was that videos be shown in rural areas to educate people on voting and "broaden democracy" before the 1994 elections.

Hoök said that before the election Boesak called Sida to say his Foundation for Peace and Justice (FJP) had used the money for other purposes "but didn't spell it out".

"That's when we insisted he produce the videos or repay us the money," he said.

Sida and their Norwegian and Danish counterparts hired a top Johannesburg legal firm in November 1994 to probe where the

to Deputy President Thabo Mbeki, cleared Boesak of any criminal wrongdoing.

Yesterday Ronnie Momoepa, a spokesperson for Mbeki, said that advocate Gumbi's findings were based on the "evidence at her disposal at the time — the High Court may have had more evidence to arrive at their conclusion".

He conceded that Judge Foxcroft's judgment had yet to be studied by Mbeki's office and compared with what was before Gumbi, adding that "after that, a more informed statement may be made".

Paul Setsetse, spokesperson for Justice Minister Dullah Omar, said Omar did not wish to comment "until the matter has been finalised (ie sentencing and appeal)," adding that Omar was not surprised at the opposition parties' vehement reactions.

The DP said the judgment sent the right signal to foreign donors and NGOs — that people who misused funds would have to answer to the law.

The NNP said the judgment sent a clear message that crime and corruption did not pay.

Professor Hugh Corder, Dean of UCT's law faculty, said that the level of legal support given to Boesak was "perhaps slightly surprising but it might be justified by the complexity of the issue".

The Boesak case "re-emphasises that accountability and openness is a critical element of democracy — from that point of view this is an important event," Corder added.



**SURROUNDED:** Allan Boesak flanked by his wife Elna, frantically walking down Keerom Street. They were surrounded by a mass of supporters who tried to keep the media at bay after judgment in his fraud and theft trial in the Cape High Court yesterday.

PICTURES: MUSA/AD JACOBS



Steenkamp is sitting in jail and now also Allan Boesak has been found guilty on some of the charges."

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"That's when we insisted he produce the videos or repay us the money," he said.

Sida and their Norwegian and Danish counterparts hired a top Johannesburg legal firm in November 1994 to probe where the money had gone.

The series of 12 videos were to be produced by Boesak's television journalist wife Elna, but Hoek said Sida was not even shown a pilot production.

The initial legal probe by Bell, Dewar and Hall took over two months and cost Sida and their Danish and Norwegian counterparts over R500 000.

The private probe concluded that Boesak had "substantially and unlawfully enriched himself", prompting a political furore and the ANC to close ranks around their former struggle hero.

In early December 1995, when he returned from the United States to respond to the allegations, Boesak was met by top ANC regional leaders, including Justice Minister Dullah Omar — a move which further upped the political ante.

Later, President Nelson Mandela, in an off-the-cuff remark, expressed doubt to journalists as to whether a "prima facie case" against Boesak existed.

This prompted an angry challenge from Cape Attorney-General Frank Kahn, whose office was then pouring over a year-long probe by the Office for Serious Economic Offences — and resulted in an apology from Mandela.

A government probe by advocate Mojanku Gumbi, legal adviser

(ie sentencing and appeal), adding that Omar was not surprised at the opposition parties' vehement reactions.

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**SURROUNDED:** Allan Boesak flanked by his wife Elna, frantically walking down Keerom Street. They were surrounded by a mass of supporters who tried to keep the media at bay after judgment in his fraud and theft trial in the Cape High Court yesterday.

PICTURES: MUGAMAD JACOB

# Emotions run high in packed Court 19

RHODA DAVIDS

A PACKED courtroom erupted in chants of "Viva Boesak viva!" moments after Justice John Foxcroft found Allan Boesak guilty of four charges of fraud and theft involving R1,337 million in donor money.

The public gallery of Court 19 was filled to capacity with every available space occupied by restless Boesak supporters. Extra benches were brought in for the large contingent of local and international journalists at the High Court.

On their arrival for the verdict, Allan and Elna Boesak were greeted by friends and family who offered words of encouragement and strength.

"We shall overcome, we are here for you," said one woman.

Judge Foxcroft found Boesak guilty of fraud involving R259 000 from a donation of R682 000 made to the Children's Trust by American musician Paul Simon.

The judge said Boesak had concealed this money from the trustees.

"Paul Simon trusted and respected him to use the money intended for the children properly," said Judge Foxcroft.

He added that Boesak had wrongfully and unlawfully appropriated money intended for the children of South Africa.

Boesak's counsel, Mike Maritz, SC, argued that his client was entitled to keep the money

in terms of an arrangement he had made with Simon, but this was rejected by the court.

While Judge Foxcroft read his judgment, Boesak stared blankly at the ceiling and occasionally closed his eyes.

Elna comforted Allan's daughter Belen whose eyes were filled with tears when the judge pronounced her father guilty.

A relaxed state prosecutor, J C Gerber, drank a couple of glasses of water while Maritz frantically made notes during the judgment.

Boesak was also found guilty of theft of R762 000 from the Swedish International Development Agency (Sida), which donated the money for the Audio Visual Project's production of democracy education video-cassettes.

"Boesak was in a position of trust and was in charge of funds for a specific purpose.

"There is an absence of an explanation from Boesak about why this happened.

"This is theft," the judge said.

The judge found that Boesak had no authority to use the money which had been donated for use in voter education, and convicted him on the charge.

During a 10 minute recess Boesak, his wife and his legal team Maritz, Jaap Cilliers and attorney Chris Petty, huddled together for a quick word of reassurance while supporters discussed the day's proceedings.

The court also found that an amount of



**SUPPORTIVE:** Elna clutches her husband's arm as they prepare to face the crowd outside the Cape High Court.



When I go on trial the struggle for freedom will be on trial. When I go on trial all my people will be on trial'  
- Allan Boesak, March 1997

Struggle book-keeping might be to blame for the charges against Boesak  
- Justice Minister Dullah Omar, March 1997

It was 'quite clear' that the prosecution have not been able to establish even a prima facie case against Dr Boesak  
- President Mandela, September 1998  
(Subsequently, the president acknowledged his mistake)

The accused 'wrongfully and unlawfully' appropriated money intended for children of South Africa  
- Judge John Foxcroft yesterday

# 'Boesak stole children's money'

Spar 18/3/99 (297)

MUGANAB JACOBS

## Struggle hero guilty of four charges of fraud and theft of donor funds

By RHODA DAVIDS  
Cape Town

A packed courtroom erupted in chants of "Viva Boesak, viva!" by supporters of the former anti-apartheid activist yesterday after Mr Justice John Foxcroft found Allan Boesak guilty of four charges of fraud and theft involving a total of R1,337-million in donor money.

Boesak originally faced 32 charges involving R8-million donated to the now-defunct Foundation for Peace and Justice (FPJ), of which he was the director - including a charge that he took R1.1-million for himself.

The public gallery was filled to capacity with every available space occupied by restless Boesak supporters. Extra benches were brought in for the large batch of local and international journalists who had earlier gathered on the steps of the Cape High Court.

Boesak and his wife Elna were greeted by friends and family who offered words of encouragement and strength. "We shall overcome, we are here for you," said one woman.

Judge Foxcroft found Boesak guilty of fraud involving R259 000. This concerned the R682 000 donation made to the Children's Trust by American musician Paul Simon after his 1988 South African tour. The judge said Boesak had concealed the amount from the trustees.

"Paul Simon trusted and respected him to use the money intended for the children properly," said Mr Justice Foxcroft.

He added that Boesak had wrongfully and unlawfully appropriated money intended for the children of South Africa.

Although Boesak's counsel, Mike Maritz SC, argued that his client was entitled to keep the money in terms of an arrangement he had made with Simon, this was rejected by the court.

While Judge Foxcroft read his judgment, Boesak stared blankly at the ceiling and occasionally closed his eyes. Elna, looking very concerned, comforted Allan's daughter Belen, whose eyes were filled with tears when the judge pronounced her father guilty of theft.

A relaxed state prosecutor, J C Gerber, drank a couple of glasses of water while Maritz frantically made notes during the judgment.

Boesak was also found guilty of the theft of R762 000 from the Swedish International Development Agency money donated for the Audio Visual Project for the production of democracy-education video cassettes.

"Boesak was in a position of trust and was in charge of funds for a specific purpose. There is an absence of an explanation from him about why this happened. This is theft," the judge said.

He found that Boesak had no authority to use the money, which had been donated for use in voter education, and convicted him on the charge.

During a 10-minute recess, Boesak, his wife and his legal team - Maritz, Jaap Cilliers and attorney Chris Petty - huddled together for a quick word of reassurance while supporters discussed the day's proceedings.

Journalists grabbed their cell phones and dashed for the nearest quiet spot to file their stories.

The court also found that an amount of R322 722 from the FPJ's urban discretionary account had been used to buy



Convicted ... Allan Boesak, accompanied by his wife Elna and daughter Belen, leaves the Cape High Court after he was found guilty on fraud and theft charges.

Boesak's Constantia and Vredehoek homes, as well as to pay off Elna's debts.

He was acquitted on 23 charges. These covered, among others, a donation from the Coca-Cola Foundation which was intended for the upliftment

of the Carmarvon community. "Evidence was not sufficient to say that the accused was aware of how funds were handled," said Judge Foxcroft.

He added that there were many other suspicious circumstances but evidence was lacking on which projects donations had been intended for.

Boesak left the court a victim disappointed man who must return on Tuesday with his defence team for argument in mitigation of sentence.

As he left the High Court, a mass of supporters flooded Keerom Street and formed a human shield around Boesak, his wife and daughter as they walked towards the Huguenot Chambers.

Supporters traded sharp exchanges with members of the

media. The road was filled with overwhelming cries of support while office workers hung out of windows to observe the commotion.

Will he bounce back?  
Page 15



# Agency hails conviction, but says it won't help rural folk

(297) Star 18/3/99

The Swedish International Development Agency, Sida, from which leading local activist and former ANC politician, Allan Boesak, stole R762 000, welcomed his conviction but said it would not help the "rural folk" for whom videos on democracy were supposed to be made.

Speaking from Stockholm as opposition political parties across the South African spectrum welcomed the judgment, Lars-Olaf Hoök, Sida's southern African division chief, said: "We are very happy now that this has been tried in a South African court."

"The main person, (Foundation for Peace and Justice accountant) Freddie Steenkamp, is sitting in jail, and now Allan Boesak has been found guilty on some of the charges."

Hoök said that while Sida was happy with the trial outcome, "that doesn't help people in the rural areas - that was the objective and it has been spoilt".

He said Sida's intention was that videos be shown in rural areas to educate people on voting and to broaden democracy before the 1994 election.

Hoök said that just before the election, Boesak called Sida to say his FPJ had used the money for other purposes, "but didn't spell it out - that's when we insisted he produce the videos or repay us the money".

Sida and its Norwegian and Danish counterparts hired a top Johannesburg legal firm in November 1994 to investigate where the money had gone.

The series of 12 videos were to be produced by Boesak's television journalist wife, Elna, but Hoök said Sida was not even shown a pilot production.

The initial legal probe by Bell, Dewar & Hall took longer than two months and cost Sida and its Danish and Norwegian counterparts more than R500 000.

The investigation concluded that Boesak had "substantially and unlawfully enriched himself", prompting a political furore and the ANC to close ranks around the former struggle hero.

In December 1995, when he returned from the United States to respond to the allega-

tions, Boesak was met by ANC regional leaders, including Justice Minister Dullah Omar.

Later, President Mandela expressed doubt to journalists as to whether a prima facie case against Boesak existed.

This prompted a direct challenge from Cape Attorney-General Frank Kahn, whose office

## “Objective of producing videos has been spoilt”

was then poring over a year-long probe by the Office for Serious Economic Offences - and resulted in an apology from Mandela.

A government probe by advocate Mojanku Gumbi, legal adviser to Deputy President Thabo Mbeki, cleared Boesak of any criminal wrongdoing.

Yesterday, Ronnie Mamoepa,

a spokesperson for Mbeki, said Gumbi's findings were based on the evidence at her disposal at the time.

He said Judge Foxcroft's judgment had yet to be studied by Mbeki's office and compared with what Gumbi had considered, adding that "after that, a more informed statement may be made".

Paul Setsetse, spokesperson for Omar, said the minister did not wish to comment "until the matter has been finalised."

The DP said the judgment sent the right signal to foreign donors and non-governmental organisations - that people who misused funds would have to answer to the law.

The NNP said the judgment struck a blow against corruption and sent a message that crime and corruption, "even if it is of the struggle bookkeeping variety, does not pay".

Professor Hugh Corder, dean of the University of Cape Town law faculty, said the level of legal support given to Boesak was "perhaps slightly surprising, but it might be justified by the complexity of the issue".



# Allan Boesak's next battle is for his freedom

## He treated the money as if it were his to dispose of entirely at his own discretion – Judge Foxcroft

LEMON OLIVER  
High Court Reporter

Allan Boesak, found guilty of three charges of theft totalling R1,34-million and one of fraud of R259 000, will start his fight for freedom next week in the Cape High Court.

His defence begins argument in mitigation of sentence on Tuesday.

Yesterday, during a three-hour judgment handed down by Mr Justice John Foxcroft, Boesak was convicted of four of the 27 charges of fraud and theft against him arising from donations to his Foundation for Peace and Justice.

Late last year Judge Foxcroft discharged him of five of the original 32 charges involving R9-million, of which he was accused of personally stealing R1.1-million.

Boesak was found guilty of: ■ Defrauding R259 000 from Paul Simon which he had concealed from the trustees of the Children's Trust.

■ Stealing R762 722 from the Swedish International Development Agency (Sida) intended for the production of 12 audio-visual cassettes on democracy.

■ Stealing R322 722 from a foundation account called the Urban Discretionary Account, which he claimed was his own.

The court found this money was used to pay deposits on houses in Vredehoek and Constantia, and to pay his wife Elna's debts.

The main charges of which he was acquitted were: ■ Alleged theft of R140 985 from the Coca-Cola Foundation for a rural

project in Carnarvon.

■ Alleged theft of R447 111, which was money invested by the Children's Trust in the form of a banker's acceptance.

■ Alleged defrauding of Sida by changing the project plan for the production of the videocassettes.

■ Alleged fraudulent presentation of annual financial statements which contained an inaccurate reflection of the foundation's activities.

■ Alleged deliberate withholding of funds from overseas donors to projects, or knowing that these funds were being withheld.

Judge Foxcroft said he did not find it appropriate for the defence to refer to widespread prejudice Boesak might have suffered in the media. "... Any criminal court worth its salt will always be on guard against jumping to unwarranted conclusions," he said.

Although State advocate J C Gerber "made much of the fact that Dr Boesak had not testified", this was not the correct approach since there were many situations in criminal trials where an accused person was not required to answer.

Regarding the loss the projects suffered because of funds which did not reach them, Judge Foxcroft found that there was not sufficient evidence to prove that Boesak could have foreseen the losses or that he was reckless in this regard.

About international singer Paul Simon's donation of R682 000 to the Children's Trust, Judge Foxcroft said it was clear from the evidence that Boesak kept back R259 000 for



LENN MILLER

Guilty: backed by cheering supporters, Allan Boesak, his wife Elna and daughter Belen leave the Cape High Court after Boesak was convicted yesterday

himself which he had said, through his counsel, he used for expenses and political work.

"There can be no doubt that Dr Boesak received this money in trust in the general sense and that Mr Simon trusted him to use this money to the benefit of South Africa.

"It became clear ... that he

treated the money ... as his to dispose of entirely at his own discretion," Judge Foxcroft said.

Boesak had been obliged to tell the trustees of the full amount of R682 000 and that he was holding back the balance because he was entitled to do so.

Judge Foxcroft said the trustees

were dazzled by Boesak's prominence and his "apparent standing".

"Overseas donors spoke of him in glowing terms in their letters until suspicion and indignation eventually set in. He had acquired an almost larger-than-life personality in the eyes of those around him – (former bookkeeper Freddie) Steenkamp

idolised him and the Rev Lionel Louw said it would have been embarrassing to ask him about personal matters," Judge Foxcroft said.

Although the judge was critical of a letter Boesak sent to Sida, he was not satisfied Boesak had deliberately misled Sida in the initial application for a donation for videocassettes.

(247) ARG 1873/99

The letter was written in response to Sida's suggestion that the foundation pay back the donated funds after the project plan changed.

Boesak wrote back: "I can hardly find any words to express my feelings at the way Sida has handled the situation, and I am now more convinced than ever that this was for some reason a cold-blooded, deliberate set-up for which as yet I have no explanation.

"I am sure there is some white-run, politically acceptable, reliable NGO waiting in the wings to take over a project Allister Sparks (who endorsed the project) has described as original and brilliant. I congratulate you."

Judge Foxcroft said the Swedish witnesses had impressed him as reliable and truthful persons who were "understandably indignant that the money which they had provided had been put up to a purpose which had resulted in their not seeing the product for which they had paid".

Boesak was found not guilty of presenting false annual financial statements to the donors, because "given his international programme it is reasonably possible that he did not concern himself with the accounts to the extent where irregularities were revealed to him".

Although there were strong indications that Boesak, as a trustee, should have been aware of the true situation, Judge Foxcroft could not find beyond a reasonable doubt that he could have been fully aware.

"Gross dereliction of his duty as a trustee and criminal conduct are not necessarily synonymous," he said.



## CAPE ARGUS ISSUES

## Will Boesak bounce back again?

(297) *AKG 18/3/99*

ANC sentiment appears to be one of caution after confident loyalty of the past

Allan Boesak has been prematurely written-off too often in the past to be dismissed today as an irredeemable has-been. But will his record as a consummate survivor endure? Special Writer **MICHAEL MORRIS** assesses the prospects



## 1945 ...&gt;

## Allan Boesak

Born 1945, Kakamas in the Northern Cape. At the age of 8 his father dies and the family moves to Somerset West.



## 1960 ...&gt;

1962 Allan has just written matric. His family moves again, but not by choice. The abusive impact of the Group Areas Act is a bitter experience.



## 1970 ...&gt;

## THE EMERGENT ACTIVIST

He gains attention not only through his doctoral dissertation on liberation theology, but for his growing stridence in the chorus of anti-apartheid voices.

## 1980 ...&gt;



## 1982

Already moderator of the Sendingkerk of South Africa, Boesak shoots onto the world stage after succeeding in having the World Alliance of Reformed Churches declare apartheid a heresy. Elected president of the World Alliance.



## 1983

Beginnings of his overt political career linked to the launch of the United Democratic Front.

## 1985

Becomes director of the Foundation for Peace and Justice. Is detained and has his passport confiscated over a proposed march to Pollsmoor to demand Nelson Mandela's release.

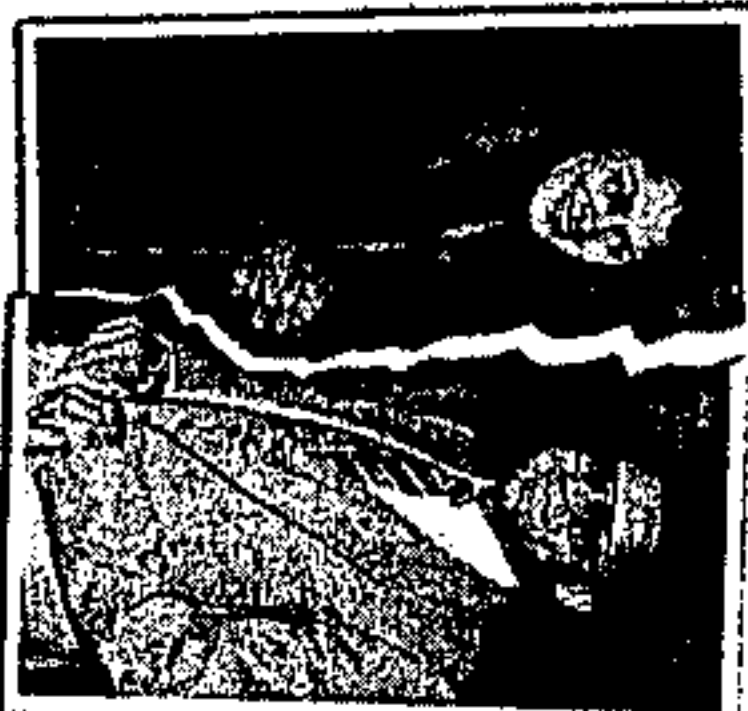
## PERSONAL CONTROVERSY

Admits to an extramarital affair with Dr Scott, who worked for the South African Council of Churches.

## 1990 ...&gt;

## 1990

President FW de Klerk unbans the ANC. The inevitable demise of the UDF opens new political opportunities for the ambitious cleric.



## PERSONAL UPHEAVAL

Die Burger breaks the story of his affair with Elna Botha, a television producer. It costs him his ministry and ends his 21-year marriage to his first wife Dorothy.

## 1991

On his 45th birthday, Dr Boesak marries Elna.

Mid-year joins the ANC. Some months later is elected regional chairman of the Western Cape ANC and this assures his seat on the national executive committee.



## 1994

The months building up to South Africa's first free elections see Boesak working hard for an ANC victory in the Western Cape, but when the votes are counted, he accepts the result with grace. Takes up his new job as Western Cape minister of economic affairs.



## 1995

Promised ambassadorship to the United Nations in Geneva. Controversies come to boiling point over financial mis-management, particularly over the abuse of foreign funding meant for the Foundation for Peace and Justice. Loses his ambassadorial appointment.



## WEDNESDAY, MARCH 17 1999

Allan Boesak found guilty on three charges of theft involving R1.3-million and a fraud charge involving R259 000 sent by singer Paul Simon for use by the Children's Trust.



## 1997

Returning home from the United States to face charges of fraud and theft, Boesak is plunged into three years of spiritual, political and judicial trial.



Throughout the trial, Allan and a supportive Elna Boesak remained outwardly upbeat. However, the veteran anti-apartheid activist appeared near to tears as Mr Justice John Foxcroft pronounced his guilty verdict to an emotionally charged courtroom yesterday.



PAUL SIMON refused to come to South Africa to testify.

GREGG 808 GREGSON

Dorothy, with whom he had had four children.

United Nations in Geneva. As the April 1994 election campaign intensified, he worked hard for an ANC victory in the Western Cape - something he predicted too frequently and too confidently, many believed - but when the votes were counted, he accepted the result with grace.

While Dr Boesak took up his new job as Western Cape minister of economic affairs with enthusiasm, his individualistic management style entangled him in yet more controversy.

Political opponents lost no time in attacking his signing a reputed R750 000-a-year lease for commercial office space for his department, despite having neither the authority nor the budget to do so.

The apparent, or claimed, absence of sufficient official control over more than R140-million in investment venture capital canvassed during a visit to the United States also drew fire.

No sooner had these died down than fresh controversies erupted over foreign funding for his Foundation for Peace and Justice, putting paid to his ambassadorial appointment, and plunging him into three years of spiritual, political and, latterly, judicial trial.

This week, Allan Boesak will look back on all these things with bewilderment and regret. Having once stood to gain so much, what can he expect now?

At an earlier point in the trial - when speculation was rife that he was bound to get off - it was thought he might be given a new job in politics, especially in the light of his potential impact in the run-up to the election.

Certainly, he has always had something to contribute, politically. His strength is probably chiefly an appeal which combines political evangelism - mass rally fervour, resounding oratory - with that essentially conservative frisson of pious religiosity that impels reformed Calvinism: an arguably

persuasive combination in the worst

Cynics, among others, anticipated that Allan Boesak would walk free from his long-awaited, and tortuous, argued, trial.

Theirs was a sceptical view born in part of the ill-advised political blessings bestowed on Dr Boesak just before, and during, the High Court hearing.

The first - Justice Minister Dullah Omar's going to the airport in March 1997 to extend a warm welcome to the beleaguered cleric and former ANC regional leader when he finally returned home from the United States to face charges of fraud and theft - puzzled, and also disappointed, many.

It was said to be an example of how the ANC placed loyalty above other conventional considerations of governance, and that for the movement to have behaved differently would have been "out of character".

More recently, Nelson Mandela's contribution to the Boesak defence towards the end of last year was a more controversial illustration of liberation civility.

Not only did he help to secure funds to pay the accused's legal fees, but, in an extraordinary and apparently unthinking dismissal of the case brought by the State of which he is the supreme symbol, Mr Mandela all but prejudged the trial by declaring it was "quite clear that they (the prosecution) have not been able to establish even a *prima facie*

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Subsequently, the President acknowledged his mistake.

That's all past now, except that wrapped up in these events and the reactions to them are the primary clues to Dr Boesak's post-trial future.

The sceptical view, well or poorly grounded as it may be, will matter least, but to the extent that it hints at public perception, it will have a bearing on whether or not the ANC will risk acting too strongly on its overweening sense of loyalty.

Certainly, prevailing sentiment in ANC ranks appears to be one of caution.

There is a sense that care is needed to avoid misjudging the significant strengths and weaknesses of a public figure whose life has been marked as much by achievement and acclaim as intrigue and controversy.

It is significant that ANC leaders were conspicuously absent from the courtroom yesterday, yet the embattled cleric was not without voluble backing in his hour of need from rank and file supporters.

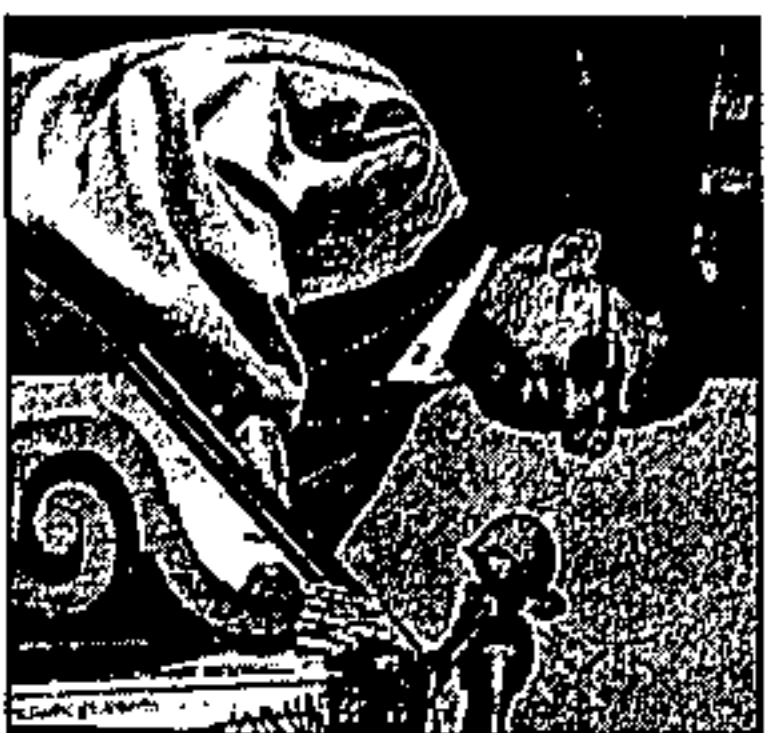
Clearly, the verdict casts a greater emphasis on the weaknesses and controversy than the achievements and the acclaim.

Allan Boesak was born at Kakamas in the Northern Cape in 1945. His schoolteacher father died when he was eight, and the family moved to Somerset West.

Life was not easy, and the young Allan worked on nearby farms to supplement household income.

## 1960 ...

Allan has just written mantic. His family moves again, but not by choice. The abusive impact of the Group Areas Act is a bitter experience.



## 1970 ...

### THE EMERGENT ACTIVIST

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A decade later, in 1962, he had just written mantic when the family moved again, but this time not by choice.

The abusive impact of the Group Areas Act was a bitter experience of the force of the National Party government that he was to spend so much time and energy resisting in the years ahead.

He gained attention as an emergent activist in the 1970s, in part through his doctoral dissertation on liberation theology, but also his growing stridence in the chorus of anti-apartheid voices.

When, in 1982, he succeeded in having the World Alliance of Reformed Churches declare apartheid a heresy, and expel two white Afrikaner churches from its fold, Dr Boesak's prominence was assured.

He was already moderator of the Sendingkerk of South Africa, but his stature abroad - as much as at home - was considerably emboldened by his election at the age of 36 as president of the World Alliance.

His role in the church thus far was very largely - or was seen to be - a political one.

But the beginnings of his overtly political career can be traced more specifically to the launch of the United Democratic Front in 1983, of which he became an active and vocal patron.

Two years later, in 1985 - an eventful year, presaging some of the trauma of the next decade - he became director of the Foundation for Peace and Justice, was defamed and had his passport confiscated (by then Minister of Home Affairs Stof

the world stage after succeeding in having the World Alliance of Reformed Churches declare apartheid a heresy. Elected president of the World Alliance.



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Admits to an extramarital affair with Dr Scott, who worked for the South African Council of Churches.



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### PERSONAL UPHEAVAL

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**1991**  
On his 45th birthday, Dr Boesak marries Elna. Mid-year joins the ANC. Some months later is elected regional chairman of the Western Cape ANC and this assures his seat on the national executive committee.



Warm welcome: Minister of Justice Dullah Omar meets Allan Boesak on his return from the US to face fraud and theft charges.

fel Botha, uncle of his second wife, Elna) over a proposed march to Pollsmoor to demand Nelson Mandela's release, and was arrested during a march to Parliament.

He was also caught up in a personal controversy: his admission to an extramarital affair with Dr Scott, a divorcee who worked for the South African Council of Churches, dented

UDF opens new political opportunities for the ambitious cleric, particularly over the abuse of foreign funding meant for the Foundation for Peace and Justice. Loses his ambassadorial appointment.



**BOESAK**  
Creative bookkeeping

**WEDNESDAY, MARCH 17 1999**  
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PAUL SIMON refused to come to South Africa to testify

GRAPHIC: BOB GIBSON

Dorothy, with whom he had had four children.

In February 1991, on his 45th birthday, Dr Boesak married Elna. Fourteen months later they seemed set to split, but Elna withdrew the divorce action at the last minute.

Not since the mid-1980s had public attention on him been as acute, though it seemed hardly the kind to sustain a political comeback.

Indeed, the Boesaks' retreat into luxurious Constantia appeared to reinforce a perception that he had retired from the sort of political engagement in which wealth and the trappings of gentility were embraced - by several branches around the country - without even being a member of the organisation.

This was signal recognition indeed. He could not take the NEC job just then, but - despite lingering misgivings about links with the communists - he joined the ANC a few days later in Cape Town, and began forging a new political role for himself.

Some months later, after an entreaty by Mr Mandela to Western Cape ANC delegates to choose a regional leader truly representative of the local populace - coloureds - he was elected regional chairman, a post that assured him his NEC seat.

He held the chairmanship until 1995, leaving it only to prepare for a promised ambassadorship to the

nor the budget to do so. The apparent, or claimed, absence of sufficient official control over more than R140-million in investment venture capital canvassed during a visit to the United States also drew fire.

No sooner had these died down than fresh controversies erupted over foreign funding for his Foundation for Peace and Justice, putting paid to his ambassadorial appointment, and plunging him into three years of spiritual, political and, latterly, judicial trial.

This week, Allan Boesak will look back on all these things with bewilderment and regret. Having once stood to gain so much, what can he expect now?

At an earlier point in the trial - when speculation was rife that he was bound to get off - it was thought he might be given a new job in politics, especially in the light of his potential impact in the run-up to the election.

Certainly, he has always had something to contribute, politically.

His strength is probably chiefly an appeal which combines political evangelism - mass rally fervour, resounding oratory - with that essentially conservative frisson of pious religiosity that impels reformed Calvinism: an arguably persuasive combination in the Western Cape.

Political observers acknowledge that while others have successfully appealed to middle class values, nobody has proved quite as adroit as Allan Boesak in extending the ANC's sway into the Western Cape's working class communities.

But it's doubtful he would be anything but a liability now - his ability as a politician would be neutralised by his value to the anti-ANC opposition.

It's even more doubtful that he can expect an ambassadorial post. Observers agree that his "international reputation has been tarnished to an extent that would make a diplomatic posting difficult", as one put it. Opinion within the ANC is evidently distinctly cautious.

One senior ANC MP noted that even if he had got off "it's clear there was a lot of financial carelessness and lack of supervision (in the Foundation for Peace and Justice), and it would be unlikely he would be invited back into a big political role".

Loyalty remained a significant factor, but so was public perception. "Dirt tends to stick, and that will make it quite difficult for him just to walk back into politics," another commented.

The solution, one influential ANC figure suggests, is for Dr Boesak to take up whatever job offer he may yet have abroad - though even his prospective posting to Berkeley in California could be in doubt.

Allan Boesak, he muses, has done quite a bit of penance already ... but now he needs to do more.



# Boesak 'may not go to prison'

(297)

By Russel Molefe and Sapa

ALLAN Boesak may not go to prison for theft and fraud because of three circumstances which weigh in his favour, a law expert at the Wits Law Clinic in Johannesburg said yesterday.

Expressing his own opinion, Mr Steve Thuson said the personal circumstances of Boesak, the seriousness of the offences and the interest of the community will play a role when the judge passes sentence.

His positive contribution to the country's political emancipation and his status as "a man of God" may also count in his favour for not being sent to jail, Thuson believes.

On the other hand, Thuson said, Boesak's status as the man of God may also be discarded because "one may argue that he was expected to lead by example".

"We are experiencing a high level of criminal activities, especially fraud, and this may work against him.

"It is my opinion that Boesak may not get a prison sentence. He may be required to pay back the money or get a stiff fine," Thuson said.

Mr Gal Batsri of Webber-Wentzel law firm also said the prosecutor may ask for any sentence.

However, the judge would have much discretion in deciding the sentence depending on Boesak's personal circumstances and the type of fraud he had committed, Batsri said.

The New National Party and the Democratic Party hailed Boesak's conviction as a blow against corruption.

NNP justice spokeswoman Mrs Sheila Camerer said: "There is a clear message in this judgment, namely that crime and corruption, even if it is of the 'struggle bookkeeping' variety, does not pay."

DP justice spokesman Mr Douglas Gibson said the party believed that whatever the final outcome of the trial the conviction sent the right signal to donors and non-governmental organisations that people who misused funds would have to answer to the law.



American champion Marlon Jones gives instructions to young aspirant athletes at the Meadowlands Stadium in Soweto yesterday. Jones and fellow athletes, who will be competing in the Engen series, ran clinics for township youths.

PIC: MOTLAPELE SEGALE

## Anti-apartheid activist Boesak falls from grace

By Khathu Mamalla and Mokgadl Pela

ALLAN Boesak, who shot to prominence in the 1980s as a United Democratic Front firebrand, fell from glory yesterday when he was convicted in the Cape High Court on four counts of fraud and theft involving R1,3 million.

Boesak became the envy of African National Congress supporters when in January 1983 he called for a united front against apartheid, which resulted in the formation of the UDF. He became its prominent leader.

As an anti-apartheid activist, Boesak addressed international conferences and strongly campaigned for the isolation of South Africa by calling for cultural and economic sanctions.

He attracted the ire of the security police and was detained several times

under emergency and security laws.

In the mid-80s he became president of the World Alliance of Reformed Churches, but resigned in 1990 after a revelation of his extra-marital affair with journalist Elna Botha.

He won several awards for his contribution to the struggle. In 1984 Boesak won the Kaj Munk award, established in memory of a Danish priest shot dead by the Gestapo.

After the unbanning of political organisations in 1990, Boesak was elected chairman of the ANC in the Western Cape.

During the historic all-race elections of 1994, political analysts blamed Boesak for failing to attract the coloured vote which could have resulted in an ANC victory in the province.

The ANC government nominated Boesak, who was considered a jewel in

its ranks, for a top post at the United Nations.

In December 1994 trustees and Danish funders launched investigations into allegations that R2 million in funding for Boesak's Foundation for Peace and Justice had been diverted for private use.

The allegations of misuse of donor funds were referred to the Office of Serious Economic Offences, a move that forced the Government to drop Boesak as ambassador designate.

However, the ANC as an organisation did not dump him. Justice Minister Mr Dullah Omar publicly embraced him when his trial started.

When Boesak ran out of funds to pay for legal costs, he approached President Nelson Mandela for help. Mandela promised to help him.

He will be sentenced next week.





Former anti-apartheid activist and cleric Allan Boesak, accompanied by his wife Elna, is surrounded by supporters as they leave the court after he was found guilty yesterday on charges of misappropriating donor funds. The charges related to money donated to Boesak's Foundation for Peace and Justice by aid agencies and American singer Paul Simon. P.I.C. REUTERS

# Boesak guilty of fraud

*Southern 18/3/199 (297)*

FORMER clergyman and anti-apartheid activist Allan Boesak was convicted in the Cape High Court yesterday on four charges of fraud and theft involving about R1,337 million in foreign donor welfare funds.

Boesak, who faced 27 counts of fraud and theft while he was director of the Foundation for Peace and Justice (FPIJ) between 1988 and 1991, was acquitted on the remaining charges.

Sentence will be passed on Tuesday. Judge John Foxcroft and two assessors found that Boesak had used about R1,337 million intended for the needy as if it were his own.

He was found guilty of stealing R259 000 of R682 000 donated to the Children's Fund by American singer Paul Simon in 1988. He was also convicted of fraud for not disclosing to the

trustees of the Children's Fund the full amount. The court held that Boesak had deliberately held back R259 000 which he used.

Simon donated the proceeds of his 1988 South African concert to assist children who had suffered under apartheid.

Boesak was also found guilty of using R746 000 donated by the Swedish Independent Development Agency to establish a recording studio for his wife Elna. Boesak had no authority to use the money donated for voter education.

He was also convicted on a charge of stealing R322 000 which he raised for the World Alliance of Reform Churches (Warc).

Foxcroft rejected Boesak's defence, as put forward by his lawyer, Mr Mike Maritz SC, that the funds in the Warc account were his own.

Boesak claimed that, when Warc was disbanded in 1991 he began using the account for the administration of his own funds.

Foxcroft said it was clear from the transfers to and from the Warc that the funds were donor funds, but Boesak regarded the money as his own. He was acquitted of stealing R140 935 donated by Coca-Cola and R161 000 donated by Scandinavian religious and welfare organisations. Acquitting Boesak on the other charges, Foxcroft said there were many instances where Boesak's conduct had been suspicious and irresponsible, but there had been a dearth of evidence as to what funds should be used on particular projects. Giving Boesak the benefit of the doubt in some of the cases raised by the state, Foxcroft said "gross dereliction of duty" did not

He said that in some cases Boesak's failure to keep scrupulous records of the use of funds could be explained by the need for secrecy during the years when the FPIJ was being hounded by the security police. He said in some cases records of the actual purpose of funds could not be kept because of the close attention of the security police.

Soon after judgment was pronounced, some supporters of Boesak began chanting his name. However, most people in the packed courtroom remained quiet.

Boesak and his wife Elna said they did not have any comment to make to the media.

The hearing will continue today. — Sapa.

● See also p. 46 3.



# The end of a dream

**A**LLAN Boesak, the cleric who once inspired support for the anti-apartheid struggle with his fiery oratory, was silenced on Wednesday when he was found guilty of theft and fraud.

Boesak, who says his life is in God's hands, was abandoned by his protector when the Cape Town High Court found him guilty of stealing 1,3 million rands in foreign donor funds intended to help the victims of apartheid.

The former cleric had denied all charges against him, saying the trial was the result of a witch-hunt by the former apartheid regime which had been out to get him for 20 years.

But Boesak kept his thoughts to himself after the verdict and must now wait until next week for sentencing.

Born in 1945 in the Northern Cape to a religious family, Boesak's hatred of apartheid was fired when his family was forced by the notorious Group Areas Act to move.

He shot to prominence in the early 80s and in 1982 introduced a resolution declaring apartheid a heresy at an Ottawa meeting of the World Alliance of Reformed Churches, where he was elected president of the body.

A year later Boesak was at the forefront of the formation of the United Democratic Front – which fought the apartheid government until the unbanning of the African National Congress (ANC) in 1990.

Boesak took part in numerous marches and demonstrations, often alongside Archbishop Desmond Tutu, and travelled widely abroad to drum up support for the anti-apartheid cause.

Boesak established the Foundation for Peace and Justice in 1985 aiming to help victims of apartheid and began to raise money from numerous foreign donors, but particularly from Scandinavian countries and churches.

Judge John Foxcroft, who convicted Boesak on Wednesday for four of 27 counts of theft and fraud, said donors including United States musician Paul Simon placed their complete trust in him.

But Foxcroft said the trustees of Boesak's charitable foundations in South Africa did not exercise due diligence.

"The trustees were dazzled by the prominence of the accused. The accused had acquired an almost larger than life personality to those around him," he said in his judgment.

Scandal was never far from the popular minister. In 1985, security police exposed details of marital infidelity with a youth official of the South African Council of Churches.

In 1990, the year President Nelson Mandela was released from prison, Boesak's relationship with Elna Botha – a television producer who is now his wife – prompted him to leave his ministry and surrender his World Alliance presidency.

Allan Boesak's dreams of moving to the United States to teach and preach will have to be shelved for the time being. **Emma Thomasson** explains. (297)



In the media spotlight ... Dr Allan Boesak, who was found guilty this week of theft and fraud involving about R1,3 million in foreign donor welfare funds. PIC: AFP

Foxcroft suggested that Boesak's marriage to Elna coincided with a change in lifestyle. The former cleric was found guilty of using donor funds to buy luxurious houses, pay off some of his wife's debts and buy her an audiovisual studio with money intended to produce voter education videos.

But Boesak did not drop out of public life after his marriage to Elna. His popularity among the coloured community in the Western Cape prompted the ANC to elect him leader of the party in the province in 1991.

When Danish donor DanChurch Aid raised allegations of misappropriation of donations after the 1994 elections, the party stuck by him and continued to do so throughout his trial.

Although the charges cost Boesak the position of South African ambassador to the United Nations in Geneva, Mandela came to his rescue last year, making a personal plea for financial assistance when funds for his defence ran dry.

Meanwhile Sapa-AP report that Mandela's arrival in the Swedish capital of Stockholm came just hours after Boesak's conviction of stealing aid money from foreign donors, including Sweden.

Mandela declined to comment on the Boesak case. However, the Swedish aid official who planned the programme that Boesak was con-

victed of stealing from, Lars Hook, said Sweden was dismayed by the case because "that money was intended for poor communities".

Spokesman for Deputy President Thabo Mbeki, Ronnie Mamoepa, said that Boesak's exoneration by Mbeki's legal adviser, Mojanku Gumbi – after allegations of theft first surfaced against him – had been based on the evidence before her at the time of her probe.

Reacting to Boesak's conviction on fraud and theft in the Cape High Court, Mamoepa said Mbeki's office would study the judgment.

"The statement which Advocate Gumbi made two years ago was made on the basis of evidence presented to the office, but obviously the court may have had access to more data than she had at the time," he said.

Mbeki ordered the investigation by Gumbi while Boesak was still MEC for economic affairs in the Western Cape, and ambassador designate to the United Nations.

Boesak, who has lived off his friends' charity for the last few years, had hoped to return to the US if acquitted, with plans to teach and preach.

But if the six-year jail sentence imposed on his bookkeeper Freddie Steenkamp for similar charges is indicative, Boesak may have to postpone the trip for a few more years. – Reuters-Sapa-AP.



# ANC turns its back on Boesak

Mail & Guardian reporter

**T**he probability of senior African National Congress leaders testifying in mitigation of sentence for Allan Boesak next Tuesday are slim.

When Boesak was accused of stealing from foreign donors and flew back to South Africa to stand trial, thousands of supporters turned out at the airport to cheer him.

Minister of Justice Dullah Omar raised eyebrows by greeting him with a hug. President Nelson Mandela questioned whether the state should be prosecuting the case.

An internal inquiry by the ANC, headed by Deputy President Thabo Mbeki's legal adviser, Mofokeng Gumbi, cleared Boesak before the trial even began.

The message was clear: Boesak had powerful friends who believed the charges were

trumped up to discredit one of the most prominent campaigners against apartheid.

But as Boesak's trial revealed how aid money funded a lavish lifestyle while millions of blacks lived in squatter camps, his friends began to back away.

On Wednesday there were no prominent ANC leaders in court to hear the 54-year-old cleric convicted of theft and fraud.

Mbeki's representative, Ronnie Mamoepa, said Gumbi's exoneration of Boesak "was made on the basis of evidence presented to the office, but obviously the court may have had access to more data than she had at the time."

Most political parties rejoiced on Wednesday, issuing statements welcoming the judgment as a blow against corruption. Omar's representative, Paul Seisete, said the minister was not surprised at the ANC opponents' reactions as they were "electioneering slogans."

Boesak has long been a controversial figure. Although he was president of the World Alliance of Reformed Churches for a decade and a founder of the United Democratic Front, he was also notoriously unfaithful to his wife.

**T**he UDF propelled the hugely popular speaker — who modelled his style on Martin Luther King — into the international spotlight.

He was arrested on several occasions, once for trying to organise a march to demand Mandela's release.

The lead-up to South Africa's 1994 election held out the promise of a prominent political role for Boesak. But a newspaper caught him in a hotel room with a white television producer, Elna Botha. He admitted to an affair and was forced to resign his church positions.



**Convicted:** Allan Boesak has a word with his wife Elna after leaving the Cape High Court. PHOTOGRAPH: RODGER BOSCH

He divorced his wife and married Botha.

The affair contributed to growing disillusionment with Boesak within the coloured community in the Western Cape.

The trial cost him his appointment as South African ambassador to the United Nations in Geneva.



## NEWS



STOLEN PROPERTY: Allan Boesak and his wife, Elina, spent a fortune on their home in the swish Cape Town suburb of Constantia Picture: TERRY SHEAN

KEN VERNON

**A**LLAN Boesak stood alone in the dock of the High Court this week, but his second wife, Elina, may as well have been on trial with him.

As Judge John Foxcroft convicted the former cleric of stealing money destined for the poor, the glare of the spotlight fell equally on his glamorous blonde wife.

When Boesak fell for the TV producer nine years ago, he had already acquired a taste for the good things in life. Although he seemed to live modestly with his wife of 21 years, Dorothy, he was always impeccably dressed in the finest suits. On his frequent travels, he stayed at the best hotels and dined in upmarket restaurants.

In Elina he found a perfect partner. She brought with her a world of fashion shows, holidays in Platteberg Bay and cocktail parties with the rich and famous.

Elina officially arrived in Boesak's life in a blaze of publicity when a Cape newspaper broke the news of their illicit affair, destroying Boesak's 21-year marriage to Dorothy, who had stood by him during his anti-apartheid activities.

# BOESAK AND THE BLONDE

Struggle hero found partner  
(297) ST 21/3/99

At the time, the upwardly mobile SABC journalist was married to SABC news presenter Collin Fluxman, who was devastated by her infidelity and broke down on the air when reading news of the affair.

But this week the Cape High Court heard that the couple's taste for the high life was at the heart of Boesak's thefts.

When Judge John Foxcroft convicted Boesak on four counts of fraud and theft this week, even he remarked that 1990—the year that

Boesak divorced Dorothy and married Elina—had been a "watershed year" for the former cleric.

"His lifestyle changed from one which had been basic, culminating in what [state prosecutor] Mr J C Gertner described as a luxurious lifestyle with his present wife [Elina] and the acquisition of a house in Constantia," said the judge.

The court heard that even before the pair moved to the elite Cape Town suburb, Boesak had had to find a lot of money to pay off



# Boesak: fallen hero of the struggle

*Prone to human weaknesses, perhaps, but never evil*

C 21/3/99

(297)

**THE meteoric rise of Allan Boesak from popular student pastor on the Cape Flats to firebrand anti-apartheid campaigner dramatically collapsed in the Cape High court this week when Boesak was found guilty of stealing more than R 1 million of anti-apartheid donor funds. HENRY JEFFREYS looks at the life and career of this fallen icon, whose die-hard supporters believed in his innocence right up to the end.**

**F**RIENDS and opponents of Boesak (56) agree on one point: there is no single explanation for his political demise.

But they do agree that Boesak was the architect of his own downfall, a self-made victim of the pressures of the anti-apartheid struggle, of international fame, of temptations of the flesh and of the all-too-human search for material advantage.

The development of Boesak as cleric, spiritual leader and politician, is deeply rooted in his personal experience of life under apartheid.

In the sixties, his widowed mother and the Boesak family were forcibly removed from the family home in Somerset West in the Western Cape. As a theology student at the University of the Western Cape, he challenged the dogmas of the Dutch Reformed Church and was drawn to the liberation theology — the subject of his doctoral thesis at the prestigious Leiden University in the Netherlands.

In his early adult life, Boesak was a follower of the Black Consciousness philosophies of Steve Biko. He emerged from the tumultuous seventies as a nationally recognised theologian. He was ready for power and influence on the national stage.

When the BC movement went on the wane following the death of Biko, Boesak latched on to the ANC's populist charisma.

in 1983.

The UDF quickly branched out throughout South Africa. Boesak was the highly visible and tremendously popular patron of the UDF, then already branded as the internal wing of the banned ANC.

He addressed rallies and criticised the globe, building international resistance to the apartheid regime.

But the rise of the UDF also brought with it irregularities, tolerated in the name of the struggle. Chief among them were the notorious necklace method of summary execution.

Today, many experts believe the failure of struggle leaders — with the notable exception of Archbishop Tutu — to condemn and repudiate the necklacings, was the beginning of the slippery slide for leaders like Boesak.

They maintain that "struggle bookkeeping" was an accepted practice at the time because the discovery of detailed financial statements could literally mean a life sentence. Then activists also worked under the assumption that it was acceptable to use a modest part of the money they received from donors for personal expenses.

But Boesak went too far. Even within the vague rules of struggle bookkeeping, he broke the unwritten code of conduct for recipients of struggle money.

All his admirable talents could not prevent him from carnal and material temptations. When underhand tactics by the Security Branch revealed an adult-

**CROCODILE TEARS...** Allan Boesak (inset) dries his eyes during an emotional press conference about his trial last year. His enemies would have been hard put by to see him without a smile this week, even after his conviction.

**BEAMING BOESAK...** Allan Boesak and his wife Elna (below) leave the Cape Town High Court on Wednesday. Boesak, one of the most visible figures during the anti-apartheid struggle, was convicted of stealing money donated to his foundation, including money donated by American singer Paul Simon.

■ Pic: AP



terous relationship with an employee of the SA Council of Churches in the late eighties, he was saved only by his formidable stature and the depravity of the tactics employed against him.

Although Boesak was still held in high regard at the time of Nelson Mandela's release in 1990, the writing was on the wall. His irrespon-

sible handling of anti-apartheid funds that were targeted for deprived communities, became known. This week, they were finally confirmed in court.

Nobody can deny Allan Boesak's contribution to the downfall of apartheid, an evil system infinitely more vile than the offences of which he was found guilty. History

will no doubt reflect this.

But history will also record that selfishness and arrogance spoiled his chances of being a truly great South African leader.

Jeffreys is a deputy editor of Beeld. He was a prominent anti-apartheid activist in the Reigerpark township on the East Rand in the eighties.

## Mbuli — yet another public figure gets his day in court

BY ANDILE NOGANTA

**FIRST** it was President Nelson Mandela who had his day in court, in the highly publicised and acrimonious Sarfu case. Then cleric and activist Allan Boesak received his "guilty" verdict this week.

On March 29 Mzwakhe Mbuli will be the latest high-profile personality to hear his fate.

People's poet Mbuli, Happy Shikwambane and Ben Masiso are on trial for robbery after being arrested near the Waverley branch of the FNB in Pretoria, minutes after the bank was robbed last October.

The three accused sat quietly as their defence team weaved arguments on Friday.

The defence pointed to factors suggesting a set-up: the bank's failure to switch on its cameras; the robbers didn't take all the money; and the fingerprint expert appeared not interested in getting evidence.

Then the police just managed to topick out Mbuli's car, even though their only witness had told them the robbers had fled on foot.

Mbuli claims someone dropped the booty into his car.

Mbuli's lawyer, Advocate Ben Brendenkamp, pointed out that the three were still driving around the area of the robbery more than 10 minutes after the robbery and did not attempt to flee when they saw the police.

"It was highly improbable that somebody who had just robbed a bank would hang around the scene of the crime and make a U-turn right across the line of the police," Brendenkamp said.

He argued that when the bag was thrown into Mbuli's car he had not been worried about what it contained because he

was with his friends and bodyguards.

Prosecutor Johan Kok asked the court not to accept Mbuli's version that he was in Pretoria to get information about an attempt on his life. Kok said there could be no doubt that the three committed the crime.

The state claimed that it is a contradiction for Mbuli to have gone to Pretoria to get the information from an unknown person if his life was in danger.

The prosecution conceded that Inspector Barend Britz was in fact the state's only credible witness after the court had heard how police bungled the identity parade.

The prosecution asked the court to accept Britz's testimony but disregard minor flaws in his evidence.

But Brendenkamp argued that the fact that Britz's evidence contradicted that of another state witness made him an unreliable witness. Defence lawyers spent Friday afternoon discrediting Britz, "the star of the state's show", calling him a liar.

Britz had testified that he had forgotten that Alfred Romeia, the First National Bank employee and only witness police spoke to at the scene, was in the police car at the time of Mbuli's arrest. The defence contended that this evidence was unacceptable because Britz was lying.

The defence further questioned why Romeia had not switched on the television cameras in the bank when he suspected a robbery. Romeia at the identity parade failed to identify any of the accused.

The defence also suggested that the fact that robbers left behind over R10 000 pointed to the robbery being "staged".

The defence also argued that the fingerprint expert changed his testimony too many times.



# Clean-up is in progress at Welfare

By ZOLILE NQAYI

(297)

DESPITE the removal of over 70 000 "ghost" beneficiaries from the welfare system, the Department of Welfare and Population Development is still working on means to ensure that only deserving people receive government grants.

Minister Geraldine Fraser-Moleketi said the department was tightening up criteria used for the application and granting of these grants.

"One way in which we are achieving clean and accurate data of all beneficiaries is through the re-registration process. In many provinces it is being done on a pilot basis with roll-out on a full scale planned for later this year. This process will be complete by March 2000."

Fraser-Moleketi also announced the introduction of a new welfare financing policy which will



**GHOSTBUSTER** ... Geraldine Fraser-Moleketi.

be phased in from April over a period of five years.

The policy aims at making it easier for recipients to collect their grants without standing in long queues while at the same time ensuring that they are legitimate beneficiaries.

"This policy will ensure a substantial paradigm change that will address the imbalances of the past, pave the way for new services and reinforce those services that are already effective," she said.

CP 21/3/99



# Disabled to organise under umbrella body

By NICK WILSON

CP 21/3/99

(297)

OVER one hundred organisations for disabled people were to meet in King William's Town this week to set up an Eastern Cape council for people with disabilities.

Service organisations will also be attending the meeting. Premier's Office spokesman Manelisi Wolela said the council would incorporate organisations for people with disabilities as well as service organisations.

Chief director for communications and special programmes in the Premier's Office Tozi Faba said: "The council will provide a channel for communication and development of services throughout Eastern Cape province."

He said the general meeting was the result of a series of meetings arranged by the Premier's Office's disability desk since 1997.

It is imperative that the government take reasonable measures to achieve progressive social security for those who are unable to support themselves and their dependants.

Faba said the body would be a dynamic and effective structure in developmental services on disability issues in the "previously neglected or under-serviced areas of the province". - ECN Weekend



# Tutu: Don't jail Boesak

Boesak

## Archbishop's dramatic plea to judge on eve of sentencing

ARL 23/3/99 (297)

LEMOORE OLIVER  
HIGH COURT REPORTER

Desmond Tutu, Archbishop Emeritus of Cape Town, has made an 11th-hour appeal to the Cape High Court not to jail Allan Boesak for stealing R1,3-million of donor funds and for fraud totalling R259 000.

In an affidavit faxed from Jacksonville, Florida, and handed in to the court by defence counsel Mike Maritz today, Archbishop Tutu urged Mr Justice John Foxcroft not to sentence the anti-apartheid campaigner to a prison term.

Sentence will be passed tomorrow.

Archbishop Tutu was a trustee of the Children's Trust, which Boesak defrauded of R259 000. The money came from singing star Paul Simon.

In the affidavit, Archbishop Tutu said he was deeply distressed and "personally upset" at Boesak's conviction.

"As a complainant in this matter, I would like to appeal to the court with all the strength I can muster to take into account the great suffering which Dr Boesak and his family have undergone over the years as a consequence of his extraordinary role in opposing oppression and injustice in South Africa," he said.

"... I cannot see that it is in his or society's interests to sentence him to imprisonment or any other harsh punishment ..."

Mr Maritz today argued that the court had to take into account the circumstances surrounding Paul Simon's donation.

The court found Boesak deliberately misled the trustees, Archbishop Tutu and human rights campaigner Mary Burton, about the Simon money, and told them of only R423 000 of the donation of R682 000.

The donation, made up largely of the proceeds of Simon's Graceland tour, was a return favour after Boesak had cleared the way for Simon's tour to go ahead, despite the cultural boycott of South Africa.

Mr Maritz said Boesak had gone to the United States, where he spoke to key figures and even appeared on stage to publicly show his support.

"He managed to stave off Simon's black-listing and when Simon asked Dr Boesak how he could repay him, it was decided on the donation."

In further argument, Mr Maritz said Boesak had received no personal gain from a R762 000 donation for the making of



Headier times: Allan Boesak and Archbishop Desmond Tutu salute a crowd in Cape Town City Hall in the late 1980s. Archbishop Tutu said in an affidavit to

videos on democracy and voter education from the Swedish International Development Agency (this money was used to build his wife, Elna, a video studio).

"In fact, he contributed R15 000 from his own money to the project. From the outset, he spelt out exactly what he planned to do with the money."

Mr Maritz said Boesak, 53, had no previous convictions, and neither he nor his

wife were employed.

"The sentence he receives can never add up to the stigma, scandal and suffering he has endured since the end of 1994, and especially now after the conviction.

"He has had to resign as a cabinet minister, lost a diplomatic post to Geneva and has not been able to hold down meaningful employment. He has lost everything in a material sense," said Mr Maritz.

"His fall from the dizzy heights of international stardom is complete and, as a result of his conviction, he is unable to practise as a church minister."

State advocate J C Gerber argued that Boesak had abused his position of trust. He had stolen from children, which was "a very serious crime".

"His offences are so serious that imprisonment is the only appropriate sentence."

## 'His contribution to SA far outweighs these actions'

The full text of the affidavit faxed from Florida in the US to the Cape High Court reads:

"I am a former Anglican Archbishop of Cape Town and a former trustee of the Children's Fund. I am now Archbishop Emeritus of Cape Town and chairperson of the Truth and Reconciliation Commission.

I have chosen to make and forward this statement to the prosecutor and defence counsel of my own volition and without it being solicited by any person.

I regret that commitments in the United States, in Atlanta and at Congress in Washington, DC, make it impossible for me to appear before the court in person.

I am deeply distressed at Dr Boesak's conviction. I was one of those who felt the

most viable way of resolving the controversy over the funds of the Foundation for Peace and Justice and other organisations in 1995 was not to have yet another internal investigation, but to have the police investigate the matter.

In this way, we could either have the allegations proven beyond reasonable doubt in a court of law or have Dr Boesak's name cleared.

As a friend and partner of Dr Boesak in the struggle to end the vicious system of apartheid, I hoped for the latter. The fact that the court has found him guilty on some charges, although clearing him on the vast majority, is personally very upsetting.

As a complainant in this matter, I would like to appeal to the court with all

the strength I can muster to take into account in considering sentence the great suffering which Dr Boesak and his family have undergone over the years as a consequence of his extraordinary role in opposing oppression and injustice in South Africa. We have all been traumatised by our ghastly past. In the enormously challenging and difficult task of standing up to a vicious, powerful system, which employed massive resources in harassing and trying to obstruct us, it is not surprising that those of us who threw ourselves wholeheartedly into the struggle may have made mistakes.

Without passing comment on the merits of this case ahead of any appeal that may be lodged, I want to urge the court that now that it has established the principle of

accountability, it can afford not to be punitive in the matter of sentencing.

Dr Boesak has made a massive, in fact immeasurable, contribution to the peaceful transition of our society from repression and apartheid to freedom and democracy. On balance, his contributions to the country and its people outweigh overwhelmingly the consequences of those actions of which he has been convicted.

I cannot see that it is in his or society's interests to sentence him to imprisonment or any other harsh punishment - nor do I believe that this is a case in which society is demanding such a sentence.

I appeal to your Lordship, in passing sentence, also to recognise his overwhelmingly positive contributions to our society.



# 'Court can afford not to be punitive'

(297) CT 24/3/99

ARCHBISHOP Emeritus of Cape Town, Desmond Tutu, faxed an affidavit concerning Allan Boesak from Jacksonville, Florida on March 19. The full statement follows.

I am the former Anglican Archbishop of Cape Town and a former trustee of the Children's Fund. I am now Archbishop Emeritus of Cape Town and chairperson of the Truth and Reconciliation Commission.

I have chosen to make and forward this statement to the prosecutor and defence counsel of my own volition and without being solicited by any person. I regret that commitments in the United States, in Atlanta and at Congress in Washington, DC, make it impossible for me to appear before the court in person.

I am deeply distressed at Dr Boesak's conviction. I was one of those who felt the most viable way of resolving the controversy over the funds of the Foundation for Peace and Justice and other organisations in 1995 was not to have yet another internal investigation, but to have the police investigate the matter. In this way, we could either have the allegations proven beyond reasonable doubt in a court of law or have Dr Boesak's name cleared.

As a friend and partner of Dr Boesak in the struggle to end the vicious system of apartheid, I hoped for the latter. The fact that the court has found him guilty on some charges, although clearing him on the vast majority, is personally very upsetting.

As a complainant in this mat-

ter, I would like to appeal to the court with all the strength I can muster to take into account in considering sentence the great suffering which Dr Boesak and his family have undergone over the years as a consequence of his extraordinary role in opposing oppression and injustice in South Africa.

We have all been traumatised by our ghastly past. In the enormously challenging and difficult task of standing up to a vicious, powerful system, which employed massive resources in harassing and trying to obstruct us, it is not surprising that those of us who threw ourselves wholeheartedly into the struggle may have made mistakes.

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I cannot see that it is in his or society's interests to sentence him to imprisonment or any other harsh punishment, nor do I believe that this is a case in which society is demanding such a sentence, also to recognise his overwhelmingly positive contributions to our society.



# Will Boesak go to prison?

(297)

CT 24/3/99

Gerber said that too lenient a sentence may send out a message that there are other potential foreign donors who are watching this case with an eagle eye. "They will completely lose faith in our legal system if a man who is guilty of stealing is walking the streets," said Gerber.

From Page 1

## Boesak to jail?

Keep in mind the sentence handed down to Boesak's former book-keeper, Freddie Steenkamp. "They both took money from the foundation — Steenkamp pleaded guilty and showed remorse, Boesak did not," Gerber said. He also said that the seriousness of the crime and the interests of society should be taken into consideration. Gerber slammed Tutu's affidavit, saying that it is biased and in favour of the accused. "It is not the duty of the court to take into account the wishes of one member of society. It is in the interests of society that his criminal conduct cannot be condoned," After the court adjourned, angry supporters carried placards reading "SA judges still racist" and "Boesak the son of Africa". Some said that Judge Foxcroft had something personal against their fallen leader. Some passers-by were disgusted by the commotion of Boesak's supporters.

"It is because of him that we are still suffering. He must go to prison for a long, long time," said one. "He is supposed to be a godly person, but he is not and he must suffer," said another woman. A Boesak supporter said: "He has never let us down and he will not start now." Some supporters also condemned the media, saying that they had already crucified Boesak long before judgment was passed. Now the question on everyone's lips is, will Boesak go to jail?

**THE FATE** of former anti-apartheid activist Allan Boesak will be sealed today when the Cape High Court delivers its verdict on whether the convicted cleric will go to jail. **RHODA DAVIDS** reports.

**A**t 10am in the Cape High Court, Allan Boesak will know if his roller-coaster career, a combination of church and politics, has come to an end.

The legendary former anti-apartheid activist will, no doubt, receive a hero's welcome from a large and loyal contingent of supporters, who have stuck by him during his darkest hour.

But the atmosphere in courtroom 19 is likely to be decidedly more sober.

Yesterday morning the scene on the steps of the High Court was reminiscent of the 1980s when groups of placard-bearing supporters softly sang "We Shall Overcome," before busting into shouts of "Boesak! Boesak!"

Their hero, the former president of the World Alliance of Reformed Churches, emerged from the court clean-shaven, with his wife Elna at his side.

Boesak was found guilty of four charges of fraud and theft involving R1,337 million in donor money, including a donation made to the Children's Trust by musician Paul Simon. Some of the money from the Swedish International Development

Agency (Sida) was intended for an audio-visual project to produce democracy education video cassettes.

Mike Maritz, SC, counsel for Boesak, yesterday submitted during argument in mitigation of sentence before Justice John Foxcroft that Boesak was not "prison material".

Maritz argued that Boesak had poured his life into the struggle, a time during which he was detained without trial and was regularly harassed by the security police.

"A storm broke over his head and since then he has not enjoyed the fruits of his struggle. He cannot practise as a politician again," said Maritz.

Maritz also submitted an affidavit from Jacksonville, Florida, from former Anglican Archbishop of Cape Town Desmond Tutu, appealing to the court not to sentence Boesak to a prison term.

Sitting in the dock, Boesak looked relaxed while Elna and his visibly worried daughter, Belen, both dressed in black, kept a watchful eye on him.

Maritz added that Boesak has no prior convictions and that he and Elna are not

employed.

"He lost a diplomatic posting to the United Nations in Geneva. He has not been able to hold down meaningful employment and his wife is unable to find work. He has no house and does not even own a motor car."

"Whatever sentence is imposed cannot match the stigma and the suffering he has endured since the end of 1994," said Maritz.

Maritz said that donations made by Paul Simon were in return for a favour, after Boesak had made Simon's Graceland tour of South Africa possible, despite the cultural boycott.

"It was not a point of mistrust between the two," urged Maritz.

He further said that as far as the audio-visual project went, Boesak received no personal benefit. He also contributed his own funds to this project and always played open cards with Sida. Maritz also argued that there was no identified complainant in the last charge involving the Urban Development Account (UDA) amounts.

Maritz urged the court to take into consideration the following:

- The court is dealing with a man of great international standing who is honoured as a theologian whose contribution to South Africa has been enormous.
- The stigma will follow him till the end of his days.
- He is not in a position to pay any fine.
- Prisons are overcrowded and some people in prison have committed violent crimes.
- Two viable alternatives are a suspended sentence or correctional supervision.

Prosecutor J C Gerber argued that Boesak was widely respected and trusted by the donors and that he intentionally withheld information from the trustees of the Foundation of Peace and Justice.

"Stealing from poor, oppressed children is a serious offence. He was greedy and took the food out of the mouths of children. He deserves a severe sentence," said Gerber.

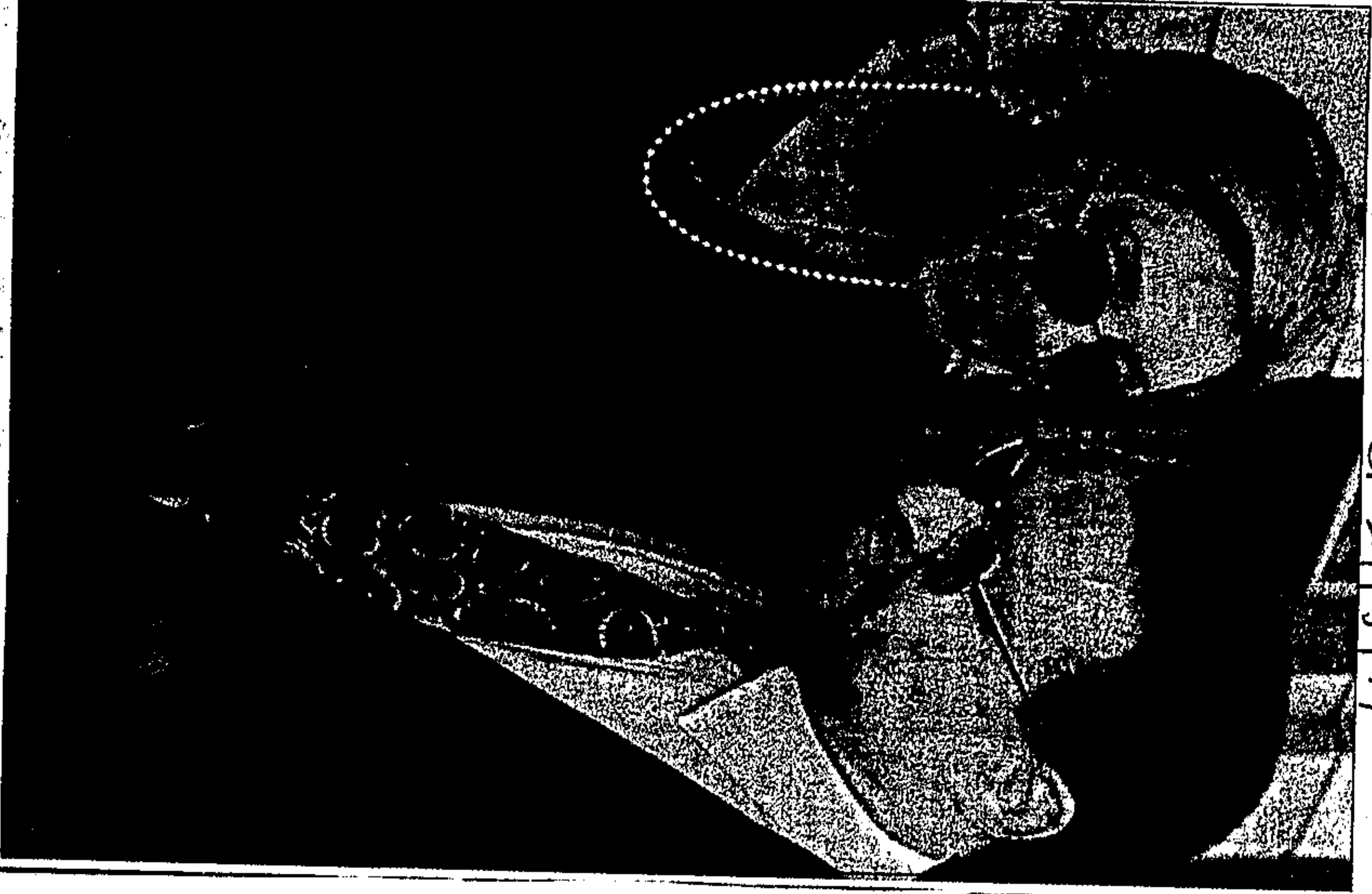
When Gerber told the court that Elna was the only one who benefited from the money intended for the production of video cassettes, Elna, flanked by gender commissioner Fanie Esack, shook her head and frowned.

Gerber further added that Boesak deprived the poor people of the Western Cape of the basic necessities of life.

"The same people now supporting him could have benefited from that money," said Gerber.

This statement was met with a wry grin from Esack and rowdy moans and groans from angry supporters who had packed the public gallery.

Turn to Page 3



**UNITED WE STAND:** Allan and Elna Boesak outside the Cape High Court yesterday where supporters gathered to stand by the former anti-apartheid cleric.

Picture: ALAN TAYLOR



# CUVA



## THE SENTENCE.

- Two years for stealing R259 000 from a Paul Simon donation to the Children's Trust.
- Two years for defrauding the Children's Trust for concealing the full R662 000 donated by Simon. The above two sentences run concurrently.
- Two years for stealing R762 000 donated by the Swedish International Development Agency.
- Two years for stealing more than R300 000 to pay deposits on two houses and pay his wife's debts.

READ AND NOW







# Struggle 'is not a mitigating factor' for Boesak

Linda Ensor

CAPE TOWN — Anti-apartheid activist Al-  
lan Boesak's struggle credentials did not  
mitigate his crimes and he should be sen-  
tenced to prison for at least six years, the  
Cape High Court heard yesterday.

He was convicted last week on three  
charges of theft of R1,3m and fraud involv-  
ing R259 000.

State prosecutor JC Gerber dismissed  
suggestions by Archbishop Desmond Tu-  
tu that Boesak's contribution to the lib-  
eration struggle "overwhelmingly" out-  
weighed the consequences of his "mis-  
takes". Only a prison sentence would be

appropriate, he said. Boesak's advocate,  
Mike Maritz, proposed correctional ser-  
vice or a suspended sentence.

Gerber argued that the fact that Boe-  
sak stole money during the struggle for  
liberation was not a mitigating factor but  
an aggravating one. He had stolen money  
from the poor and the oppressed. His  
term should at least equal the six years  
given to former Foundation for Peace and  
Justice bookkeeper Freddie Steenkamp.

Former truth commission chairman  
Tutu, in an affidavit supporting Boesak in  
his plea in mitigation of sentence, asked  
the court to consider the suffering Boesak  
had undergone as a result of his oppo-

sition to apartheid.

Gerber said: "The foreign donors ... are  
watching this case with a hawk's eye. If  
the sentence is too lenient they as well as  
SA's community will completely lose con-  
fidence and faith in our legal system."

Maritz said Boesak was not "prison  
material". Deterrence and retribution  
need not be factors in his sentencing as  
he had more than paid the price for his  
actions. His career as a politician and min-  
ister were over and the stigma of convic-  
tion would follow him to the end of his  
days. He and his wife were unemployed  
and poor, and had suffered greatly in the  
past four years as a result of the scandal.

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# Boesak regains his spirit of struggle

## Orator of old breathes defiance at court

ARG 25/3/99 (297)

ASHLEY SMITH  
STAFF REPORTER

Former anti-apartheid activist Allan Boesak has vowed to "fight on" despite being sentenced by the Cape High Court to an effective six-year jail term.

Speaking in true Boesak style – charismatic and off-the-cuff – he vowed to about 300 enthusiastic supporters outside the court after sentencing yesterday that "this is not the end".

A smiling but prayerful Boesak spoke for about 10 minutes before being escorted to a waiting car as the crowd sang "struggle" songs.

Boesak told them they were not alone in supporting him as there were people in the Netherlands and America who had been "praying for a different outcome today".

In a scathing attack on critics of his wife Elna, Boesak said she was "worth her weight in gold" and people who criticised her "were not worthy to tie her shoelaces".

The Cape High Court convicted him last week of stealing R762 000 donated by the Swedish International Development Agency because he used it to buy a video studio for Elna.

As the crowd sang Nkosi Sikelel' iAfrika, Boesak closed his eyes in prayer and intoned: "We will walk together to freedom."

He said earlier he remained committed to proving his innocence and

would be petitioning the Chief Justice despite being denied leave to appeal by Mr Justice John Foxcroft.

The 52-year-old former cleric, who remained silent after he was convicted last week, said: "The struggle is far from over for me."

"I will not give up," he added as the crowd chanted, sang and danced in the hot sun outside court.

Some of the supporters had arrived as early as 8.30am and waited until after 1pm to hear Boesak speak.

The packed courtroom reverberated with shouts of "Viva Boesak" as Boesak, his wife Elna, and his daughter and son from his first marriage, entered Court 19.

Finance Minister Trevor Manuel, who sat on the same bench in the courtroom as Mrs Boesak and the two children, greeted Boesak as he walked in.

The two men embraced before the judge entered, as senior African National Congress members Tony Yengeni MP and Cape Metropolitan councillor Mzukisi Gaba watched.

Mr Manuel, who left the court with his two bodyguards before Judge Foxcroft denied Boesak leave to appeal, said he had attended to support "Dr Boesak the person".

He said that during the anti-apartheid struggle he and Boesak had fought "side by side in the trenches" and that had taught him not to be a "fair-weather friend".

He refused to comment on Boesak's conviction and sentence.

Mr Yengeni had left earlier, but Mr Gaba, who was sentenced earlier this month in the Cape Town Magistrate's Court for drunken driving, stayed until the end and joined the enthusiastic crowd gathered outside. As they waited for Boesak to leave the court, some of the crowd toyi-toyed in the sun, while others talked about the sentence.

A clean-shaven Boesak, surrounded by local and international media, perspired as he delivered his impromptu speech to supporters who had "sacrificed their time to sit in court day after day".

"I am heartened. It shows your faith in us. There are people who say that I should have kept a more watchful eye on the affairs of the foundation so that the money would not have been stolen. My heart is broken for those communities which suffered," Boesak said.

He said that during the course of the "struggle" he had to make difficult choices. "I thank God that we have not failed," Boesak said as the crowd erupted in applause.

"The fight will continue until democracy and freedom comes to all of you. There is a God and in his hands I have placed my life."

"We will make South Africa into the country we have fought for and dreamed of. We will walk together to freedom," Boesak said.



# Boesak's new freedom struggle

BT 27/12/99 (297)

IN the wake of the sentencing of Allan Boesak to an effective six-years' imprisonment, the cleric maintains his innocence and believes that justice still holds hope for him. **RHODA DAVIDS** and **RIEDWAAN JACOBS** report.

**"I** am absolutely innocent. I do not regret things that I have not done." This was said by the convicted struggle hero moments after Justice John Foxcroft left the hot and bustling court 19 of the Cape High Court yesterday.

Apart from handing down the six-year sentence for Boesak's theft of R1,337 million in donor funds, Judge Foxcroft turned down the defence team's application for leave to appeal.

Answering questions from a large contingent of local and foreign journalists, Boesak said: "I was not overly surprised by the court's decision. I have lived for five years without any income and the same God who carried me through this trial will carry me through the next. I regret the hardship the trial has caused my family."

The day was again characterised by an army of Boesak supporters draped in ANC colours.

In the build-up to the sentencing, the tension inside and around the courtroom mounted, with almost everyone predicting the outcome.

When the former leader of the Geneva-based World Alliance of Churches made his entry, the chattering was drowned out by chants of "Boesak, Viva Boesak".

"They can't take you to jail," said one weeping woman.

Boesak's wife Elna was greeted with a hug and a peck on the cheek by Finance Minister Trevor Manuel, who emphasised that he was present in his personal capacity and not as a government representative.

Moments before Judge Foxcroft walked in, gender commissioner Farid Esack asked everyone present who supported Boesak to bow their heads in prayer.

"May we bow our heads and pray in our own ways. May God be with him in this difficult hour of trial," said Esack.

After a moment of silence, someone shouted, "Gerber kom uit. Gerber, vandag se saak is 'n ernstige saak" referring to state prosecutor JC

Gerber. "Phantasi Gerber, phantasi (down Gerber, down)," the crowd chanted in unison.

Five uniformed police officers were called in to keep an eye on the crowd. By this time the public gallery was packed. Some people stood on benches to witness the historic sentencing.

When Judge Foxcroft finally emerged from his chambers, an angry supporter shouted: "Is hierdie die man wat hom gaan straf? (Is this the man who is going to punish him?)"

In response to the constant disruptions, Judge Foxcroft said: "I'm happy that the public be in court, but if noise continues I will have to clear the court."

Judge Foxcroft said that Maritz' argument that prisons were overcrowded was irrelevant. "I don't see why a person who has done a lot of good for their country should not be punished for criminal activities," he added.

Boesak appeared close to tears as he stood before the court while being sentenced. He stared ahead blankly.

As he rose to face the judge before sentence was passed, his daughter Belen and son Allan junior burst into tears. Elna Boesak held Belen's hand and quietly comforted her.

Even Manuel was visibly disappointed by the judge's decision.

Maritz promptly asked the court for leave to appeal.

"The approach adopted by the court was not correct. We respectfully submit that there is not a single witness who could say that the money was not used for political purposes.

"We believe that a Court of Appeal may come to a different conclusion," said Maritz.

He said there was no evidence to show that the Children's Trust money was used for Boesak's personal gain.

During a 10-minute recess, Elna Boesak rushed to embrace her husband, while Belen hugged and cried on her father's shoulder.

Boesak stood his ground as supporters who had spilled over into the area allocated for the media took



**CROWDED MOMENT:** (Above) Boesak waves to his supporters, who stood in the sweltering heat to see him. He is accompanied by his wife Elna and daughter Belen. (Above right) Allan Boesak takes his first steps out of the Cape High Court yesterday as hundreds of supporters look on. (Below) An artist's impression of Justice John Foxcroft, flanked by his two assessors.

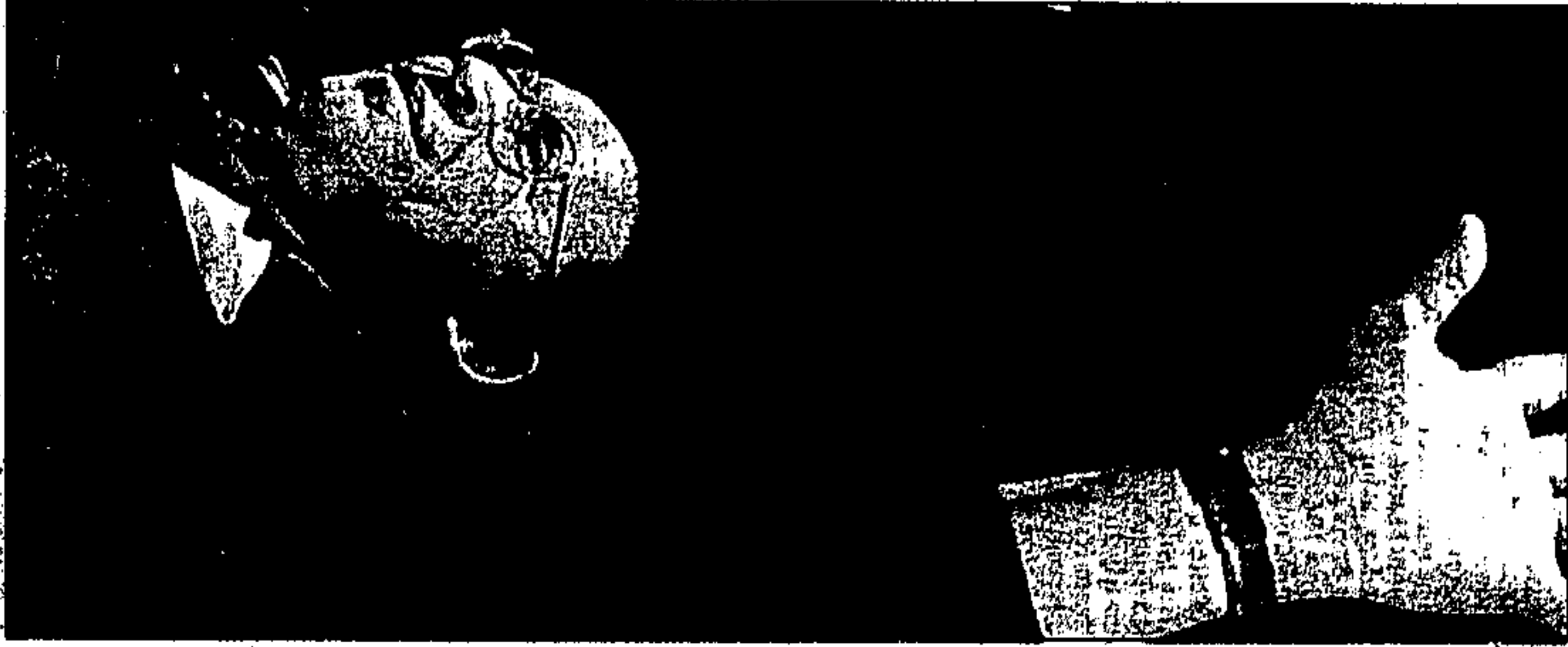
turns to shake his hand. At the end of the break, and after listening to numerous words of encouragement, a smile returned to Boesak's face.

Judge Foxcroft allowed Boesak to remain on the terms and conditions of his trial. This was met with applause from the public, who broke into chants of "Viva Maritz, viva".

Boesak said: "We shall overcome, justice will prevail, deep in my heart I believe that justice will prevail."

Now, Chief Justice Ismail Mahomed holds the former anti-apartheid activist's fate in his hands.

● How do you feel about Boesak's sentence? Phone Teleletters between 10am and noon on (021) 488 4722



PICTURES: A K ADAMS, ALAN TAYLOR

SIX YEARS FOR A 'LACK OF ACCOUNTING SKILL'  
SKILLED ORATOR STILL HAS CROWDS ROARING  
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HIGHS AND LOWS OF FALLEN CLERIC BOESAK  
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A BALANCE TRANSGRESSED — Page 17



# The fall from struggle hero to convicted thief

He had been on his way to becoming ambassador to the UN in Geneva. Now he faces six years in Pollsmoor Prison, writes Melanie Gosling

Allan Boesak stood sweating in the midday sun on the steps of the Cape High Court yesterday after being sentenced to six years' jail for theft and fraud, and told the crowd of about 200 supporters: "My heart is broken today."

His words did not appear to be uttered in remorse for having stolen donor money intended for the poor, for they were accompanied by a defiant claim of his innocence. Instead they probably reflected a man who realised that his political career, on such a high when news of the missing donor funds from his Foundation for Peace and Justice first hit the headlines, was now over.

Even if his petition to the Chief Justice succeeds, and in the end he doesn't have to spend a single day in jail, it is difficult to imagine that he could ever regain the esteem he held as a fierce anti-apartheid fighter, a champion of the poor and oppressed.

One thing the court case and the blaze of negative publicity has not changed is Boesak's

orator - his ability to hold a crowd in the palm of his hands and whip them up to a cheering frenzy, not so much by what he says than by how he says it.

Yesterday, Boesak's voice rang out across the crowd gathered in the street as he laid the blame for the stolen donor funds on others, and explained that the millions had gone missing because he was too busy with the struggle to keep a check on his trusted staff. "My heart breaks for the communities who suffered," he boomed. "But I had to make a choice between looking over people's shoulders or being in the streets, fighting for you!" He paused and the crowd cheered.

"A choice of staying here or going overseas to fight for sanctions, between being here or talking to governments in the rest of the world to support the struggle!"

More cheers. "And in that respect we have not failed!" A crescendo of cheers, and a man shouting: "Boesak for president!" His voice descended as he paid



Down but still out ... Allan Boesak and his wife Elina after sentencing yesterday.

tribute to his family, his wife and their loyal supporters. Those who had maligned Elina were not worthy to tie her shoelaces, he said. His voice rose when he spoke of God, and how his faith had not

been shaken nor had God forsaken him, and ended with him booming out, fist raised: "We will return to court ... We will work together! We will walk together!" The crowd roared.

Before Boesak emerged from the court, the crowd of supporters were toy-toying and chanting in the street as they waited.

When I heard the familiar sound, saw the raised fists, it shot me back to political court cases in the apartheid era, and I felt again that almost reflex tightening of the guts that went with covering those trials.

In those days it was partly from fear, because one knew that at any moment the police could open fire, and partly from the sickening knowledge that what was happening inside the court was usually unjust - while the guys on the outside, the toy-toying ones who were so often tear-gassed or shot, were fighting for what was just.

But that wasn't what the crowd reaction was about yesterday. The apartheid government

is gone. The man on trial was not in the dock for transgressing the twisted apartheid laws, but for straight criminal charges of fraud and theft.

Few would deny that Boesak was one of the heroes of South Africa's liberation struggle, or that he did not do more for the fight for freedom than most. But, as one political observer said, somewhere along the way he seemed to lose the plot.

He moved into a racy lifestyle of fast cars, expensive restaurants and luxury houses and, to support his new lifestyle, he started creaming off some of the overseas aid money intended for the poor.

Yesterday, the crowd outside the court were clutching at memories. The toy-toying and cheering was a nostalgic trip, a time of remembering what Boesak the freedom fighter had once been, of feeling again what it was to rally to the call of a man who had once been a hero - and of denying the reality that he is now an ordinary criminal.



# Boesak facing jail 'puts his trust in God'

(297) Star 25/9/99

OWN CORRESPONDENT  
AND SABA

Cape Town - "I am absolutely innocent. I do not regret things that I have not done," Allan Boesak said yesterday, moments after being sentenced to an effective six years in jail.

Answering questions by a large contingent of local and foreign journalists, the fallen hero of the struggle against apartheid said: "I was not overly surprised by the court's decision. I have lived for five years without any income, and the same God that carried me through this trial will carry me through the next. I regret the hardship the trial has had on my family."

Boesak had been found guilty in the the Cape High Court of fraud and theft totalling R1,3-million from the now defunct Foundation for Peace and Justice.

After passing sentence yesterday, Mr Justice John Foxcroft refused an application for leave to appeal against both conviction and sentence. He extended Boesak's freedom - he has not had to pay bail - pending a petition to Chief Justice Ismail Mahomed.

Yesterday's proceedings started with a warning by the judge to noisy Boesak supporters that he would clear the court unless there was silence while he passed sentence.

The judge ignored several further angry outbursts from the crowded gallery when he finally announced the sentence, and there was pandemonium when prosecutor J C Gerber contended that Boesak had to apply for bail. When the judge overruled Gerber, the gallery started chanting Boesak's name.

Judge Foxcroft said Boesak, as a senior churchman in a position of trust, should have exercised the responsibility that went with his position.

"A person of good character and an unblemished record

can, in a fit of temper or stupidity, commit a crime which society would say need not be punished as severely as someone of different character.

"I know of no reason in law why a person who has done a good deal of good for his country should be exonerated and not be punished for common-law offences."

The judge said the role Boesak played in opposing oppression and injustice in the country was well documented, and it was not disputed that he had played an important part in ridding the country of apartheid.

It was impossible to weigh Boesak's contributions to the country against the consequences of the offences he had committed. He had no doubt that Boesak had suffered considerably since the rumours of his unlawful conduct first surfaced.

The judge said many people would consider it fitting for Boesak not to be jailed, but what these people wanted and what others did not want was impossible to determine.

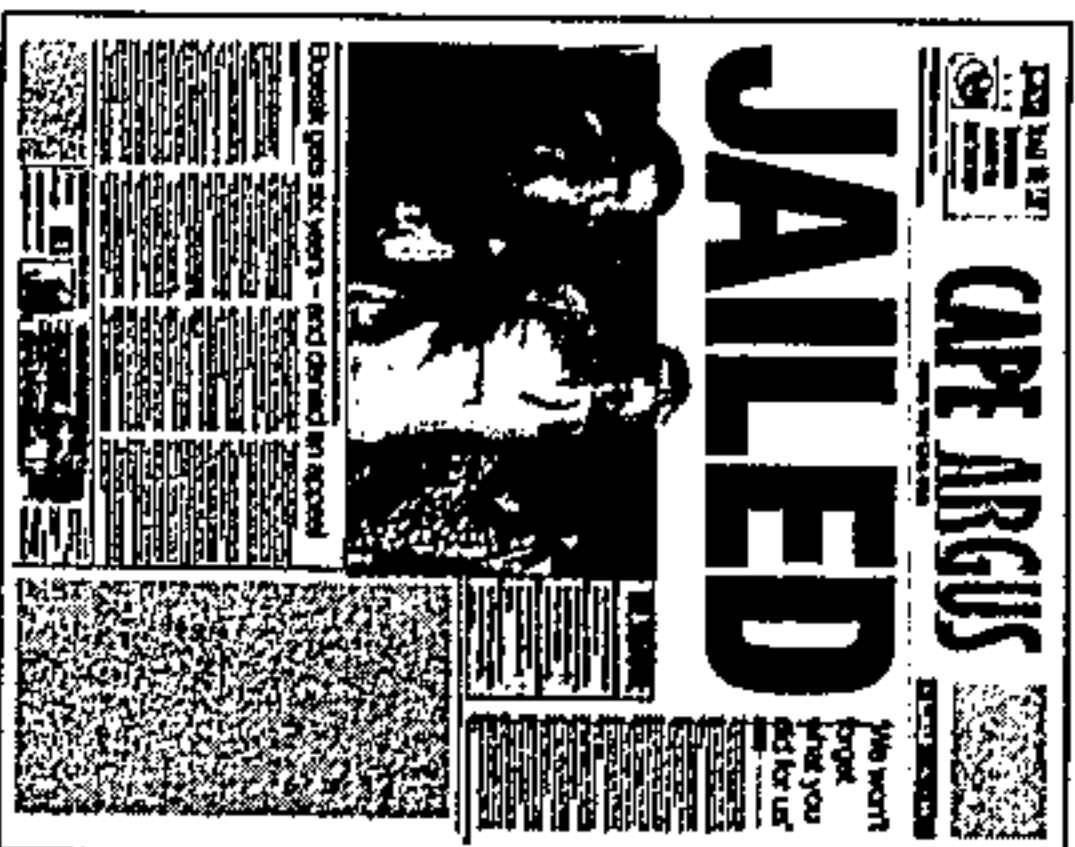
He said the interests of society did not necessarily coincide with the desires of society, and he had no doubt many looked up to Boesak as one who had done too much for the country to be sent to prison.

Boesak was jailed for two years for stealing R259 000 from a donation by singer Paul Simon to the Children's Trust, and two years for defrauding the Children's Trust by concealing the full R682 000 donated by Simon. These two sentences are to run concurrently.

He was also sentenced to two years' jail for stealing R762 000 donated by the Swedish International Development Agency, and two more years for stealing more than R300 000 to pay deposits on two houses and to pay his wife's debts.

Boesak was released from jail on bail from the Children's Trust.





# How Judge Foxcroft arrived at his 106-page verdict

LEMOE OLIVER  
HIGH COURT REPORTER

"I am not convinced that another court will come to a different conclusion." So said Mr Justice John Foxcroft in the emotionally charged courtroom in the Cape High Court as he denied Allan Boesak leave to appeal after sentencing him to an effective six years in jail for theft of R1,3-million and fraud of R259 000.

This was met with gasps of shock and heckling from Boesak's support-

ers in the packed courtroom. Mike Maritz, Boesak's defence counsel, launched the application immediately after sentence was passed yesterday.

Boesak was sentenced to two years' for stealing R259 000 from a Paul Simon donation to the Children's Trust and two years for defrauding the trust for concealing the full R682 000 donated by Simon. These two sentences will run concurrently.

Judge Foxcroft also sentenced him to two years' imprisonment for

stealing R762 000 donated by the Swedish International Development Agency and a further two years' imprisonment for stealing more than R300 000 to pay deposits on two houses and pay his wife's debts.

Mr Maritz argued that there was a reasonable prospect that a court of appeal could come to a different conclusion. It was in the interests of justice that the matter be referred to the Appellate Division.

"It has been a lengthy and complicated matter with a plethora of figures and massive documents.

"It would have been easy for any court to have erred and we submit that this court has," said Mr Maritz.

State advocate J C Gerber opposed the application and said the court had considered the matter properly and a proper judgment had been handed down.

Judge Foxcroft said that although Mr Maritz had misunderstood aspects of his judgment, it would have been impractical to write out all his own thought processes. "The judgment was already 108 pages long. To have added another 100 or

so would not have been practical." The trial was marked by the attendance of several prominent politicians. Yesterday these included Finance Minister Trevor Manuel, African National Congress MP Tony Yengeni and Farid Esack, Gender Commission head.

Before the proceedings began, Dr Esack asked Boesak's supporters to bow their heads in prayer.

Mr Maritz told the court afterwards he intended petitioning the Chief Justice, Ismail Mohammed, for leave to appeal.

## Long legal road lies ahead for disgraced campaigner

HIGH COURT REPORTER

Allan Boesak will have 21 days to petition Chief Justice Ismail Mohammed for leave to appeal after being sentenced in the Cape High Court to six years in jail for theft of R1,3-million and fraud of R259 000.

Boesak, the former director of the Foundation for Peace and Justice, pleaded not guilty to 32 charges of fraud and theft. Late last year, Mr Justice John Foxcroft discharged him of five counts.

On Tuesday, Judge Foxcroft found him guilty on three charges of theft and one of fraud. Boesak was sentenced to six years' imprisonment yesterday and refused leave to appeal.

According to law, the application to the Chief Justice for leave to appeal must be lodged within 21 days.

Once the application is launched, Judge Mohammed will revisit the evidence and Judge Foxcroft's judgment before making a final decision on whether there are grounds for an appeal.

Judge Mohammed will also decide whether a full Bench of the High Court will hear the appeal or whether the matter will go to the Appeals Court in Bloemfontein.

Until then, Boesak will not spend any time in jail. Judge Foxcroft released him on his own recognisance until the appeal proceedings were complete.



Face in a crowd: Allan Boesak addresses supporters and members of the media outside the Cape High Court yesterday

LEON WALLER



# The highs and lows of fallen cleric Allan Boesak

**HAVING** first combined sectarian and secular roles by becoming the founder and patron of the United Democratic Front and using his platform as president of the World Alliance of Reformed Churches to condemn apartheid, Allan Boesak quickly rose up the political ranks in South Africa while increasing his international profile. **PRISCILLA SINGH** records the rise and fall of the cleric.

**B**OESAK was born in the Kalahari town of Kakamas into an intensely religious family. They moved to Somerset West after his school teacher father died when Boesak was eight. He worked as a farm labourer to help with the family finances.

In 1962, when he was 17 and had just written his matric, the area the Boesaks lived in was declared white and the family had to move again.



**PREACHER:** Boesak with his then-wife Dorothy at church **PICTURE: BENNY GOOL**

In 1967, Boesak was ordained in the coloured Nederduitse Gereformeerde Sendingkerk. His first congregation was in Paarl, where he met and married Dorothy Martin, a teacher.

In 1976, he gained his doctorate in the Netherlands where he and his wife Dorothy moved. In the same year he returned to South Africa to the Bellville South congregation.

By 1979 his political views were frequently published.

August 1982: Boesak gained international recognition in Canada when he urged the World Alliance of Reformed Churches (Warc) to declare apartheid a heresy. Two white Afrikaans churches were subsequently expelled from Warc.

1988: Singer Paul Simon donates R423 000 into a trust fund for child victims of apartheid.

1990: Boesak begins his extra-marital affair with Elna Botha and was forced to resign as president of Warc because of this.

February, 1991: Boesak marries TV producer Elna Botha at the St Stephen's Church.

March 1991: Boesak and his new wife buy a house, called Bramble Cottage, in the previously all-white neighbourhood of Constantia. His new neighbours thought it "terrific" that he was moving in next door.

April 1991: Boesak spends a night in the Sun City squatter camp on Sir Lowry's Pass where 176 people were left homeless after 20 shacks were destroyed. He later said the night had been "uncomfortable".

May 1991: Labour Party leader Allan Hendrickse tells Parliament that Boesak is a "political nonentity". In the same month Boesak held a candlelight vigil outside Pollsmoor Prison in support of hunger-striking prisoners, and was the keynote speaker at a Democratic Party congress in the Western Cape.

June 1991: Boesak is elected an elder of the NG Sending Kerk in Lavender Hill.

July 1991: In a shock move, Boesak is nominated for the ANC's national executive committee, despite not being a member of the organisation. Ten days later, he formally signs up as a member of the ANC at the FPJ offices in Bellville. On July 31, Boesak is held by police for participating in an illegal protest with UWC students in the city.

August 1991: Boesak wants to take his former congregation at the Bellville NG Sending Church to court after they questioned him about the financial accountability of the FPJ. Director of Fund Raising Alwyn Jacobs says he may re-open the investigation.



**IN THE KITCHEN:** Boesak with his second wife Elna, whose extravagant lifestyle has been much discussed during the trial.

September 1991: Boesak has demanded a public apology from the Bellville NG Sending Kerk over a dispute about foreign money he allegedly misused. Jacobs says he will conduct a preliminary hearing into Boesak's financial affairs but would wait until Boesak returned from an overseas tour in mid-October. On September 30, Boesak was chosen as the new chairperson of the ANC in the Western Cape.

March 1992: Boesak rejects claims that Norway had cut off aid to the FPJ because it had inadequately accounted for Norwegian government funds. However in April, Norway said it would continue supporting the FPJ after it had supplied financial reports.

April 1992: Boesak and Elna separate 14 months after their wedding.

given a key portfolio of Minister of Economic Affairs in the province.

September 1994: The Rev Chris Nissen replaces Boesak as the ANC provincial chairperson.

October 1994: Sweden suspends foreign aid to the FPJ pending an investigation into the use of donor funds. Boesak was in New York at the time on an "investment promotions" visit. Boesak blasts out: "I'm no crook."

November 1994: Boesak is appointed South Africa's permanent representative at the United Nations in Geneva.

December 1994: Norwegian, Swedish and Danish governments question their donation of R2 million to the FPJ. Boesak personally denies that there were any financial irregularities. A firm of Johannesburg lawyers are appointed to investigate him.



(297) AT 25/3/99.



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ON THE MARCH: The fiery cleric frequently led protest marches.

PICTURE: BENNY GOOL

By 1983: Boesak was a prime mover in the establishment of the United Democratic Front.

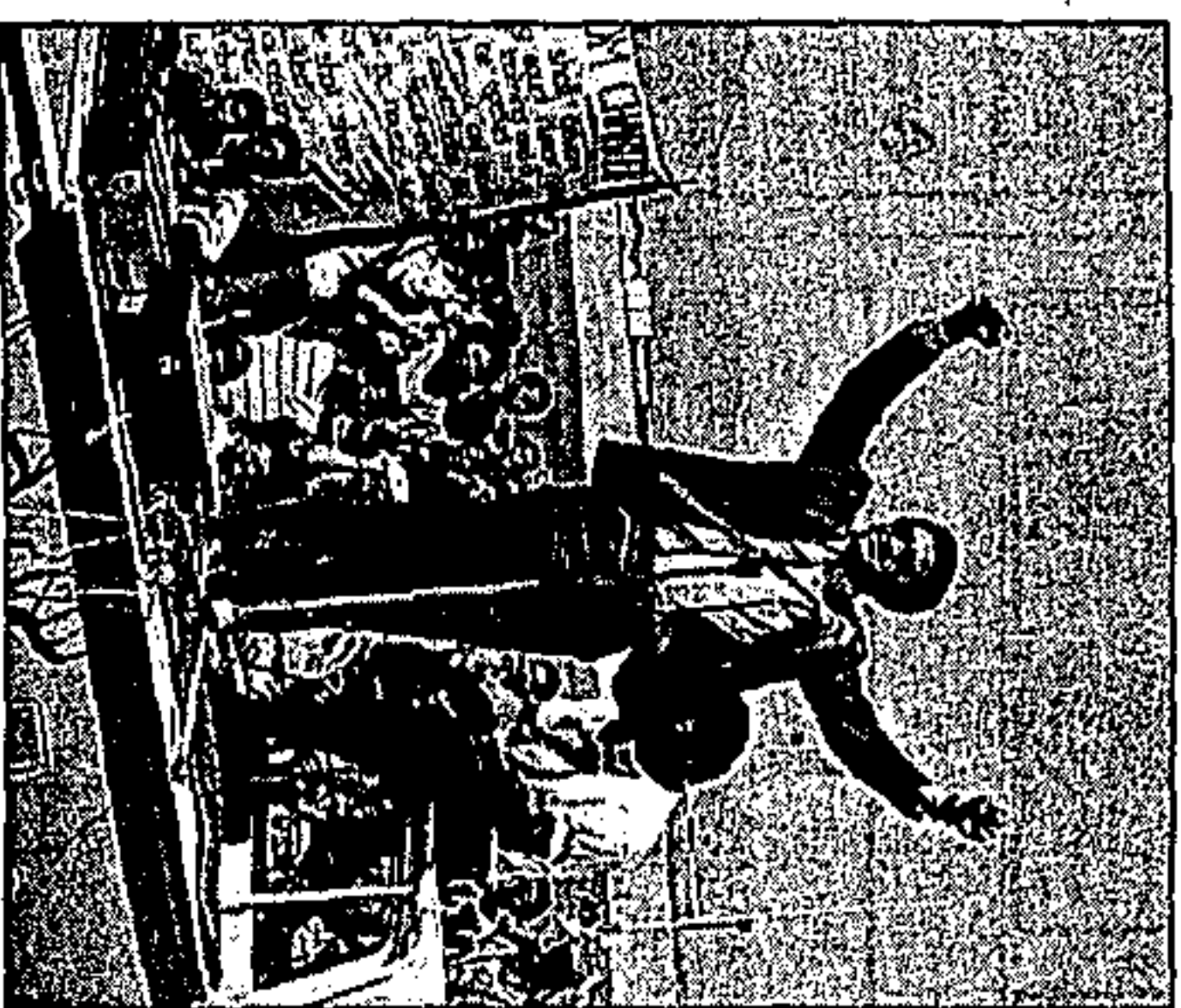
1984: The United Democratic Front was officially launched with Boesak and other major political players at the Rocklands Civic Centre in Mitchells Plain.

1985: Boesak became a director of the Foundation for Justice and Peace. He was denounced as a "Johnny-come-lately" by Mangosuthu Buthelezi. In that event-filled year, he was also detained and his passport confiscated by the then home affairs minister, Stoffel Botha, an uncle of his present wife Elna, arrested with Anglican Archbishop Desmond Tutu, and embroiled in a sordid controversy after publishing an alleged affair he had with Di Scott of the South African Council of Churches.

1986: An official investigation into fund-raising by the FPJ was referred to the attorney-general, who declined to prosecute the cleric.

tee, despite not being a member of the organisation. Ten days later, he formally signs up as a member of the ANC at the FPJ offices in Bellville. On July 31, Boesak is held by police for participating in an illegal protest with UWC students in the city.

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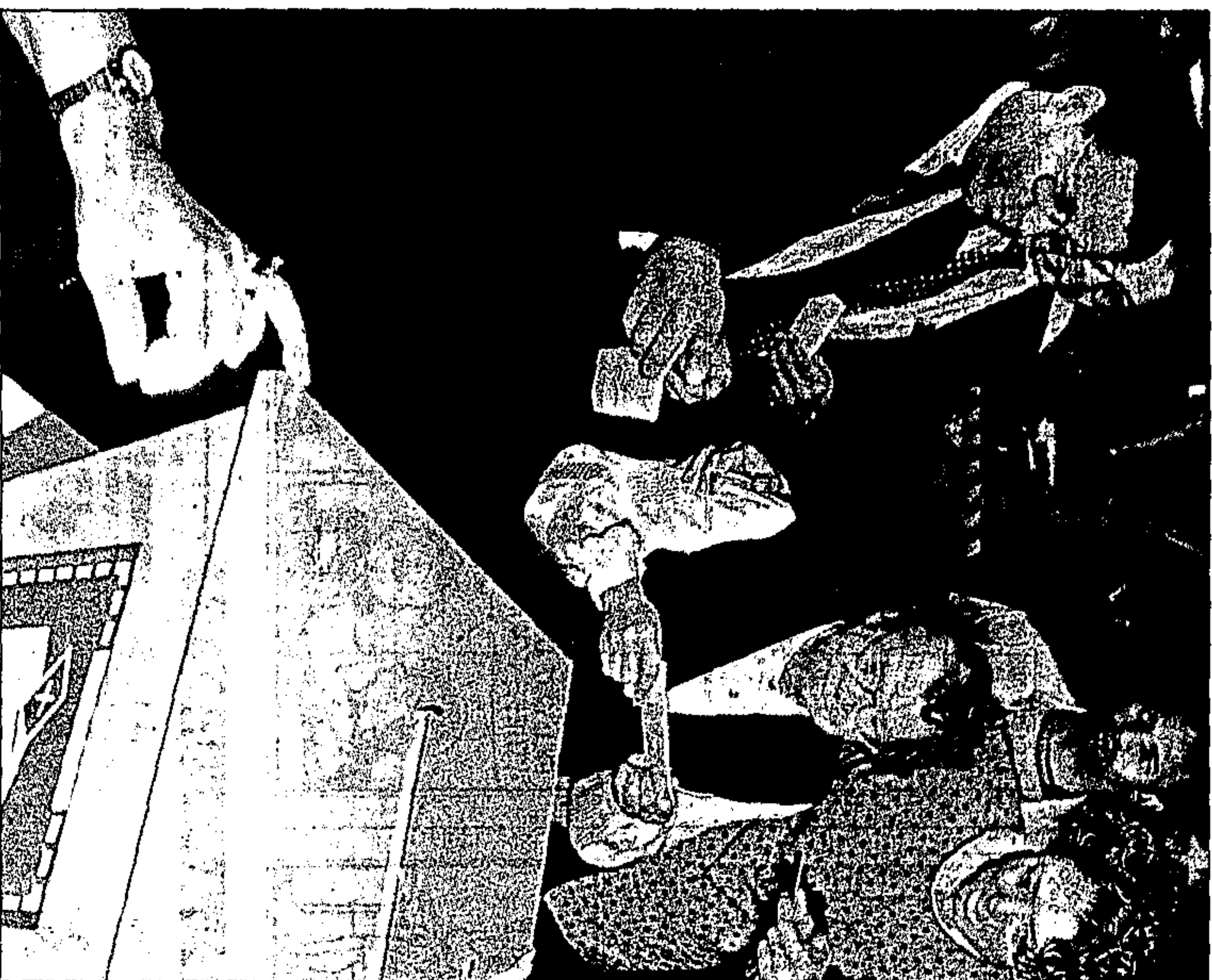
FIERY ORATOR: Boesak's was a loud voice.

PICTURE: BENNY GOOL

available but would wait until Boesak returned from an overseas tour in mid-October. On September 30, Boesak was chosen as the new chairperson of the ANC in the Western Cape.

supplied financial reports.

April 1992: Boesak and Elna separate 14 months after their wedding.



A VOTER: Boesak casts his vote as leader of the ANC in the Western Cape. PICTURE: ALAN TAYLOR

November 1991: The Boesaks announce that they are expecting a baby in January.

August 1992: Boesak and Elna reconcile after she withdrew a Supreme Court action she brought against him.

December 1991: An urgent and thorough report into the financial affairs of the FPJ is completed and handed to Boesak for his perusal. The Boesak baby arrives on December 27.

January 1994: Boesak chosen to be the ANC candidate for premier in the Western Cape but conceded defeat to National Party controversial Law and Order Minister Hennis Kriel. Boesak is

October 1994: Sweden suspends foreign aid to the FPJ pending an investigation into the use of donor funds. Boesak was in New York at the time on an "investment promotions" visit. Boesak blasts out: "I'm no crook."

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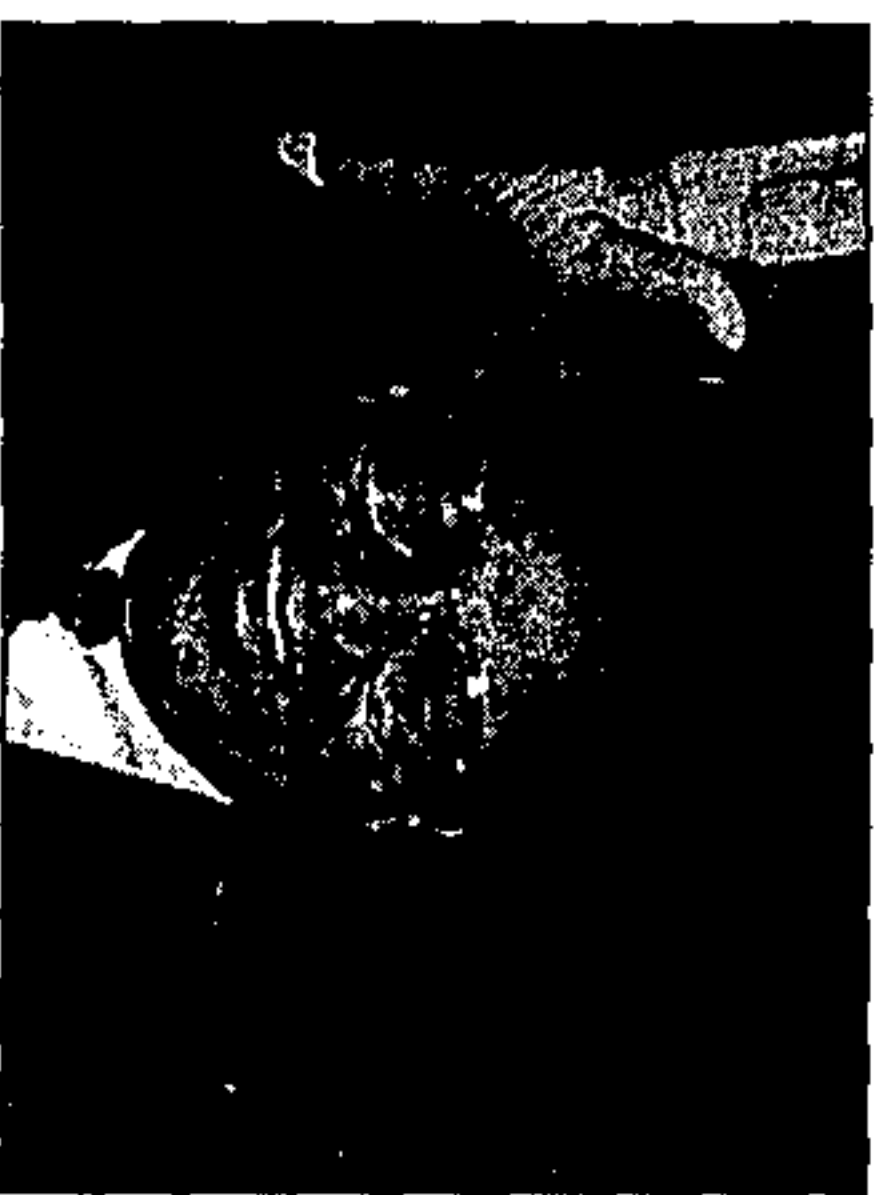
January 1995: The FPJ is closed down and Boesak will not take up his UN post until the FPJ controversy is cleared up.

February 1995: The Jhb lawyers find that Boesak "unlawfully" and "substantially" enriched himself at the expense of the FPJ. He withdraws from his Geneva post. The Office for Serious Economic Offenses (OSEO) investigates Boesak's financial irregularities.

April 1995: Boesak moves out of Iearly Constanita to Mulzenberg. A government report exonerates him of charges of misappropriating aid funds, but the OSEO continues its own investigations.

1996: Boesak returns to the US where he returned to religion as a professor of Theology in California. In December that year, he was informed that he would have to return to SA to face at least 30 counts of theft and fraud.

March 1997: Boesak arrives from the US to make his first court appearance. The Legal Aid Board will pay for his legal team. The case is postponed to August in the Cape High Court.



ON THE WAY: Boesak arrives for sentencing.

March 1999: Boesak is convicted on four charges. A week later he is handed a sentence of eight years, of which two will run concurrently.





Salute: Allan Boesak, with his wife Elna, speaks after his sentence

# Boesak punishment a hot potato

CLIVE SAWYER AND BEAUREGARD TROMP

STAFF REPORTERS

More reports on page 3

Satisfaction, solidarity, silence – that was the range of political reaction to Allan Boesak's sentencing to six years' jail for fraud and theft.

President Mandela reaffirmed his confidence in the country's courts. "We want the courts to function without interference of the executive."

Senior members of the African National Congress showed solidarity with Boesak.

Finance Minister Trevor Manuel attracted political fall-out by making an appearance outside the court where Boesak was to be sentenced, with the Democratic Party's Ken Andrew saying that Mr Manuel risked sending mixed signals about the Government's attitude to fraud.

ANC spokesman Smuts Nkonyama said the party was uncomfortable that Boesak, who is out on appeal, had been sentenced to an effective six

years in jail while Nicholas Steyn, convicted for the killing of baby Angelina Zwane, was given a suspended sentence and was a free man.

"If we compare that with the sentence for Boesak, who hasn't killed a soul, whose only sin has been the lack of accounting skill and whose act did not lead to a loss of life, we say that the comparison worries us and many other South Africans."

"That raises many questions about the integrity of the courts – whether they're transformed or not. We hope the process led by Justice Minister Dullah Omar can be speeded up," said Mr Nkonyama.

The New National Party said justice had been done. "The sentence of an effective six years appears to be even-handed and appropriate, bearing in mind the sentence imposed on Boesak's bookkeeper in the Foundation for Peace and Justice, Freddie

Steenkamp," they said, advising Boesak to "accept the judgment".

The United Democratic Movement's Annelize van Wyk said the sentence sent out a "clear message that corruption would not be tolerated in the country".

The Federal Alliance's Neil de Beer said Boesak's sentence was a victory for justice and the rule of law and showed that the High Court had refused to bow to political pressure.

In a statement issued from Atlanta in the United States, Archbishop Desmond Tutu said Boesak's sentencing left him distressed.

"I am deeply distressed at the conviction and sentencing of Allan Boesak. He played a leading role in the struggle against an evil system. As the first person to refer the matter to the police, I submitted an affidavit to the court asking that he be spared jail," said Archbishop Tutu. As a first offender with a proud

## Wide range of reaction to six-year jail term

From page 1

record of service to the country, Boesak should not have been sentenced to imprisonment.

"I respectfully disagree with the judge. But the issue is in the hands of the courts and they must make the final decision on the appeal."

Justice Minister Dullah Omar, while emphasising that he did not condone crime, said Boesak's out-

standing contribution towards democracy should not be forgotten.

"We owe a great deal to Dr Boesak. Having said this, I state again that I do not condone wrong-doing, theft, fraud or crime of any kind."

"Where any wrong-doing has taken place, the law must now take its course," he said.

Mr Omar noted that Boesak had lodged an appeal against his conviction and sentence, and that "this is

not the end of the saga."

He said newspapers had "distortedly" reported that he had proclaimed Boesak innocent before the courts pronounced on the matter.

Boesak's trial and sentencing was likened to Christ's crucifixion by the head of the Baptist seminary in the United States where the embattled cleric lectured before returning for his court case.

There was disbelief at the semi-

nary in Berkeley, California, about Boesak's conviction. Talk was of a political conspiracy. In an interview, principal Keith Russel urged people to recall what had happened to Christ when he was crucified.

Other people were more philosophical about the verdict, with prominent politicians showing their support for the beleaguered former ANC leader.



# I'm innocent, Boesak says after sentencing

BD 25/5/99

(297)

'My innocence is not touched one way or another by conviction of this court'

Linda Ensor

CAPE TOWN — Anti-apartheid activist Allan Boesak continued to proclaim his innocence yesterday after the Cape High Court sentenced him to an effective six-year jail term and refused his application for leave to appeal.

"My innocence is not touched one way or another by the conviction of this court," Boesak said. It was painful that apartheid "criminals" and a white killer of a black child went free, while he was convicted, he said, referring to the suspended sentence handed down in Delmas this week to Nicholas Steyn for killing six-month-old Angelina Zwane.

Released on his own recognisance pending an application to Chief Justice Ismail Mohamed for leave to appeal, Boesak took to the steps of the court to thank a huge crowd of chanting supporters. He told them that he could not have kept a more watchful eye on Foundation for Peace and Justice funds — some of which were stolen — because he had had to take the fight against apartheid overseas.

His supporters carried posters saying "Apartheid justice is not dead yet", "South African judges still racist" and "Dullah clean the courts" and booed the judge and prosecutor in court.

Finance Minister Trevor Manuel, senior state law adviser Enver Daniels and gender commission chairman Faried Esak were in court yesterday. Manuel said he was there to support an old friend and comrade who had made a huge contribution to and sacrifice for the struggle. He refused to comment on the legal process.

President Nelson Mandela's spokesman, Parks Mankahlana, said Mandela had not considered the possibility of a pardon for Boesak, which he was constitutionally empowered to do.

Justice Minister Dullah Omar urged that Boesak's outstanding contribution towards democracy be remembered, describing him as one of "the great leaders of the time". However, he did not condone wrongdoing, and where it had taken place, the law had to take its course. He refused to apologise for welcoming Boesak on his return to SA to face prosecution. "His case was being investigated by the old officials of the old order whom we inherited; I was in no position to judge the correctness ... of those officials."

Boesak was sentenced to two years for



Allan Boesak makes an emotional speech on the steps of the Cape Town High Court yesterday after being sentenced to six years in jail for theft and fraud. Picture: AFP

the theft of R259 000 and two years for fraud related to this amount. The sentences will run concurrently. He also got two years for the theft of R762 521 used to set up an audiovisual studio for his wife, Elna, and two years for the theft of R322 722 from a foundation account.

Boesak's attorney, Chris Petty, said the Legal Aid Board, which had funded Boesak's defence team since August, had indicated it would fund his appeal.

Passing sentence, Judge John Foxcroft said Boesak's contribution to the struggle could not be considered. He could not agree with Archbishop Desmond Tutu that Boesak's crimes were "mistakes" committed in the course of the struggle.

"We all make mistakes but we don't all face charges in court," Foxcroft said. "There is no reason in law why a person who has done a lot for their country should be exonerated for common-law crimes." Prominent people might fall harder than ordinary ones, but all had to

be treated alike before the law.

Some of the crimes for which Boesak had been convicted were not committed during the liberation struggle but after February 1990, when there was no need for "struggle bookkeeping".

In arguing for leave to appeal, Mike Maritz questioned inferences made by Foxcroft, criticised his findings as wrong in law or in fact, and said the judge had convicted Boesak for acts he was not charged for as well as relying on the evidence of a single, suspect witness. There was a reasonable prospect that another court would reach a different finding.

Democratic Party justice spokesman Douglas Gibson said: "All reasonable people will accept that justice has been done." Boesak had paid the price for his actions. The Federal Alliance said the sentence was a victory for justice, the rule of law and equality before the law.

Comment: Page 15



# Parole hopes for Boesak

By Russel Molefe, Dan Fuphe and Sapa

25/3/99

**A**LAN Boesak may not serve the whole of the six-year sentence imposed on him yesterday if his behaviour positively impresses Department of Correctional Services and Justice Department officials, a law expert said yesterday.

Mr Gal Bairsti, of top law firm Weber Wentzel Bovenius, said the parole procedure would be applied automatically if Boesak met the required criteria for early release.

"He will be subjected to all procedures which are applied to other prisoners in his category and he has the right to appeal against the sentence and his conviction," Bairsti said.

However, he said, it was difficult to pronounce whether the six-year prison sentence was harsh when comparing the case to others in the same category. But the sentence was lenient compared to that of former stock exchange "whizzkid" Greg Blank.

Blank was jailed for eight years after being convicted on 48 counts of fraud involving R9,75 million. However, he was released in 1996 after serving 21 months because he solicited his friends to donate R500 000 to Krugersdorp Prison to build recreational facilities.

Boesak was sentenced to an eight-year prison sentence for theft and fraud involving more than R1,3 million in foreign donor funds. Two years of the sentence will run concurrently.

Boesak applied for leave to appeal against the conviction and sentence but Judge John Foxcroft refused the application. However, Boesak's lawyer Mike Maritz said he would petition Chief Justice Ismail Mahomed for leave to appeal against the conviction and sentence. Boesak was then released on his own recognisance pending the outcome of his application to the Chief Justice. Reacting to the outcome of the Boesak case, the Democratic

● Continued on page 2.



Boesak, accompanied by his wife Ena, waves to the crowd outside the court after being sentenced yesterday to an effective six-year jail term for fraud and theft. Boesak is to appeal against the conviction.

PHOTO: PIC: REUTERS

## Allan Boesak let out until his appeal is heard

● From page 1

Party (DP) said all reasonable people would accept that justice had been done.

"The DP does not glorify the downfall of a human being, but Boesak has paid the price for his actions," DP justice spokesman Douglas Gibson said.

President Nelson Mandela yesterday reaffirmed his confidence in the country's courts, but said he would only comment on Boesak's conviction and sentencing once the former African National Congress clergyman had exhausted all avenues of appeal.

Mandela said he did not feel it

would be proper as president of the country to comment at this stage as he believed the defence team would appeal.

"The matter is therefore *sub judice* and it would be improper, especially for the president of the country to express an opinion. We want the courts to function without interference of the executive," Mandela said after attending a special debate on the Afrikaner in the National Assembly.

Last year when Boesak had insufficient funds for his legal defence, Mandela confirmed that he and other of the clergyman's friends would do everything in their power to ensure that he

had the necessary resources to prove his innocence in court.

Strussing then that he was not prejudging the trial, Mandela said Boesak's counsel, Mike Maritz, had been able to prove up to that stage that there was no case against Boesak.

Pan Africanist Congress deputy president Dr Mosiso Pheko said: "Crime is crime and has to be punished, no matter who the perpetrator is."

"Money intended to be used for poverty relief among our people was diverted for other things. Corruption is destroying this country and we must uproot it."

Pheko said the judiciary was inde-

pendent and should not be interfered with. If Boesak felt he had been unfairly sentenced, he had the right to appeal.

"However, there have been double standards by people like (Archbishop Desmond) Tutu pleading that Boesak should not be sent to jail. But we've just been crying about the farmer who has just been released by the court after killing a baby," Pheko said.

However, Justice Minister Dullah Omar, who was criticised for trying to exonerate Boesak before he went on trial, said he did not apologise for going to the airport to welcome Boesak from the United States to face trial.

"We were then as we are now: in a painful period of transition. His case had been investigated and he was being prosecuted by the old officials of the old order who we inherited."

"I was in no position to judge the correctness or otherwise of the actions of those officials. I did not interfere," Omar said.

The Federal Alliance (FA) said Boesak's sentence was a victory for justice and equality before the law. Boesak's crimes were a slur on the anti-apartheid struggle and he fully deserved a prison sentence, the FA said.



# Cape Flats divided over fate of its struggle hero

Justice was done, say some, but others can't believe it  
(297) ARG 26/3/99

TREVOR OOSTERWYK  
STAFF REPORTER

Vivid memories of a cloaked preacher entering the Rocklands Civic Centre amid the roar and thunder of 15 000 people shouting "Boesak ... Boesak ... Boesak" flooded the mind as the newspapers reported that Allan Boesak had been sentenced to six years in jail.

Shock and disbelief mixed with thoughts about justice being done toyed with the minds of the people on the Cape Flats.

Four years of speculation, conflicting opinions and emotion were replaced with confusion and relief: relief that it was over and confusion as to whether it was right for Boesak to go to jail.

Whether Boesak is eventually going to serve his sentence or whether he will go free is a moot point. But opinion on the street about the sentence is deeply divided.

Many felt strongly that six years was far too light. They argued that he stole money destined for poor people and should go to prison for a much longer time.

Jessica Hendricks of Blue Downs felt that "he did the crime, so he must do the time", but expressed some ambivalence about his going to prison.

"He deceived many of us who believed in him and we trusted him," she said.

Colin Heyns, a small-business owner in the Mitchell's Plain flea-market, agreed with Ms Hendricks, saying that "even though it is difficult to give an opinion about this matter, the courts need to set



LEON MULLER

Orator: Allan Boesak addresses supporters after he was sentenced to six years in jail

examples, because crime is so rife in our society. Dr Boesak must therefore accept that he must pay."

Ebrahim Ismael, a chemist working in Mitchell's Plain, was among those who supported Boesak during the struggle years and attended United Democratic Front meetings.

He said he believed Boesak was a great ambassador for the struggle and the country as a whole, but now felt he had to go to jail, because "it is in the best interest of the country, and if he stole or used the money for himself, he must accept this".

But many were so angry their comments were unprintable. Alan Thompson of Heideveld probably spoke for this group when he said: "Allan Boesak should have gone to jail for more than 20 years." Switching to Afrikaans, he added: "Hy was 'n f—en skelm, ons het geen simpatie met hom nie."

Others suggested it was a pity Boesak had to go to jail, since "he is a great leader and a man with great potential to help build the new South Africa," as Junaid Peterson of Bonteheuwel put it.

But a significant number felt strongly that the court had got it wrong.

"This case was not just a simple matter of one man who stole money. Within the context of the struggle against apartheid, Dr Boesak occupied an important position and was part of a general leadership which had political control over how money should be spent," said Sarah Jacobs.

"Struggle bookkeeping was necessary in the context of the state wanting to destroy the struggle."

She felt it was wrong to send him to prison.

"In the context of the many severe crimes committed, Boesak's case was not just a simple criminal case. The whole episode left many unanswered questions.

"The sentence was too harsh."

Willie Simmers, a stalwart of community politics in Mitchell's Plain, was angry and bitter. He could not believe Boesak had to go to jail.

"Boesak is a very educated man and if he used his talents in other ways and not for the struggle he could have been a rich man," Mr Simmers said.

"The best he could be accused of was that he did not keep proper books of the (Foundation for Peace and Justice) money, but he is no criminal," he said.

He felt an open court was not the place to have dealt with Boesak, because "only the struggle had the right to judge him".

Mr Simmers spoke for many when he reflected: "I can't see Boesak going to jail. It is very, very sad, and I've accepted it, but it is so damn difficult."



# SA and EU agree to R244m package

The EU has committed R3bn to SA's development

Louise Cook *Bb 7/4/99*

PRETORIA — Deputy Finance Minister Gill Marcus and European Union (EU) ambassador to SA Michael Laidler signed agreements yesterday involving the allocation of R244m for several reconstruction and development programmes in SA.

The programmes involve financial management systems, project planning and management, strengthening systems of planning and monitoring and evaluation of community-based public work programmes.

An SA qualifications agreement was also signed, aimed at the development of educational infrastructure and bursary programmes for tertiary education, Marcus said.

Laidler said European taxpayers contributed 10% of each R100m the South African government spent on capital development programmes. "Our contribution to your national budget is not that significant — less than 2% — but as a contributor to your public investment programme, the total contribution could be in excess of 12% to 13%."

"In the period from 1995 to 1998, the EU committed more than R3bn to various priority areas of development identified by the South African government. Implementation of these projects is well under way."

Marcus said one of the projects to benefit recently from EU assistance was a water supply and sanitation programme in the Northern Province; this was now set to get additional funding to boost water delivery to 600 000 people.

"We are also particularly pleased at the R85m allocated to the National Development Agency which will serve to fund projects that are submitted by nongovernmental organisations and civil society," she said.

"Further funding for the National Development Agency for the 1999/2000 financial year, has been allocated through the normal budget process."

She said SA and the EU were hoping to conclude an agreement by year end on a multi-year indicative programme that would allow the parties to plan over three years and to allocate adequate funding to meet targets.



European Union ambassador to SA Michael Laidler, left, and Deputy Finance Minister Gill Marcus after signing trade and development co-operation agreements in Pretoria yesterday. The money will help fund community-based public works programmes and improve water and sanitation supplies in the Northern Province.

Picture: TREVOR SAMSON



# R635m EU fillip for SA coffers

ET(BR) 7/4/99 (297)

ROY COKAYNE

Pretoria — Financing agreements worth R635 million for South Africa's reconstruction and development programme (RDP) were signed yesterday by Michael Laidler, the European Union (EU) ambassador to South Africa, and Gill Marcus, the deputy finance minister.

Laidler said the signing would seal arrangements for four main programmes and provide the legal background for the EU's support of the RDP.

The deals focus on capacity building in areas of financial management systems; project planning and management; strengthening systems of planning, monitoring and evaluation of community-based public work programmes; the South African Qualification system; and technological support for small and medium enterprises.

Laidler said the central message in the signing of the agreements was that it was business as usual between the EU and South



**SIGNED, SEALED** Michael Laidler and Gill Marcus sign deals yesterday that should step up RDP delivery

PHOTO: JOHN WOODROOF

Africa, and it confirmed ongoing work for the foreseeable future.

Marcus said the importance of the agreements was not restricted to finance but enabled South Africa to access a range of technical support.

The agreements would run

for several years and R245 million of the amount allocated for the 1998 programme would go directly to non-governmental organisations.

This was important in building sustainable democracies, Marcus said.



# RDP's ideals swamped by harsh economic reality

By Malcolm Ray

Secretary 9/14/99

(297)

**F**ew will remember the Base Document of the Reconstruction and Development Programme. The reason is it no longer exists.

Yet its noble objectives loom large in the hopes and dreams of the black majority for a better life. Its brief resonance stemmed less from its literal implications than the symbolic power of its swift evolution into an election manifesto in 1994.

The release of the African National Congress's 1999 manifesto recently is similarly a ritual statement of achievements and promises. Judged by the yardstick of the RDP, it should ideally serve as a barometer of progress.

The question, therefore, stands: to what extent does the manifesto conform to the expectations unleashed by the ANC's overriding commitment in 1994 to redistribute resources in favour of the black majority?

Despite numerous references to considerable social gains, the absence of a balanced socioeconomic report card of the past four and a half years is striking.

The argument by some critics that the manifesto betrays the hidden contours of the post-1994 transition is reasonable and warrants comment.

As a programme of development objectives, the RDP was unambiguous. It was cast in the post-1945 tradition of state-driven reconstruction. "Growth through redistribution" was its abiding credo.

However, soon after the euphoric celebration of the 1994 election, storm clouds hovered of a momentous policy shift that would conform to global economic realities.

The final draft of the RDP was considerably watered down and provided some clues to its mutation in the years that followed.

**By 1996 the RDP had served its purpose and was hung out to dry**

By 1995, Government's economic policy was under critical review. The development priorities of the RDP were increasingly seen as a lofty "wishlist tainted with naivety".

Why then its adoption? Some have argued that the RDP "merely served the political purpose of uniting the multi-class constituency of the ANC-led alliance", implying, as economist Hein Marais points out, "a certain degree of expediency and awareness that the policy had a short life".

By 1996, the RDP had arguably served its purpose and was hung out to dry. The honeymoon period ushered in in 1994 was over. The vision simply did not square with global economic realities.

The trouble is that the terms of the post-1994 transition were not cast in stone as many assumed.

University of Cape Town economist Nicolai Nassar remarked in 1994: "The central theme of the ANC document was the restructuring of the economy, which could mean anything from state intervention to conventional market-driven structural adjustment."

Thus a new economic policy was up for grabs. What was needed was a coherent strategy to drive the RDP.

Unsurprisingly, what followed was a sweeping and telling policy drift more consistent with the rhythms of modern global capitalist development than the less iniquitous but outdated socioeconomic model of post-war reconstruction.

Though more muted, the drift from the RDP Base Document to successive versions was a forerunner of Government's thinking today. By this time, the ANC's labour allies - the South African Communist Party and Congress of South African Trade Unions - had lost the policy battle.

Politically, a new benchmark was set. A strategic choice was unequivocally made - pragmatism prevailed.

The RDP was jettisoned and the Growth, Employment and Redistribution (Gear) strategy set South Africa on a new development path.

Barely distinguishable from the economic orthodoxy of the industrialised world, it signalled Government's monumental retreat from its earlier enthusiasm for an interventionist state, regulation of wages and prices, a state-owned public service, increased social spending and a welfareist social security net.

Tagged to a modified economic strategy, the RDP's prerogatives were reversed in the slogan "redistribution through growth". The terms of reconstruction and development were reshaped in ways that entrenched economic growth and made social development contingent on Gear targets.

The rationale was simple: growth was necessary to meet the basic needs of the majority. This, in turn, would increase production volumes and demand (an index of growth), create economies of scale and generate desperately needed employment.

Overall, the strategy rested on private sector-led expansion. Responsibility for development shifted from Government to the private sector.

Crudely, macroeconomic stability in the form of fiscal and monetary discipline, deregulation, trade liberalisation, privatisation and export-led growth was the defining characteristic of Gear.

The new policy had become, as Deputy President Thabo Mbeki put it in 1996, "the central compass which guides industrial growth and development programmes of the Government aimed at achieving the objectives of the RDP". It was, according to Mbeki, non-negotiable.

However, although Gear has been paraded as ideologically benign, it represents on most counts a rightward shift from the 1994 manifesto.

At the level of rhetoric, Marais argues, it tried to insert a "neoliberal growth path in the development paradigm of the RDP". Featuring prominently

was growth, competition and capital accumulation.

The potential benefits of growth are manifest and should not be understated. Increased foreign direct investment and the beneficiation of low-quality product markets inherited from the inward industrialisation strategy of the apartheid government would boost export output and the number and quality of jobs in the real economy.

But the reality did not square with this vision. Gear targets were missed, with adverse socioeconomic effects. Seized by a structural economic paralysis, the productive capacity of industry slumped in real terms.

Labour market flexibility and stepped-up pressure on employers to restructure their industries in line with Gear targets saw fewer jobs being created than during the pre-1994 recession.

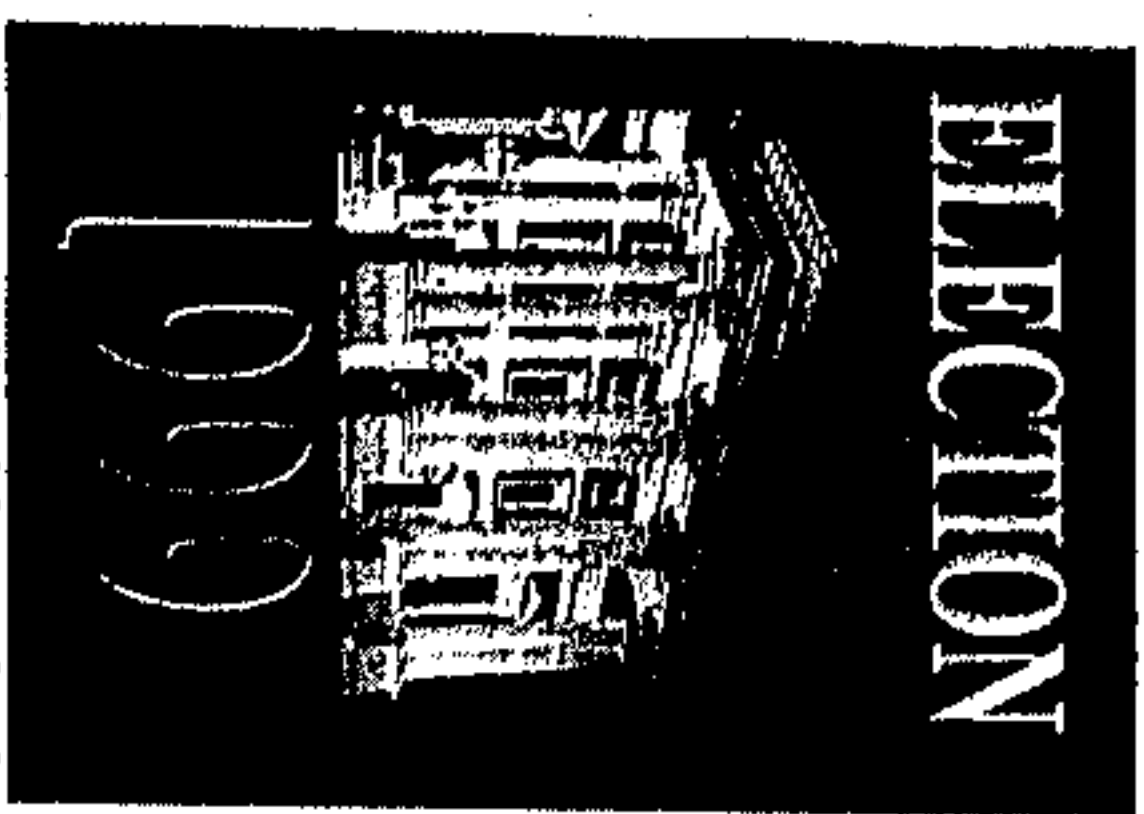
Many more were lopped off the formal economic sector. According to recent Reserve Bank figures, 160 000 jobs were lost last year. By conservative estimates, unemployment is now hovering between 28 and 38 percent.

Thus, Finance Minister Trevor Manuel could declare last year that Government "got it wrong".

Predictably, Manuel's response in this year's budget was to moderate growth targets and maintain social spending by increasing government savings through additional revenue derived primarily from indirect taxation. Conspicuously, the private sector was left untouched.

In fairness to the Government, it has done its best within the limits to change imposed by the vagaries of the post-1994 transition.

For all its good intentions, the Medium-Term Expenditure Framework (MTEF) in which the budget is cast attempts through forward planning to create certainty in the market. Based on more realistic outcomes,



employers are allowed time to plan the pace of industry restructuring.

It can be logically argued that the budget is timely in the context of the elections. It has successfully buoyed popular hopes and expectations.

But although the social sector (which includes organised labour), might seek comfort in the fortunes of the MTEF, the prevailing macroeconomic paradigm poses scorn on any real socio-economic benefits.

**It can be argued that the budget is timely in the context of elections**

The problem facing Government is that its economic philosophy and strategy require a national consensus on two fronts. Business demands fiscal and monetary discipline, the liberalisation of remaining regulations and unbridled capital

mobility. Labour expects the fortunes of growth to trickle down to targeted industries in the form of jobs and higher wages.

Both are sound demands. Evidently, however, the Government has found itself bearing the burden of reshaping the apartheid divide in a world that has become part of the South African economy.

Whether the RDP would have succeeded will remain moot.

In its second term of office, the ANC government will have to prove that social transformation is not lost on Gear. For the moment, the black majority have suspended judgment.

In the words of Mbeki: "When the poor rise up, they'll rise up against us all. They will do to us what they did to apartheid."



# Boesak lodges appeal bid

LENORE OLIVER  
HIGH COURT REPORTER

(297)

Allan Boesak's legal team has lodged papers with Chief Justice Ismail Mohamed for leave to appeal against his conviction and sentence.

Last month, Dr Boesak was convicted of fraud and theft and jailed for six years.

His petition to the Chief Justice follows the decision by trial judge Mr Justice John Foxcroft to deny him leave to appeal.

State Advocate Thinus van der Vijver confirmed they had received three volumes of papers from Dr Boesak's defence counsel, Mike Maritz and Jaap Cilliers.

He said he and his co-prosecutor J C Gerber would go through the papers next week.

The documentation included an 80-page founding affidavit by Dr Boesak as well as excerpts from the court record and several exhibits.

The State now has 30 days in which to reply to the submissions made in the defence's papers.

After this, Dr Boesak's legal team have 10 days in which to decide whether they will reply to the State's submissions.

Judge Mohammed will then decide on the application for leave to appeal.

If the case goes on appeal, it will be heard by a full Bench of three judges.

ARG 9/4/99



# Nedlac to head social security overhaul

ET (BR) 12/4/99 (297) (122)  
LUKANYO MNYANDA

ECONOMICS EDITOR

Johannesburg - A government-appointed task team reviewing the state of the country's social security system would table its findings to the National Economic Development and Labour Council (Nedlac) later this month, Jennifer Wilson, a Nedlac spokesman, said at the weekend.

The social partners - government, labour and business - committed themselves during the jobs summit last year to convene a Nedlac process to pave the way for the implementation of a new and comprehensive social security system for the country.

Wilson said the government task team, working under the welfare department, should submit its proposals to the Cabinet in July. It is still not clear when the Nedlac process, which began last week with discussions on the objectives and principles behind the overhaul of social security, will be completed.

There seemed to be consensus on the need to overhaul social security during initial discussions, with none of the parties coming with non-negotiable positions. However, divisions between business and labour were likely to emerge around

the sensitive areas of economic cost and definition.

Business wants social security to be defined as protection for members of society in economic and social stress caused by reduction in their income. Labour wants it to encompass development issues like access to training, housing and finance. Business is also likely to insist that any new structure has to be affordable in a macroeconomic sense and not stifle growth.

Ravi Naidoo, the director of Naledi, Cosatu's economic think tank, said a new social security system would have to "promote economic development" by encouraging investment in infrastructure and the uplifting of communities.

He said the process, which was still at its conceptual stage, would be the most comprehensive ever. Labour was encouraged by the "fair amount" of consensus among the social partners, he said.

Barry Shipman, the convener of Business South Africa's working committee on social security, said business recognised the need to overhaul the country's social security system.

The guiding principles should be based on the requirement for an efficient and affordable system, and it should encourage private insurance.



# Report exposes our catastrophic service delivery

(297) 1314199



**ZARINA MAHARAJ**

and South Africa. Sri Lanka's HDI of 0,716 makes it a medium human development country and places it 90th on the human development scale, just after South Africa.

This means, as the SAHDR notes, "that South Africa has been less successful in translating economic performance into effective improvements in human development for most of its people".

Sri Lanka's superior human development performance is borne out by the following facts: the poorest 20 percent of Sri Lankans have an estimated real per capita income of \$1 348 a year compared with their South African counterparts at \$516 each per year. The richest 20 percent of Sri Lankans have a real per capita income of \$5 954; their South African counterparts come in at \$9 897 per year.

Only 6 percent of Sri Lanka's population is not expected to reach the age of 40, against South Africa's predicted 13 percent. The SAHDR adds that South Africa's adult illiteracy rate of 18 percent far exceeds Sri Lanka's at 9,8 percent.

A critical issue for South Africa, therefore, and one dominating development thinking and planning here, is how to channel existing income more effectively to make it comparable in human development performance terms with other middle income countries.

The efficient use of public funds for education, for example, requires not only that they be spread more equitably across racial and gender groups, but that they be diverted to improving quality and quantity of "soft" infrastructure like school buildings, laboratory equipment and books. Teachers' excessive salary bill consumes roughly 95 percent of our total education expenditure.

Hence while South Africa compares favourably with countries of similar GNP per capita on educational expenditure as a proportion of total government expenditure (27 percent) and of gross domestic product (7 percent), it shapes up unfavourably in educational outcomes, including illiteracy, which affects African females worst.

Given the benefits of education (and health) on productivity and national income, it is not surprising development activists, including government, remain so focused on how to divert public, donor and private sector funds to delivering these services cost-effectively.

according to average income per head, or gross national product (GNP) per capita. Low income countries have a GNP per capita of at most \$765, middle income countries of between \$766 and \$9 385 and high income countries of above \$9 385.

With its GNP per capita of \$3 160, South Africa falls in the Bank's upper-middle income group along with such countries as Mexico (\$3 320), Brazil (\$3 640), Malaysia (\$3 890), Chile (\$4 160), Hungary (\$4 120) and Argentina (\$8 030).

Their HDIs place them in the high human development category, ranking them respectively at 49th, 62nd, 60th, 31st, 47th and 36th.

The huge gap of 40 places in the human development rankings of South Africa (89th) and Mexico (49th) seems out of proportion to the difference of \$120 between their GNPs per capita. It means Mexico is using its income more effectively for human development than South Africa.

Compare now the levels of development of Sri Lanka, a low income country with a GNP per capita of below \$765,

The first official South African Human Development Report (SAHDR) released earlier this year notes that in 1998 South Africa enjoyed one of the highest human development ratings among sub-Saharan African countries. Within the Southern African Development Community only the Seychelles and Mauritius exceeded it.

This is based on the United Nations Development Programme's 1998 rankings of 174 countries' levels of human development, using the human development index (HDI).

The HDI is calculated from a population's life expectancy, educational attainment and income per head. South Africa's 1998 HDI value was 0,717, classifying it as a "medium human development" country because its HDI lies between 0,500 and 0,799.

"High human development" countries are defined as having an HDI anywhere between 0,800 and 1,00, and "low human development" countries as having an HDI of between 0,00 and 0,499.

South Africa's HDI places it 89th out of the 174 countries.

South Africa is also a "middle income" country in terms of the World Bank's classification of countries



# DBSA to issue R500-m bond

*Sowetan 15/4/99*

(297)

By Shadrack Mashalaba

THE Development Bank of Southern Africa said yesterday that it would soon be issuing a R500 million bond to enable it to fund the growing demand for floating rate project loans.

The floating rate note (FRN), as the bond will be known, will be redeemed in 2004. The note will pay interest on a three-monthly basis linked to what is called Jibar (Johannesburg Inter-Bank Agreed Rate).

The transaction will be lead managed by Merrill Lynch (which will act as book runner) and Rand Merchant Bank.

Trading for the bond is expected to start in two weeks time. Once launched, the initial issue will allow managers to confirm orders with investors.

Addressing a media briefing in Johannesburg yesterday, DBSA chief executive officer Dr Ian Goldin said the bond issue would provide the bank's funding.

Goldin said: "Our aim is to achieve cheapest funding which will enable us to deliver on necessary infrastructural development projects in the whole southern region.

"The institution is currently highly underborrowed. We want to increase our borrowing to a conservative limit of R2 billion. In future we want to ensure that we are not at risk," said Goldin.

The latest issue follows on the successful R1 billion - 13.50 percent, 30 year Euro-rand bond issue which the bank launched in February 1998. It enabled the bank to avoid the need to borrow at punitive cost during last year's market crisis.

DBSA general manager for finance Mandla Gantshe said the bank had decided to develop a Euro-style of underwriting to improve its



**DBSA chief executive Dr Ian Goldin says DBSA bond issue aims to achieve cheapest funding.**

balance sheet funding. In addition to the bond issue, for the period to end of March 2000, the bank expects to borrow an additional R3 billion from a range of sources including the domestic markets, foreign capital markets and foreign development agencies.

The bank, established in 1993, receives 46 percent international funding and the balance comes from the domestic sector. It aims to maintain disbursement growth to at least 10 percent per annum in the medium term.



# Shelter for women gets R1-m from Government

Star 29/4/99 (297)

By CATHY POWERS

An average of 50 women a week find their way to the Eldorado Park Women's Group shelter with horrifying tales of abuse and violence.

Many come with stories similar to that of actress Nandi Nyembe, who yesterday told how she ran away from an abusive husband in the middle of the night.

But there, hopefully, the similarity ends - because when Nyembe reached the police station, she was turned away and told it was a "family problem".

Nyembe did not have people like those at the Eldorado Park Women's Group to turn to for help.

The group has gone from an

underground support group to a vocal and impassioned lobby against the abuse of women and children.

"We've put our government in power. It's our government's duty to recognise abused women and children in all communities," said Mona Ramlah, director of the group.

Yesterday, the Government answered their prayers.

The Eldorado Park Civic Centre erupted with songs of joy when Gauteng MEC for Welfare and Population Development, Ignatius Jacobs, presented the Eldorado Park Women's Group with a cheque for R1-million to extend and develop its existing projects.

"This marks a step forward because we've been struggling

for years and nobody came forward with support," Ramlah said.

This donation is part of the department's poverty alleviation programme and is one of a number of donations which will be made to various groups in the next few weeks.

The R1-million will be used to set up a juice-making project to create employment opportunities for abused women; to expand the Shelter for Women and Children in Need organisation, which will house up to 75 people; to set up a multidisciplinary crisis centre in the local police station, including para-legal services for abused women; and for training programmes for the youth.

"Without programmes like

Wawa (Women Against Women Abuse) it would be very difficult for women to come forward and stand together and unite against woman abuse," Jacobs said.

Although the past five years had brought significant changes in the plight of women and their status in society, Jacobs appealed to school principals, the police and the business community gathered yesterday to "join hands, pool resources and pit minds together to combat the scourges that women have to face".

Perhaps if groups like Wawa had had the support of the Government in the past, stories like the one told by Nandi Nyembe would be less common.



## NATIONAL LOTTERY

# HOW SA LOTTERY BIDDERS SLUGGED IT OUT IN THE STATES

Contenders said to have disclosed US\$725 000 settlement

With the winner of the rights to operate SA's new National Lottery expected to be announced on May 17, a curious story has emerged of a bitter battle between key players in two of the rival consortiums — a battle that reaches all the way to the US.

Late last year, while the final three companies were submitting their bids for the SA lottery, a partner in one of the consortiums, the US-based GTech Corp, paid US\$435 000 in an out-of-court settlement to one Nora Linares, former executive director of the Texas Lottery, the US's third-biggest with ticket sales of \$3,09bn in 1998. GTech also paid Linares' attorneys a further \$290 000.

GTech holds 10% in Humphrey Khoza's Uthingo consortium, one of the three SA bidders. Linares is now chief operating officer of rival LottoYethu, chaired by former trade unionist Elias Mphande. The third consortium, Moribo Leisure's Moraba (chairman Moss Mashishi), is not involved in this saga.

The US legal action came after Linares was dismissed from the Texas Lottery following reports that GTech had paid her close friend, marketing consultant Mike Moeller, \$30 000 in a secret contract for "consulting work" — at about the time GTech's contract with Texas Lottery was up for renewal. GTech had held the online technology contract at the Texas Lottery since it started in 1992. The \$650m contract ended in May 1996 and was renewed for a further five years. The \$30 000 payment to Moeller — for consulting work in New Mexico between October 1992 and March 1993 — came to light six months after the contract renewal. Linares was dismissed weeks later, in January 1997.

In the subsequent row, Linares denied any wrongdoing, saying through her attorneys: "Whether GTech expected any special treatment for awarding a contract to a friend of mine is not mine to say. I can unequivocally say that they received no special treatment from me."

Linares, the lottery's executive director since 1992, then sued GTech for causing her to lose her job. GTech's settlement included a disclaimer of "responsibility, liability or misconduct".

Moeller was facing federal charges at the time of the \$30 000 payment, for improper use of taxpayers' money. He went on to serve time in federal prison. An investigation by GTech found he had been hired by its then national sales manager, David Smith, who was subsequently jailed for five years without parole for his conviction on 20 counts of fraud and conspiracy against his employer. GTech described Smith as a "rogue" executive and his hiring of Moeller as an embarrassment to the company.

Linares filed a wrongful dismissal suit against the Texas Lottery Commission, but later withdrew the action. Her attorney, Buck Wood, said at the time "the goal was to get the commission to admit that she was not fired because of her performance, and that there was no evidence she had done anything wrong. That particular goal was achieved."

In Wood's view, "GTech started this by running off and hiring a close friend of hers, knowing what kind of damage it would do if it were ever disclosed."

To clear the air, the Texas Lottery Commission decided the controversy needed to be overcome with a new bid for the technology services contract. GTech put up a vigorous fight to prevent this, filing a lawsuit in Texas District Court. The lottery backed down, the rebid process was cancelled and GTech retained the contract.

None of this should surprise SA's National Lotteries Board, for every-

one connected with the consortiums was required to make complete personal and corporate disclosures as part of the bidding process. As chief operating officer of LottoYethu, Linares was obliged to answer personal questionnaire item No 27 (a): "Have you ever been a party in a civil lawsuit or are you aware of any such action that may be pending?"

As a 10% stakeholder in Uthingo, GTech had to give details of the settlement with Linares under corporate questionnaire item No 17: "Details of any civil action taken by or against the applicant company

**»» Whether GTech expected any special treatment for awarding a contract to a friend of mine is not mine to say. I can unequivocally say that they received no special treatment from me ««**

*Nora Linares, former Texas Lottery head*

during the past five years for amounts exceeding R500 000."

The bids have been processed by the Department of Trade & Industry. Its director-general, Zav Rustomjee, is also a member of the National Lotteries Board. Rustomjee did not respond to the FM's questions on the Linares/GTech affair, but a source close to the bidding process confirms: "The declarations were made."

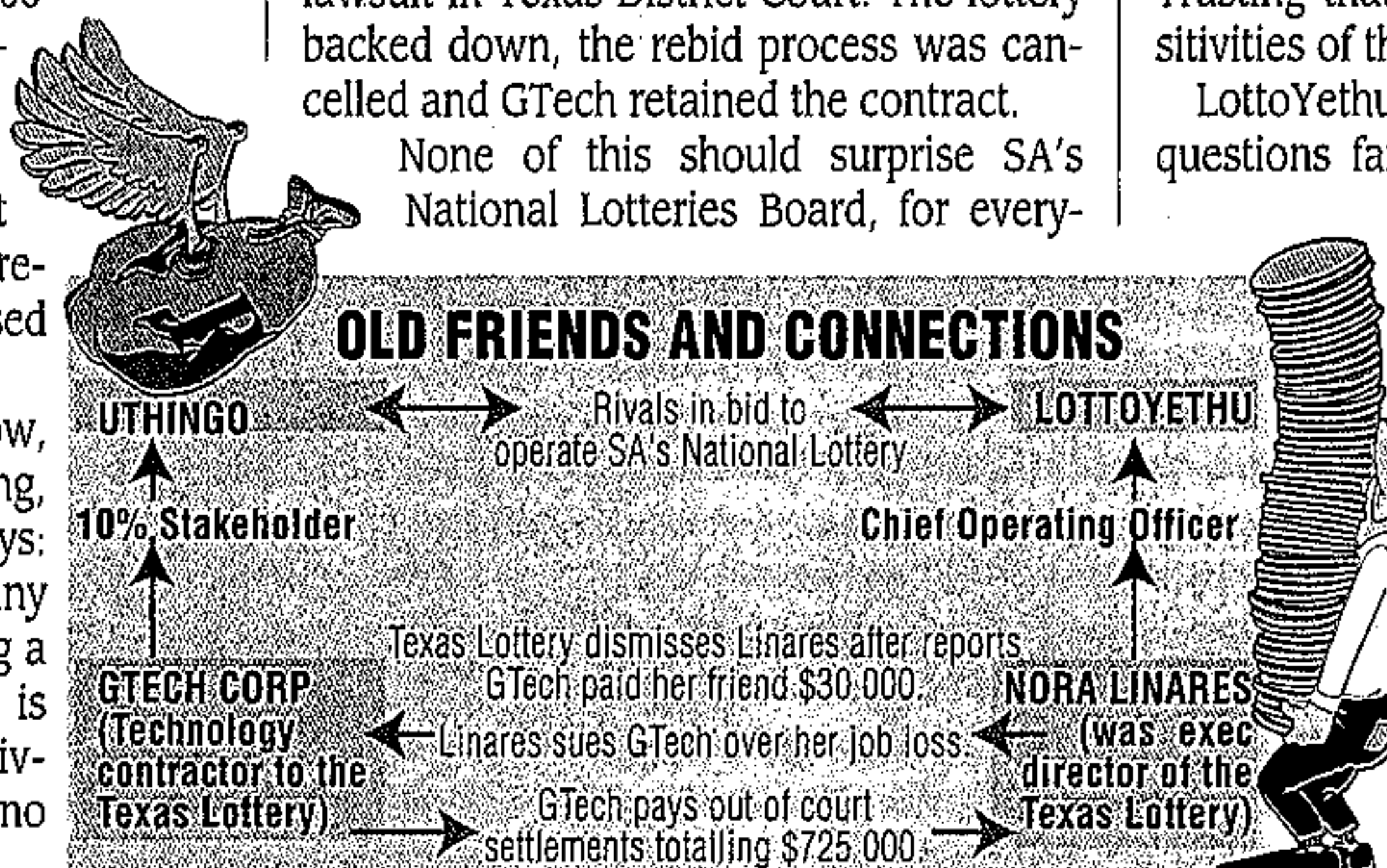
The three consortiums bidding for the operating licence for SA's National Lottery — whose annual turnover is expected to be R3bn — have been instructed by the DTI not to speak to the media until the winner is announced.

Uthingo and GTech are therefore unable to comment. Uthingo's Khoza says: "Due to the media gag imposed by the DTI on all National Lottery bidders, I regret to advise you that I am not in a position to respond. Trusting that you will appreciate the sensitivities of the situation."

LottoYethu's Linares had not replied to questions faxed to her by the FM by the time it went to press.

Before taking up her SA post with LottoYethu, Linares was working on limited contract for the North American Association of State & Provincial Lotteries, researching information that would help the body respond to questions raised by the US's National Gambling Commission.

Jack Lundin





# Norwegians' desire to help SA continues

(297) DD 6/5/99

Development relations between SA and Norway are slowly but surely getting off the ground, writes Cape editor Alan Fine

money endeavour designed to "make a difference" in a faraway country whose post-apartheid reconstruction efforts the Norwegians wish to support in the same way as they did the anti-apartheid movement.

determining whether the programme continues.

A second set of commercial projects focuses on small and medium enterprises. Again most have been slow to take off. One Norwegian source involved blamed the South Africans for this.

Whatever the hiccups, though, the development aid programme as a whole is a carefully designed, value-for-

☐ Fine travelled to Norway as a guest of the Norwegian government.

NORWAY, like SA, aspires to "punch above its weight" in the field of international relations. This applies to its relationship with SA. Some aspirations, though, are proving frustratingly difficult to meet.

A country with a population which, at 4,3-million, is only 10% of SA's — its \$25 000 per capita gross domestic product is about 10 times SA's — it took a firmer line than even the other Scandinavian countries on investment in apartheid SA, and it lifted sanctions later than most. The commercial disadvantages this wrought are among the reasons the Norwegian Trade Council's Africa director Bjørn Eriksen offers for the fairly small, and only slowly growing, trade figures between the two countries.

SA imports from Norway have grown, in terms of Norwegian krone (1 krone = R0,80 approximately) by about 12% to 14% a year for the past couple of years, reaching a modest 229-million krone last year. Exports to Norway in fact fell by almost 5% to 528-million krone last year, partly explained by the decline in the value of the rand.

Norwegian Trade Council officials point with greater satisfaction to growing investment in SA; Norwegian-SA joint ventures and direct investments — worth 500-million Norwegian krone — include those at Hullett Aluminium, Safmarine and Sappi. Enhancing commercial relationships between the private sectors of the two countries is a significant part of the Norwegian government's aid programme to SA.

A commitment to a five-year, 400-million krone "development assistance" programme was "part of a memorandum of understanding signed by Foreign Minister Alfred Nzo and his Norwegian counterpart during President Nelson Mandela's visit to Oslo recently.

These programmes have not been implemented without hiccups.

As regards a local government project, for instance, Cape Town mayor and SA Local Government Association (Salga) deputy chairman Nomaindia Mfeketo comments that notwithstanding good intentions, the programme content tends to pay insufficient attention to particular SA needs, making it less valuable than it could be. Salga is the main SA partner in the endeavour.

The second focus is an entrepreneurial one. At the forefront is the so-called matchmaking programme designed to kickstart commercial relationships between the countries' respective private sectors. The programme, run by Norad's Jan Eriksen, subsidises travel and feasibility studies. Potential participants require a track record and a critical mass — at least R10m a year turnover and three years of successful operation.

The programme, which has been going for 18 months, has had only limited success so far. There have been inquiries from 64 Norwegian companies and 92 SA ones, but only five agreements.

Eriksen says the next six months will be critical in



# 'Bootstrings' plan needed for SA poor — DP (297)

CHRIS BATEMAN

66/5/28  
A "BOOTSTRINGS" plan of affirmative action similar to that established by the Afrikaner for the Afrikaner in the 1930s, 1940s and 1950s was needed to improve the lot of South Africa's bitterly poor communities, DP Western Cape leader Hennie Bester said last night.

Addressing a mainly coloured audience at the Karoo town of De Aar, Bester said it was time for a fundamental review of what affirmative action and black empowerment had meant to South Africa.

Quoting last week's edition of the London *Economist* magazine, Bester said it had reported that black empowerment in South Africa had begun to display "distinct tendencies of favouring an elite few".

However, these deals had done little to establish genuine business or bring hope to most people.

Bester, the MEC for Business Promotion and Tourism, said at many institutions affirmative action had changed the complexion of the "boss" but done little for the "worker".

He said the plan of the Afrikaners had not been based on the redistribution of existing wealth. "It was a comprehensive programme aimed at improving the lot of a bitterly poor community by means of education, job-creation and saving — above all it was about being honest, disciplined and hard-working."

Poor communities in South Africa were "crying out" for leaders with integrity who would "live these values, who were prepared to show the way".



span 8/5/99  
**Development windfall** (297)

The United States Agency for International Development has made about R280-million available for development assistance in South Africa this year, USAID said in a joint statement in Pretoria with the SA Department of Foreign Affairs yesterday.

USAID said the programme in South Africa had provided more than \$1-billion (about R6-billion) in economic assistance since its inception in 1984.

The agency's goal was to provide support for the consolidation of democracy and political, social and economic transformation in the country. - Sapa



THE cold winter is setting in and bringing into sharper focus the plight of the homeless, particularly the people who are on the streets. **SOLLY MOELA and VUSI MONA** report.

THE man's faded denim trousers were dirty. His trainer shoes were brown with dirt and his hair was filthy and untidy. He told us he was a former Bophuthatswana soldier. He used to be a decent man. Now, he is a down-and-out, living as a tramp at the Johannesburg Park Station.

We asked him how he was coping with his change in fortune. His distressed stare made us feel guilty. How could we ask such a stupid question?

He did not answer the question. Instead, he complained of hunger and asked for money to buy food.

"I am a homeless beggar and cannot get any help from the government."

"I was once a decent law-abiding citizen, but my world has crumbled. I have no shelter and have been reduced to being a beggar in my own country."

"Why is there money for other things, like the buying of arms, but no help for us homeless and unemployed people?" he asked.

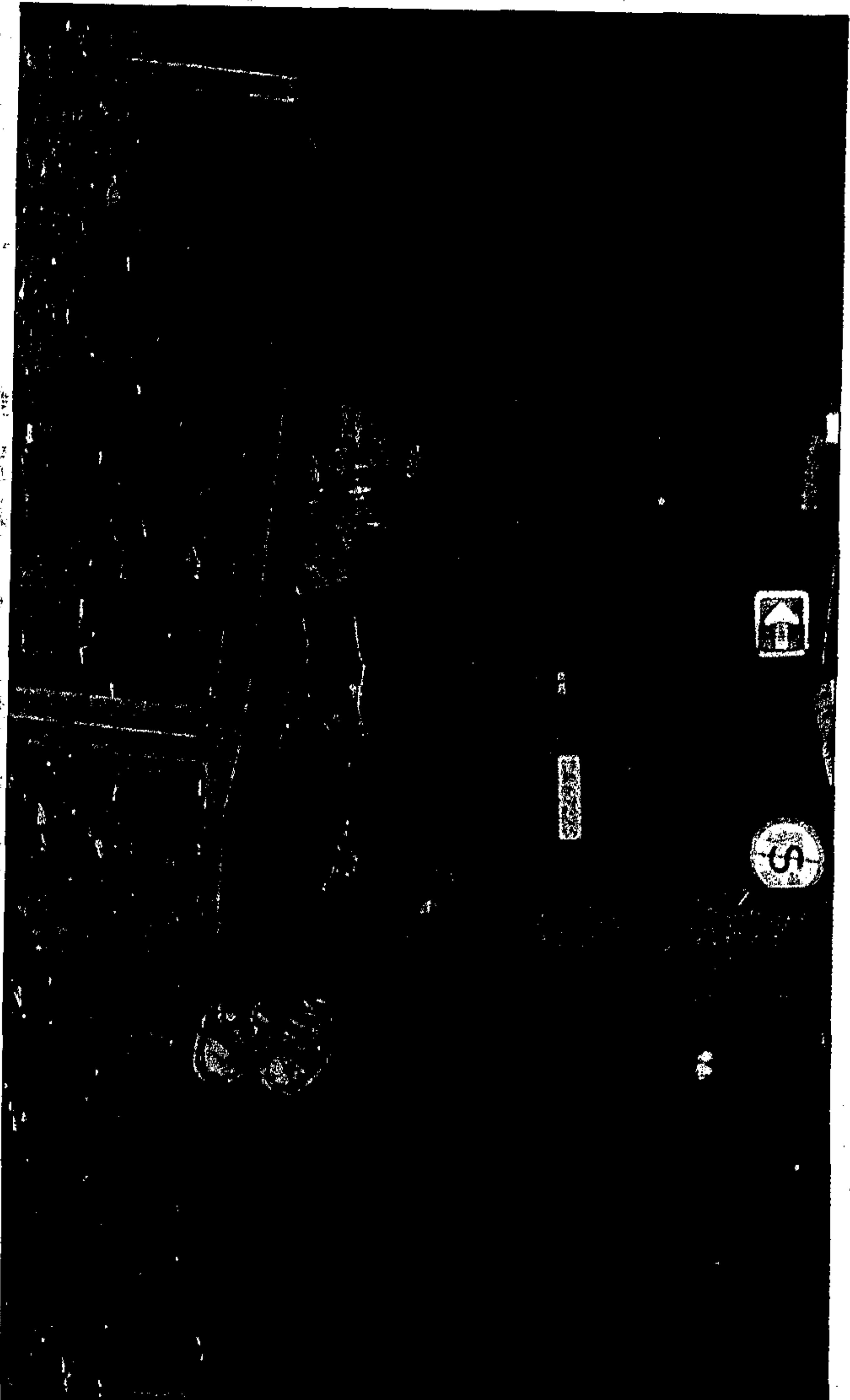
He is not alone. Homelessness in South Africa has become a major problem. It is evident in the people who sleep on the streets and under bridges and in the shanty villages and squatter camps that spring up wherever people can find vacant land, especially near the cities.

But the tragic aspect of homeless people is that, in addition to being exposed to the elements, they also suffer the pain of alienation.

Society seems to have little, if any, understanding of the nature of their problems.

As a result, they are often discriminated against by mainstream society - a discrimination based on myths and stereotypes about the homeless.

For example, there is a belief that homeless people are more prone to committing violent crime than housed people.



# No help for new SA's abandoned outsiders

29/5/99 (297)

home normally affords.

He or she is often cut off from the support of relatives and friends and often has no immediate means and little prospect of self support.

But although this is the most visible and worst form of homelessness, it is certainly not the only form.

There are other acute types of homelessness that are often overlooked or even encouraged by what passes as housing policies - for example building small houses that

in the case of those who can save.

But it is an approach that does not address the housing problems of the unemployed or those who earn very low salaries or are on government grants (the disabled, for example).

With local authorities gradually moving away from providing social housing, the homeless who do not qualify for the R15 000 subsidy might just as well get used to life on the streets.

It is pretty hard to see how...

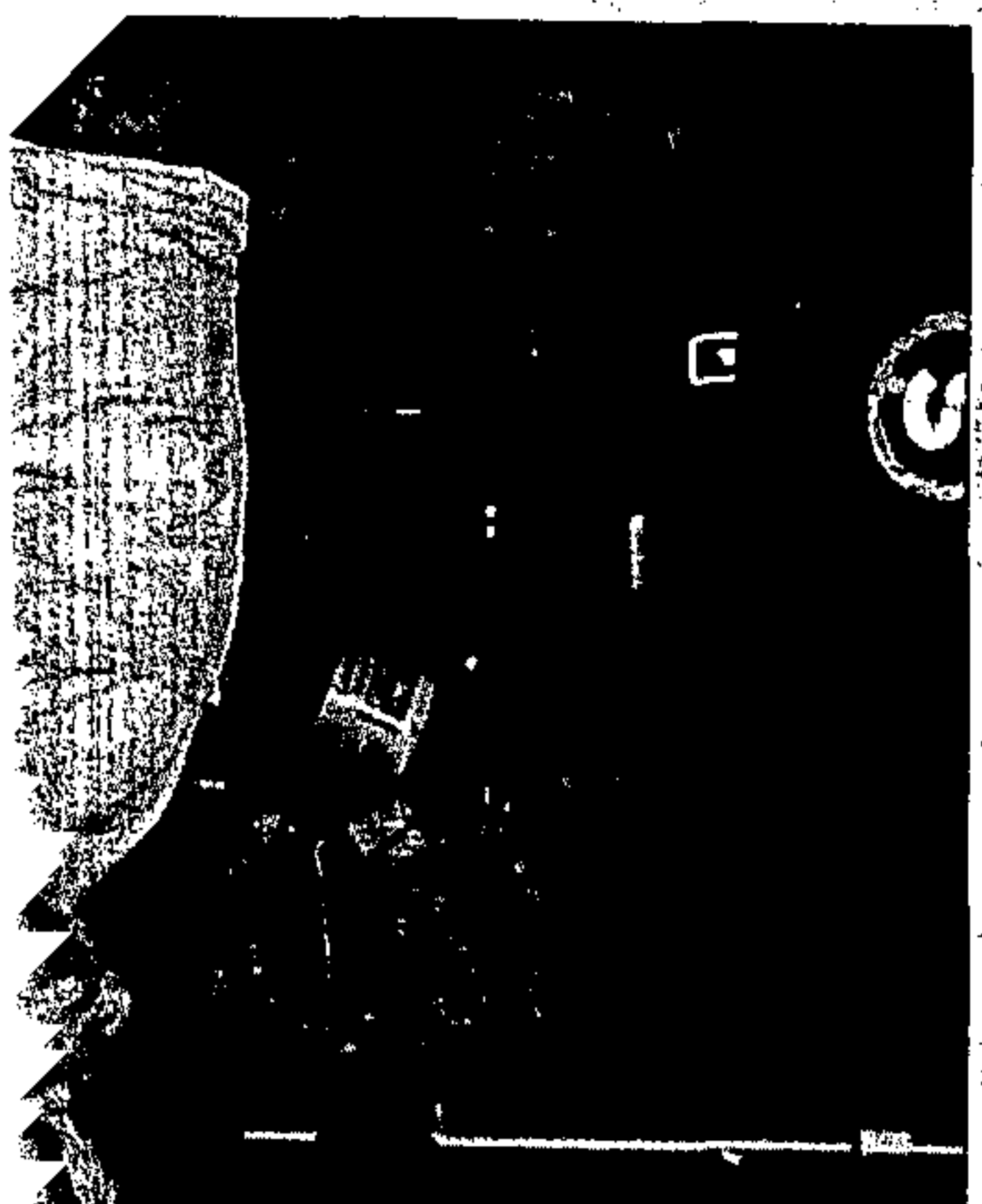
An advocate of this argument is Leon Louw of the Free Market Foundation, who argues that, apart from the fact that the government would still be left with chunks of land, this would demonstrate its unambiguity when it says people must be partly responsible for housing themselves.

The prevailing policy is for land and housing to be made available only after existing private land has been acquired and infrastructures

considered at all the...

The tragic aspect of homeless people is that, in addition to being exposed to the elements, they also suffer the pain of alienation.

LIVING ON THE EDGE... A homeless person catches a kip on a bench in Cape Town (left)











WAYNE CONRADIE

Disabled but able: Zwilijkile Zenzile, who is hearing impaired, is just one of Altitude Workforce Solutions' recruits who have been absorbed into the workforce in spite of his disability

## Disabled have ability to reach the top at work

CHANTEL ERFORT  
STAFF REPORTER

More than 64 000 people in the Western Cape are disabled.

Although many can, and do, perform valuable tasks, and many have good jobs, many others are confined to their homes or institutions and do not get the chance to earn their living.

Altitude Workforce Solutions aims to change that by equipping the disabled with the necessary skills to make a valuable contribution to all sectors of the business world. The organisation was established by cerebral palsy sufferer Rustim Ariefdien and former manager of Bossi International Alistair Roberts.

In a bid to combine resources, Altitude Workforce Solutions has now joined forces with the Starfish 2 000 internship programme which aims to secure internships for 2 000 applicants who have no work experience.

With Starfish equipping the disabled with basic skills training, Altitude Workforce recruits the candidates and places them in appropriate positions.

Social worker Cathy van Wyk, who is responsible for recruitment of disabled

staff, says that although many have the ability and necessary skills to tackle a variety of jobs, many able-bodied employees are prejudiced against their disabled colleagues.

"They are accepted into the workplace, but sometimes there are bad vibes from the side of the able-bodied."

"Because of the attitudes of other employees, companies feel they must bring in disabled staff at a slower rate," says Ms van Wyk.

But Altitude Workforce remain determined to prove that the disabled are able.

She said they were committed to "establishing disabled manpower as an economic force within the commerce and industry".

However, they needed skilled, competent disabled people to forward their particulars to her.

The agency has major companies like Consol Glass, SA Breweries and Woolworths among its clients.

And as for the name, Ms van Wyk says: "The 'Al' in Altitude Workforce Solutions is part of Alistair (Roberts's) name, but it also refers to height.

"It says that we can reach as high as we want. There's nothing to stop us reaching the top."



*Sector partnerships and tax relief scheme replace 'begging bowl'*

# NGOs propose business alliances

ET(MR) 12/5/99

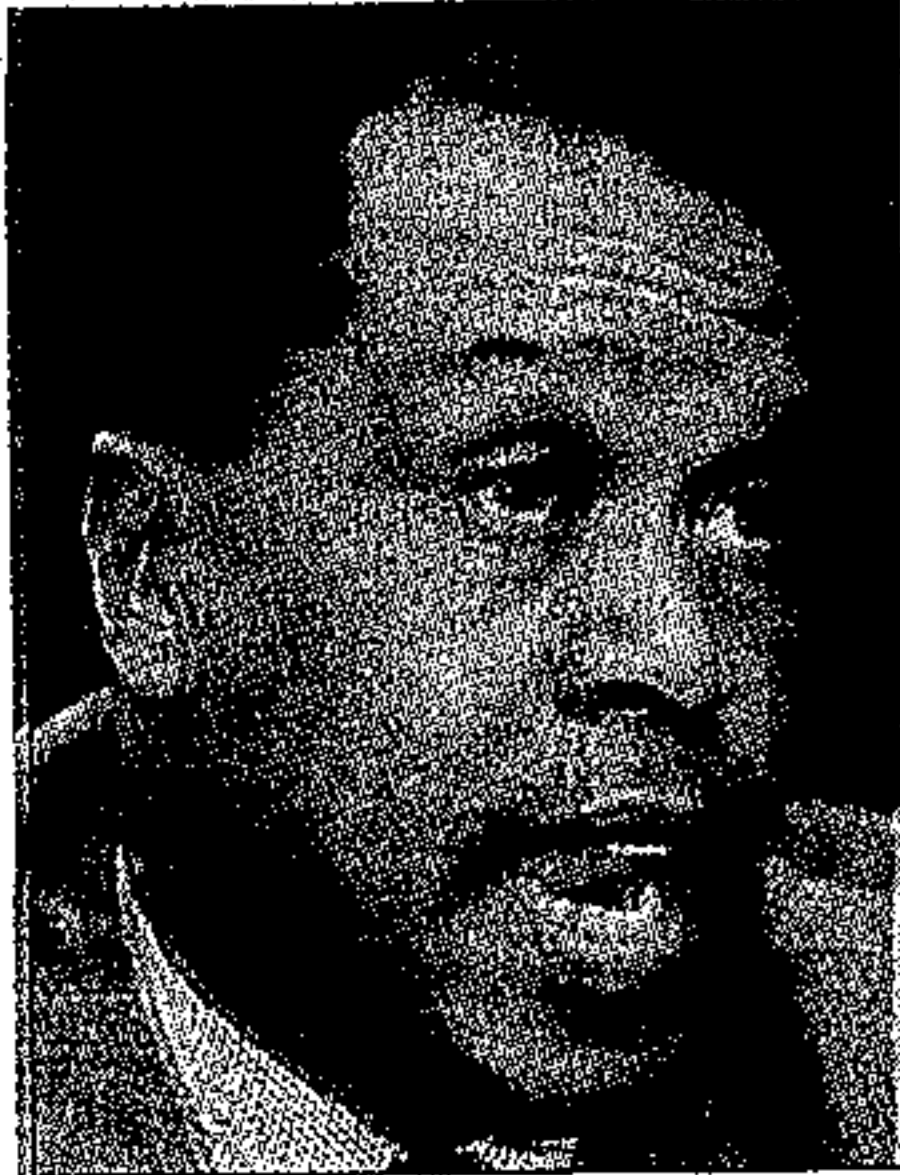
(297)

## BONTLE HEADBUSH

Johannesburg – The non-governmental organisation (NGO) sector, represented by the Non-Profit Partnership (NPP), extended an invitation yesterday to South African business to help it overcome its current funding crisis.

This help would come through the formation of partnerships between the business and NGO sectors, and also through the introduction of a programme which would ensure tax relief for corporate donations.

The NPP comprises the South African NGO Coalition, UK-based Charities Aid Foundation and the Southern African



**ENDORSES PLAN** Former Gauteng premier Tokyo Sexwale

Grantmakers' Association.

It was formed in 1998 in an attempt to build the financial sustainability of the R3 billion

South African NGO sector.

This sector had also formed a development finance institution, the National Development Agency, which planned to raise a total of R1,5 billion this year.

Eugene Saldanha, a co-ordinator at the NPP, said it had already negotiated some major partnerships between the sector and business, including the United NGO Provident Fund, administered by Sanlam, and a Community Medical Plan, administered by Old Mutual Healthcare.

"We are also pleased two of South Africa's leading banks, Absa and TA Bank, have identified several mutual benefit opportunities available to it through NPP," said Saldanha.

"Absa has introduced favourable interest rates for members, overdraft facilities, short-term loans, reduced service charges and a mortgage scheme," he said.

"TA Bank has offered two term-deposit vehicles with special interest rates for the sector."

Tokyo Sexwale, the former Gauteng premier, said it was encouraging to hear that NGOs were thinking more along the line of forming partnerships with business, as opposed to presenting them with a "begging bowl" for funds.

He said international experience had shown that where tax laws were user-friendly, business was more encouraged to donate money to NGOs.



# Nonprofit organisation campaigns for tax reform

BD 13/5/99 (297)  
NGOs face an increasingly serious funding crisis

Patrick Wadula

THE Non-Profit Partnership has embarked on a campaign to encourage the reform of tax structures to broaden the definition of organisations for which tax relief could be obtained and give further tax relief and scope to donors.

The partnership is composed of the SA National Non-Governmental Organisation Coalition (Sangoco) which represents about 4 000 organisations, UK's Charities Aid Foundation as well as the SA Grant-makers' Association.

Sangoco executive director Safoora Sadek said the partnership had recommended to the Katz commission the list of eligible public-benefit activities be broadened to include: upliftment and development of blacks and disadvantaged communities, welfare and social services, education and training, skills transfer and the promotion of entrepreneurial skills for the benefit of unemployed people.

She said consideration was also being given to ancillary taxes and levies, apart from income tax, from which a registered organisation might be exempt.

Another recommendation made was that the level of donations for which companies were eligible for tax deductions, be increased to 10% from 5% to encourage more corporate giving.

"Tax reform which favours the NGO sector should be made in the context of a sustainable strategy which helps to create new partnerships between NGOs and both the private and public sectors."

Currently donations to the NGO sector by business are regulated by a clause in the Income Tax Act which allows a deduction of only up to 5% of taxable income in the case of private and public companies and R500 or 2% of taxable income in the case of individual taxpayers.

However, this relief applied only to donations made to tertiary, adult education, vocational, technical and religious education and training for the handicapped.

Sadek said the majority of the organisations involved in poverty relief, development and welfare activities were excluded from its provisions.

"This has hampered the ability of business to become more involved in the

work of NGOs," Sadek said.

The Non-Profit Partnership provides financial services and advice to NGOs.

"We are not asking for charity. The sector is a significant consumer of products and services and this presents many opportunities for business to interact with us," Sadek said.

NGOs were looking for partnerships that would be of benefit to all stakeholders — community, government and business while strengthening the NGO sector.

Sadek said experience around the world suggested that, if well supported, the NGO sector could play an increasingly important role in economic and social transformation in a country.

"The sector plays a crucial role in strengthening civil society and in developing a spirit of 'volunteerism' which is so vital for the growth of a democracy," Sadek said. "Also, the NGO sector has an abundance of personnel skills in developmental work, with unique and close links to communities, built over many years."

In SA the NGO sector makes an important contribution given the enormous need for social upliftment that faces government, the limited funding available for it to do so and the shortage of skilled personnel, she said.

However, the NGO sector has faced an increasing funding crisis since the democratic elections in 1994, with many foreign donors decreasing their funding support or re-directing it towards government.

As a result, the sector is being challenged to find innovative and creative ways of ensuring its ongoing viability.

One of the many roles of government is to be the primary provider of social services for the population, while the function of business is to generate wealth and thereby jobs and employment.

"Among the other activities, the NGO sector helps deliver services that government was unable, or did not have the capacity, to do, contributing thereby to a climate of stability in the country which assists business to conduct its activities," Sadek commented.

"The NGO sector urgently needs business and government to participate in its ongoing viability and sustainability, by creating partnerships of mutual benefit."



# City reaches out to its forgotten parts

Councillors give green light for R120m for poor areas

BABALWA SHOTA and TOM HOOD

**M**ORE than R120-million will be pumped into more than 45 major projects in the "hopelessly neglected" areas of Cape Town when the next financial year starts in July.

Clinics, libraries, swimming pools, sports fields, road projects, halls and community centres and taxi ranks are on a list that was given the green light by councillors when they approved Cape Town's R3,4-billion budget.

Capital spending on new infrastructure and facilities will total R688-million.

"Since the new City of Cape Town was formed, over R1,6-billion has been spent on capital projects and infrastructure," said Saleem Mowzer, chairman of the executive committee. "In the hopelessly neglected areas of the city, the council has repaired and rebuilt virtually the en-

tire infrastructure. A stormwater system has all but eliminated the winter flooding that brought hardship to so many people for decades."

● Spending on 15 new halls or community centres includes Crossroads (R2,2-million), Zolani (R1,8-million), Endlovini (R1,7-million), Philippi West (R1,7-million), Belthorn (R1,6-million) and Langa (R1,2-million).

● Libraries at Brown's Farm and Philippi East will share R5,1-million.

● Among health centres and clinics are Nyanga (R3,4-million) and Weltevreden North (R3-million).

● Almost R10-million will be spent on swimming pools at Lentegeur and Philippi.

● Of R27-million earmarked for sports fields, R10-million will go on upgrading Athlone Stadium, R1,4-million on replacing artificial turf at Athlone, R6-million at Vygekraal Stadium and R1,5-million for a sports field at Brown's Farm.

● Another R4,9-million will be spent

on taxi facilities at Mowbray, R3,4-million on the NY3A taxi rank, R2,1-million to finish Philippi Station's transport interchange and R950 000 on taxi ranks at Koeberg and Maitland stations.

Nyanga councillor Templeton Mgxekeni said residents had fought long and hard for the R3,4-million upgrading of their very basic centre and were happy with the grant. The funds would help renovate and expand the offices, teach skills to the disabled and build a parking area and children's playground.

Philippi East councillor Mzwandile Matiwane said while there had been a lot of development, the community wanted a library of their own as they had to go to the city centre or Mitchells Plain to get books.

● The city this week launched an innovative housing finance plan for low-income families, in which the government subsidy will be topped up with a loan for those who can prove they have a solid savings record.

ST (CM) 16/5/99

(297)



# Sweden signs R59m SA deal

ROY COKAYNE

Pretoria - The Swedish government and the Swedish International Development Agency had allocated 80 million krone (R58,7 million) to the establishment of a Swedish/South African business partnership fund, Bo Heinback, the Swedish ambassador, said last week.

The purpose of the fund was to promote partnerships in the form of joint ventures between South Africa's small and medium enterprises and Swedish enterprises.

A partnership agreement between the two governments on the establishment of the fund was signed last week by Heinback and Phumzile Mlambo-Ngcuka, the deputy minister of trade and industry.

Mlambo-Ngcuka said they were targeting between 30 and 40 small businesses



**EMPOWERMENT** Phumzile Mlambo-Ngcuka

She said that for South African small businesses to be eligible they needed to be owned or managed by previously disadvantaged individuals.

She said a Section 21 company would be established, which would provide advice about business plans and network-

ing. It would also have close ties with other like-minded institutions.

A fund, which would be housed in the same building as the Section 21 company, would approve and provide grants to eligible businesses, she said.

"We will try, through the fund, to make sure the inability to have collateral is not a reason for not getting into business," she said.

Mlambo-Ngcuka said applications for grants for business ideas would be evaluated in business terms and based, for instance, on the projected turnover and cash flow of the business idea.

Claes Norrlof, the development counsellor at the Swedish embassy, said the fund would be able to buy shares in any joint venture. These shares would be redeemable when the business started to grow.

ET (MR) 24/5/99



# Fear that thousands may starve when feeding scheme ceases

By ANNA COX

Non-governmental organisations have expressed concern that hundreds of thousands of people could face starvation next year when the Gauteng Health Department cuts off its supply of food parcels to the destitute.

The NGOs said that when the community-based nutrition programme comes to an end next year thousands of families could go hungry and might turn to crime.

The feeding scheme was started in 1991 and provided food parcels to about a million people. It has gradually been phased out, with fewer than 100 000 people now receiving parcels.

The Health Department

has stated that from April next year there will be no more parcels.

Director for health promotion Jo-Anne Collinge said the department would introduce developmental programmes to replace feeding.

"Given the enormous demand for curative health services and the rising cost of such services, the budget for nutrition programmes is extremely tight," she said.

But NGOs aren't happy. Sister St John Enright, of the Sisters of Mercy Convent in Rosebank, which feeds about 2 000 people a week, said: "We don't know how we will continue. The homeless will have to resort to eating off dustbins in the suburbs."



## NEWS PULSE



**"WELFARE SERVICES NOW":** Carl Brandreth, 10, of Kenmere Primary School reads the memorandum held by Anwar Jappie, which was handed to Shawco after a march by about 5 000 pupils yesterday.

PICTURE: ALAN TAYLOR

# End of welfare services protested

CT 28/5/99

(297)

**GASANT ABARDER**

CAPE FLATS suburbs riddled with crime, unemployment and poor socio-economic conditions have for years relied on the services of the University of Cape Town's NGO, Shawco.

Yesterday the communities of Kensington, Facreton and Manenberg highlighted the dire need for welfare services with a march to Shawco's Kensington offices by almost 5 000 schoolchildren, in response to the organisation's decision to withdraw its services from the communities.

On March 29, Shawco director Glen Truran announced the discontinuation of Shawco's child and family

services in these areas and invited the Department of Welfare and NGOs to rent space at existing Shawco offices.

A memorandum, and a bundle of letters highlighting the communities' plight, was handed over to Truran by the Rev Ursula Higgins of the AME Church in Manenberg.

"The services of Shawco have been terminated in Manenberg, where they are probably needed most," she said.

Anwar Jappie from Facreton is now a UCT student. He got his start by attending a Shawco crèche.

"The community has become dependent on Shawco's services. Facreton is full of broken families, crime and unemployment levels are high.

"We really need social welfare. Shawco has left us no alternatives."

Truran said yesterday that Shawco had a history of financial difficulties dating back to 1996. The organisation was funded up to 50% by the state for providing welfare services.

The Welfare Department had offered 100% for any service provider willing to take over on their behalf, but to date had no takers.

"Shawco has been slow to adapt to the role it can play in our new democracy. In a new South Africa, the state has taken on the responsibility to provide services to all its people. The service has to be carried out according to statutory law," Truran said.



# ANC good deeds

FTER four years in government the ANC can justifiably claim considerable success in delivering social services to SA's poor masses.

Since 1994 almost 3-million people have received drinkable water for the first time; 2.2-million households have been electrified; about 1.3-million households connected to the telephone grid; and 5-million more people have access to primary health care than in 1994.

According to estimates, government has spent almost R29-billion directly on the provision of basic services.

However, amid the chase for numbers that make good pre-election reading, development agencies have expressed concern that communities and municipalities are being provided with services which they cannot afford to maintain.

There is concern mainly over projects in poor rural areas and in municipalities with weak local government. The projects include water schemes initiated by the Department of Water Affairs and Forestry, provincial housing developments and the bulk of projects undertaken by local governments.

The inability of many poor communities to pay even for the cheapest of services is an exacting factor, which government has yet to address. Government figures show that up to 30% of services are not being paid for. In its latest quarterly report, the Omega Investment Research company warns: "While the government (and its specialised agencies such as Eskom and Telkom) have been making great strides in delivery of potable water, electrification, and sanitation, there are indications that not all projects are sustainable."

"The key problem is the inability of rural and poor communities to pay for services."

"Over the long term, the provision of services to economically unviable areas will serve only to prolong the displacement of the poor that was so central to the previous government's ideology," Omega says.

There is no doubt that the provision of basic services has recently picked up momentum, but given the slow start to the disbanded Reconstruction and Development Programme, the backlog has increased as delivery cannot keep pace with population growth rates.

This is most noticeable in the provision of low-cost homes —

# come to grief at local level

Success in delivering basic services is being undermined by weak local authorities, writes SYEN LINSCHKE  
ST(BT) 30/5/99

Housing Minister Sankie Mthembu Mahanyele recently announced that government had spent R10-billion on housing programmes since 1994, but only 700 000 houses have been built or are under construction, most of them over the past two years.

These homes provide shelter to an estimated 3-million people, but delivery is well short of the original RDP target of 1.5-million units. The backlog has risen to an estimated 3-million.

## Provision of services to unviable areas will only prolong the displacement of the poor

Another noticeable trend is that the delivery and sustainability of services improve markedly when public-sector corporations, run on commercial lines, are either responsible for, or play a major role in, the programme.

In its recent annual report, Eskom states that a cumulative 1.45-million homes were electrified since January 1994 and that it is well on track to meet its RDP

commitment of 1.75-million connections by year-end.

By contrast, many local authorities are failing to deliver electricity and weak administration systems and an exodus of technical staff. Only with considerable technical and financial support from Eskom have local

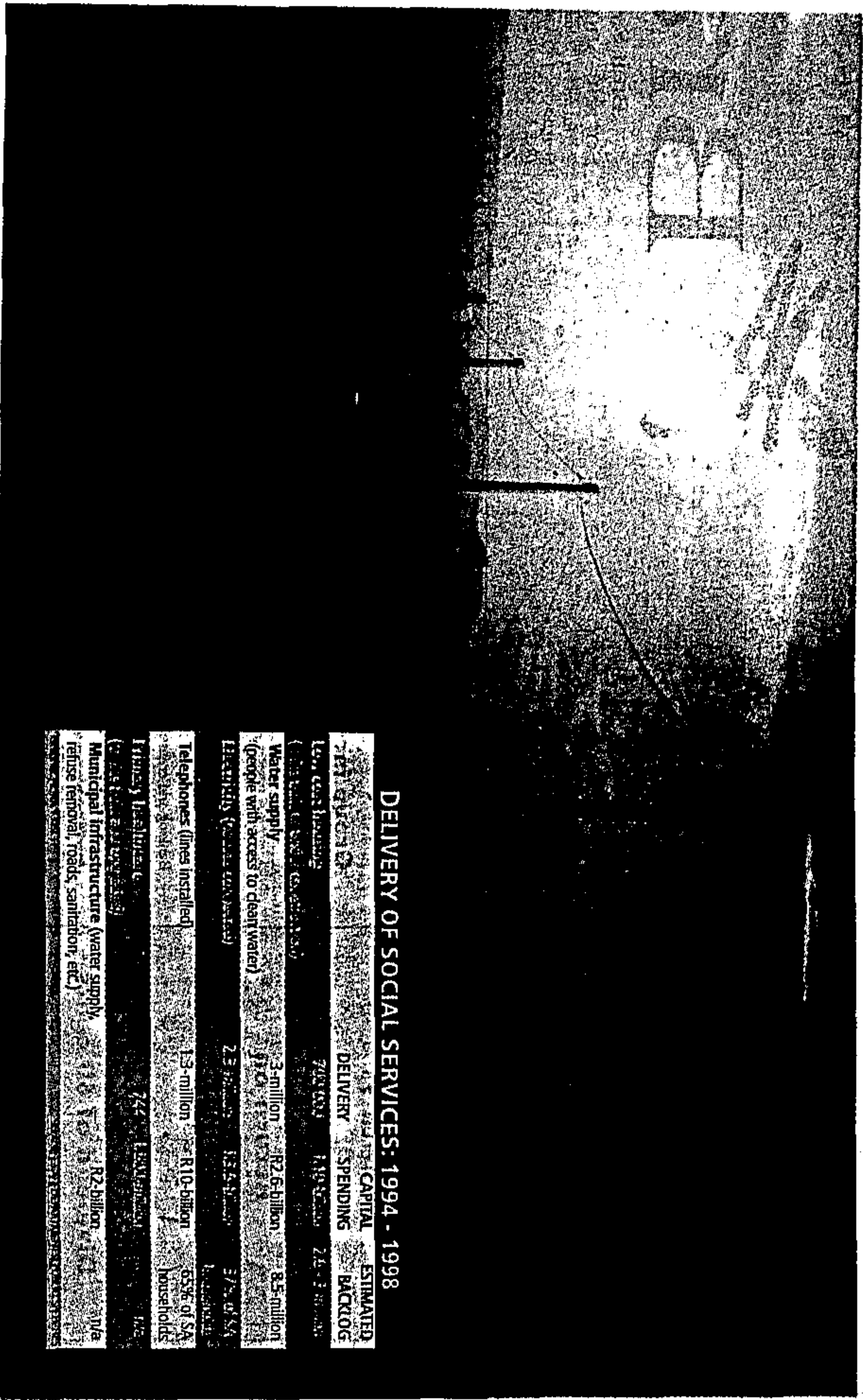
## Provision of services to unviable areas

## will only prolong the displacement of the poor

authorities managed to link an estimated 750 000 homes to the grid over the past four years.

Penneil Maduna, Minister of Mineral and Energy Affairs, last year announced drastic changes to the electrification programme. The project is set to be run by regional electricity authorities funded by a new electrification fund.

Analysis worry that electrifi-



DELIVERY OF SOCIAL SERVICES: 1994 - 1998

	DELIVERY	ESTIMATED CAPITAL SPENDING	BACKLOG
Low cost housing	700 000	R19-billion	2.2-million
Water supply (people with access to clean water)	3-million	R2.6-billion	8.5-million
Health (people with access to health services)	2.3-million	R1.1-billion	5.7-million
Telephones (lines installed)	1.3-million	R10-billion	65% of SA households
Municipal infrastructure (water supply, refuse removal, roads, sanitation, etc.)	1.3-million	R2-billion	1.3-million

cation could slow down considerably in future.

The provision of telephony also picked up after the partial privatisation of Telkom in 1996. Since 1994 a total of 1.3-million new telephone connections have been made, bringing the number of households linked to the telephone system to 35%.

In terms of Telkom's licence agreement, this figure has to rise to 75% by 2002, with particular emphasis on rural villages and schools. Despite Jay Naidoo, Minister of Communications, being criticised for maintaining Telkom's monopoly, the speed of delivery has picked up to almost 400 000 new lines a year from 150 000 a year before 1994.

Naidoo's department has also commissioned 1.4-million new postal addresses since 1994.

95% of these in disadvantaged areas.

One of the surprising success stories has been the provision of primary health care. Nico den Ouden, director for health facilities planning, says 5-million additional people now have access to health care.

According to Den Ouden, 495 new clinics have been built, 250 upgraded and 2 300 clinics had minor upgrading since 1994. These figures exclude clinics run by local authorities or private organisations.

The dismal failure of provincial health departments charged with running large urban hospitals stands in contrast to the success of primary healthcare delivery. Anecdotes about hellish conditions at hospitals like Baragwanath abound. Den

Ouden says the department is already receiving the attention of national government under the recently started Hospital Reconstruction and Rehabilitation Programme.

The provision of water to rural communities has received widespread attention. The number of South Africans lacking access to clean water has been reduced from 12-million in 1994 to about 9-million at present, but the sustainability of the programme has depended largely on local government.

According to claims, a significant number of the 3-million taps provided countrywide could run dry in the next few years because communities and municipalities cannot afford the operating and maintenance costs associated with keeping

the water running. This problem is mirrored in the provision of other basic services by local authorities around the country.

The Development Bank of Southern Africa, a major financier of municipal infrastructure projects, recently reported that municipalities were refusing to take over responsibility for running the schemes, claiming that they were not consulted and informed of the operating costs before the schemes were implemented.

In terms of the breakdown of expenditure responsibilities, central government is responsible for the provision of basic service levels, while local government should cover the costs of maintaining these services.

To date, according to Richard Kruger, municipal infrastruc-

ture director at the Department of Constitutional Development, the Government has spent almost R2-billion in supporting municipalities in terms of the consolidated municipal infrastructure programme.

However, Kruger admits that nationally only 70% of those receiving accounts for services are regular payers. The non-payment of charges affects municipal revenues and cripples local authorities' ability to run and maintain the new services on a long-term basis.

Development specialists argue that future projects should be demanded rather than supplied, with initial spending focused on basic services levels, followed by upgrades once affordability has been firmly established. — *After Bridge*



# Airports Company R1,5m keeps charities in the air

(297)

COEN VAN KRANENBERG  
SPECIAL CORRESPONDENT

The Airports Company of SA has donated R1,5-million to 16 projects in the Western Cape – among them one in deep trouble due to Government budget cuts.

Its R50 000 grant is a lifeline for Help Your Neighbours, a welfare organisation for the mentally disabled that was left in despair by the Department of Health's cuts.

Other organisations or schemes given grants ranging from R10 000 to R300 000 were the SA Red Cross, Flying Ambulance, Business Against Crime, Grassroots Educare Trust, Highway cleaning by informal settlements and Tourism development programmes.

All the projects rely heavily on business sponsorships.

Pastor Roy Harris, chairman and founder of Help Your Neighbours/Help Jou Naaste, said the project had received a grant from the Airports Company for the third year running.

"Most companies merely give money on a one-off basis. That does not guarantee any continuity. We would rather get a little less money on a yearly basis, so we can count on it."

Companies' social responsibility, he said, had risen since the Government's cuts to charities.

Diminishing or disappearing subsidies had left organisations battling to pay staff and to render services for which they were founded.

Help Your Neighbours will spend the R50 000 grant on a new residence for older mentally ill people.

The Miles Bowker Frail Care Centre, to be opened next month, is in the Stikland Hospital grounds. The organisation already has two homes for the mentally disabled at Stikland.

Help Your Neighbour started providing homes when the Department of Health decided to discharge many long-term mental patients.

At present Help Your Neighbours provides accommodation for 120 residents.

16/10/99  
ARC



# Self-help project breaks poverty cycle

By Khathu Mamalla

MAPILA is an, economically depressed village just outside Louis Trichardt. As in any other impoverished village in Northern Province, unemployment is the rule rather than the exception.

And the most vulnerable victims of poverty are women who have to support their children.

However, some residents have defied the odds and started a self-help project to fight poverty. They have turned their village into an oasis of hope for thousands of other rural dwellers who also live in misery.

The man behind the project is local councillor Mavhungu Mukwevho.

"As local politicians we promised our people a better life," he says. "It became clear that we needed to do something about our own plight if we are to change our circumstances."

"We did not want to impose solutions on our people, but involved them from stage one. We convened a meeting of residents, mainly women, to discuss our plans to eradicate poverty."

The group then started a community project to produce vegetables such as tomatoes, butternuts and green peppers. They also approached the Government for funding and accessed funds allocated for the alleviation of poverty in rural areas.



Emily Mudzulafhezi works as a builder at a self-help project at Mapila, a village outside Louis Trichardt. PIC: KHATHU MAMALLA

The Public Works Department then pumped millions of rands into the production of strawberries.

So far the project has created permanent jobs for 36 people, 24 of them women. More than 180 casual workers have also benefited from the project. It won a Presidential Award on May 28 and also received R30 000.

There is little doubt that the project – which also offers rural women training in various fields such as farming and construction – has revo-

lutionised the lives of the villagers.

"I do not know where I would be if it were not for this project," says Catherine Takalani Kwinda. "It has given me the hope and courage to wake up and thank God for the next day."

Kwinda, a widow with six children, was unemployed before the project was established.

Without the training she received from the project, she believes she would still be trapped in poverty.

"I dropped out of school while I

was doing std 5. Today there are many university graduates who cannot find jobs," says Kwinda.

"I would be in a worse situation had it not been for this project."

"I was unemployed. I did not have any skills and that meant that I could not find any job."

She works from 7am to 5pm during the week and earns about R300 a month.

But she does not complain about the low wages – unlike working for an employer who pockets all the profits, this project is owned by all the workers.

"This is our project and we know that some day in the future it will generate a lot of money and we will be able to get better salaries," says Kwinda.

"My message to other people in rural areas is that they should get up and help themselves."

"Life changes for the better for those who try to improve their situation. "It does not pay to fold one's

arms and wallow in self-pity without doing anything."

She is confident that the project will grow and create much-needed jobs in the area.

Another woman whose life has changed for the better is Emily Musundwa Mudzulafhezi (41), a single mother of three.

She has been trained as a builder and currently works as a builder at the project. She is proud to be a bricklayer, a job traditionally reserved for men.

"These days there are no jobs for men only. We can do everything that men can and I think we can even do better than most of them," says Mudzulafhezi.

"My ambition is to be a professional builder with my own construction company. I am getting valuable experience here and I am grateful to those who initiated this project."

Mapila, which a few years ago was a barren piece of land where local residents struggled to survive, has now been developed into the economic engine of the Ntsholele area.

Already the strawberries produced at Mapila are being sold to a chain supermarket in Louis Trichardt. The tomatoes are sold to local people and traders in the area, while some are used to make jam.

Mukwevho says plans are also at an advanced stage to export strawberries to Japan and Britain.

Sowetan 8/6/99



# Disabled face prison obstacles

By Russel Molefe

PARAPLEGICS and other disabled people in prisons across the country face tough conditions because of lack of facilities, *Sowetan* has learnt.

The Correctional Services Department has confirmed that the more than 200 prisons in the country do not specifically cater for disabled people.

They are expected to use facilities such as toilets, showers and stairs like any other prisoner.

The department spokesman Mr Vusi Shabalala said economic realities demanded that usual facilities be provided in prisons currently under construction because of the limited number of physically handicapped prisoners.

"All disabled prisoners are provided with wheelchairs, hearing aids, spectacles, artificial limbs.

"These prisoners are also usually transferred to larger prisons providing a 24-hour nursing service and where the prison is built on one level. The ramps improve access to different parts of the prison," Shabalala said.

Although he was unable to provide the number of disabled prisoners, SA Prisoners' Organisation for Human Rights (SAPCHR) put the figure at about three percent of the estimated 120 000 prison population.

SAPCHR spokesman Mr Phineas Nnambathi said: "The conditions of the disabled people have to be improved."

Self-Help Association for the Paraplegics' Ms Phumzile Gumede also called for the improvement of conditions of disabled prisoners of all categories.

Sowetan 10/6/99



# Corruption spectre stalks Abe Williams

New probe gets under way

AKL 10/6/99

(297)

MICHAEL MORRIS  
SPECIAL WRITER

Further investigations have been launched by the Office for Serious Economic Offences (Oseo) into the finances of the West Coast Development Fund, once controlled by New National Party politician Abe Williams.

Mr Williams, who was health and welfare minister during the NP's participation in the government of national unity, returns to the next parliament for the New NP.

The new investigations follow a meeting with Mr Williams more than a month ago at which he was given an opportunity to "put his side of the story".

Tommy Prins, of Oseo's Cape Town office, said: "There are a couple of outstanding things to follow up, which emerged from our discussion with Mr Williams and others."

A report would be prepared once these secondary inquiries had been dealt with.

The protracted and complex probe, involving masses of bank documents, was launched in 1996 and focused on the "flow of funds" in the West Coast Development Fund controlled by Mr Williams.

Mr Williams, who has always insisted he is innocent, resigned as a minister in the Government of National Unity after Oseo raided his Pretoria and Cape Town homes.

The probe stemmed from - though is not linked to - another Oseo investigation into the controversial multi-million rand pension payout contract awarded to a company, Nisec, which was later found to be incapable of matching the tender conditions.

This investigation is also virtually complete - the only outstanding element is an auditor's report - and could lead to corruption charges against officials in the Western Cape provincial administration.

The Nisec probe unearthed docu-

mentation which prompted the investigation into Mr Williams.

Among the ramifications of the Oseo investigation is Mr Williams's decision to sue African National Congress Western Cape leader Ebrahim Rasool, who claimed that Mr Williams had been "declared a serious economic offender".

Mr Rasool was the provincial health and welfare MEC who signed the R250-million five-year Nisec tender in 1994 - on the advice of senior officials - but then led the charge to have it investigated and annulled when the company's inability to meet its obligations became apparent.

Nisec, which employed various former Cape Provincial Administration officials, was found in the Cape High Court to have willfully misled the province by not disclosing that its computer software and other technology could not do the job it had been paid for. The company's application to annul the cancellation of the contract was dismissed in 1997.

Problems with the pension payout system were initially highlighted in 1995 by Democratic Party provincial leader Hennie Bester.

ANC MP Noel Williams said yesterday: "The Atlantis community wrote to the National Director of Public Prosecutions, Bulelani Ngcuka, before the election, requesting clarity on whether Abe Williams was going to be charged or not. Mr Williams is number 10 on the New NP list and now stands to take up a seat in the National Assembly."

"In the interest of transparency and good governance, we believe that clarity should be provided before the inauguration of new members of parliament."

"The people of the Western Cape, and in particular the people of Atlantis, have a right to know whether Mr Williams is going to be criminally charged for corruption."



Comeback? Abe Williams



# Shawco closure angers Manenberg residents

SIPHOKAZI MGUDLWA  
STAFF REPORTER

(297)

Manenberg residents are distressed about the closure of an Shawco office in the area.

Social workers and other people still working at the health and welfare organisation in Manenberg are expected to finish working this week.

On Tuesday, protesters lined the road shouting "We need help; we need Shawco."

Shawco, which is supported by the University of Cape Town's student body and gets government aid, has been under pressure due to subsidy cutbacks.

The organisation runs mobile clinics, nutrition projects, adult literacy programmes, small business development, HIV and AIDS awareness programmes and a seniors centre in the disadvantaged areas.

The protest was joined by children from Manenberg Primary, Edendale Primary, elderly people who used the centre for meetings and activities, and concerned community members.

On March 29, Shawco director Glen Truran announced the discontinuation of Shawco's child and family services in these areas and invited the Department of Welfare and non-governmental organisations to rent space at existing Shawco offices.

"I understand how the community feels but with the 45% subsidy that we were getting from the Government, we were forced to cut down on some services. Shawco is looking at starting a youth community development centre in Manenberg," Mr Truran said.

The Rev Ursula Higgins of the AME Church in Manenberg said: "This building was built by the community.

"It sweated with no salary to make a facility available as a place of refuge for those in need.

"If this building is not utilised it will be vandalised and eventually there will not even be walls left," Ms Higgins said.

Residents demanded that the Shawco board consult with the community on the future of the building, or any other future developments in the community.



# Midlife crisis and the way out <sup>(297)</sup> <sup>(15699)</sup> <sup>(49)</sup> B/D

The IDC is striving to make itself meaningful in the fast-changing economy, writes John Dlodlu

KHAYA Ngqula, MD of the Industrial Development Corporation (IDC), says the parastatal is in a midlife crisis.

The corporation has been trying to continue working in the way it has done for decades while SA's economic landscape has changed significantly.

The IDC has operated almost as a lender of last resort, but since SA's all-race election in 1994, its monopoly has been challenged by the entry of mostly foreign competition to the market.

"We realised that we were inefficient and ineffective," Ngqula said.

Compared with the competition, its volume of business had been falling and a large bureaucracy had been used to process loan applications, he said.

It took an average of 38 working days to approve a loan, regardless of size.

Part of addressing the problem, which risked rendering the IDC irrelevant, was to seek help. Consultants had suggested the organisation reduce the number of its executives and give them new roles as "strategic business unit" leaders. The corporation had also decided to move out of the low end of the market by setting R1m as the minimum size of its loans.

Divisional leaders, heading clearly delineated sectors, would be given more powers than general managers; they may approve loans up to R10m. Their responsibilities would include

meeting targets, managing costs and profitability as well as managing bad debts. This move, IDC executives said, would make it easier to reward high achievers.

Ngqula expects these changes to improve efficiency and business volume. The target is to cut loan approval time to 10 working days.

"I'll be happy with at least 400 approvals (each year)," he says.

The new approach, with a strong focus on sectors, is also designed to encourage client care.

Ngqula says that about 25% of the IDC's staff of almost 500 would be laid off "unless we double productivity". He has been brave in accepting, after internal consultations, the consultants' report. Some, including a long-standing acquaintance of his, became casualties of restructuring after he joined the corporation. Previous IDC executives ignored the calls for change. It is understood that the "strategic business unit" route, now being adopted, was first suggested in 1995 by the Monitor Company.

However, thanks to difficult personalities and the lack of will to change, the changes were never implemented.

The IDC is not the only public policy institution to have transformed its operations: the Development Bank of Southern Africa did it a few years back. That the IDC is still profitable may

have strengthened the board's resolve to accept the changes.

Executives say staff were consulted throughout the process.

Gert Gouws, the corporation's chief financial officer, said the organisation would increase its profits again this year. Last year, it posted a 50% improvement in taxed income to R525m.

Gouws is one of five GMs to have survived the reshaping plan, and he will head the financial division in the new management structure.

The corporation hopes the restructuring, which will be accompanied by outsourcing of noncore services such as cleaning and security, will bring more focus to the organisation.

Analysts say the IDC has strayed from its mandate of industrial development over the struggling SA Foreign Trade Organisation. After adopting a new mandate the corporation stopped its funding of the organisation, arguing that it did not form part of its core activities.

The present changes relate mainly to operations and not the philosophy of the corporation. Hence all the projects in its stable will be maintained.

The projects are being funded within the organisation's mandate, which was reshaped two years ago to enable the IDC to operate outside SA's borders. However, the question of whether

the IDC's has a role to play in the new SA is persistent. The answer, yes.

It remains key to government's goals of industrialisation and job creation. Besides, it is not unique to SA.

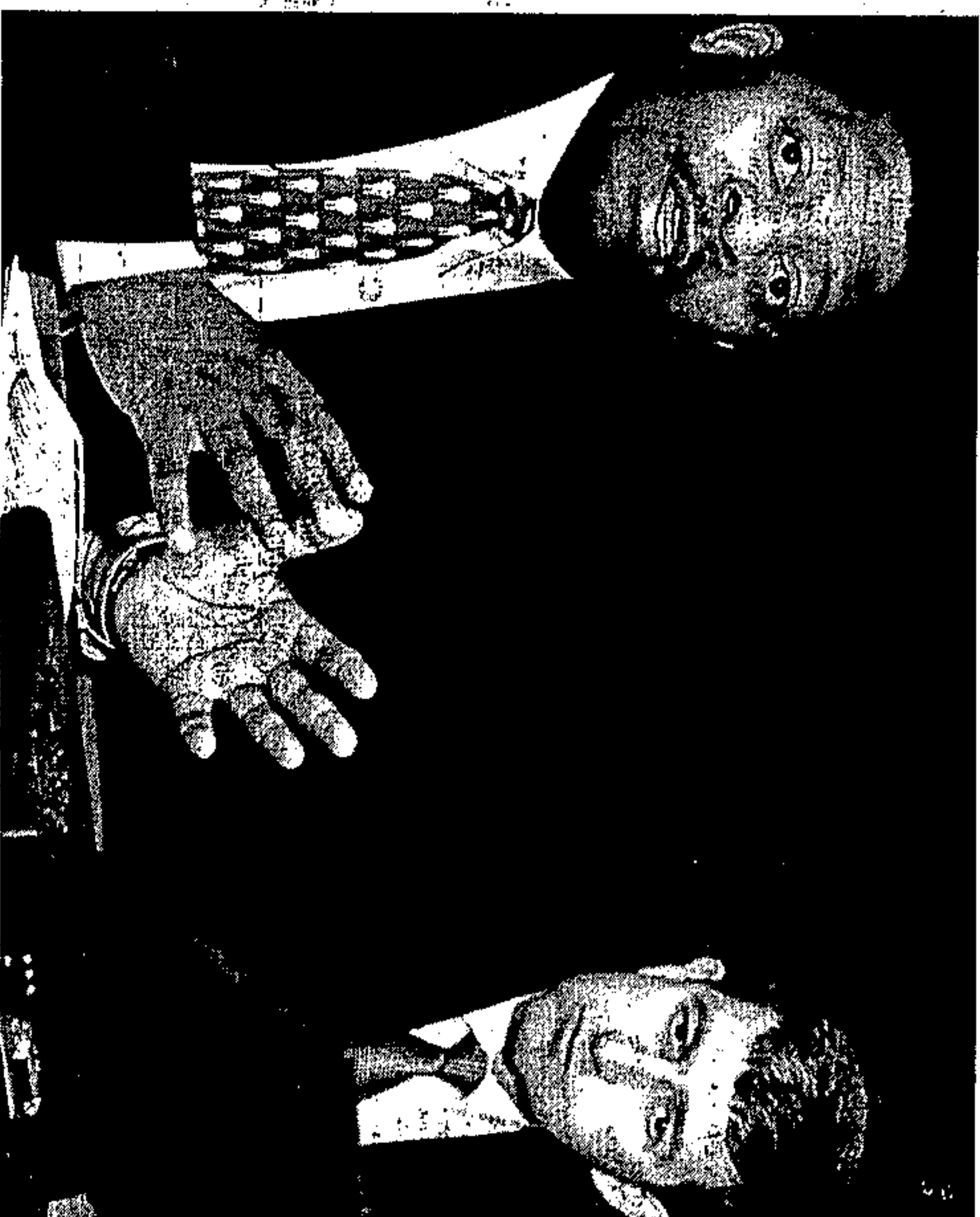
Crucially, it is one of government's tools of leveraging private-sector investment in large, beneficent projects that are not immediately attractive to the investors.

Like other parastatals in SA, it was one of the key pillars of the apartheid regime's siege economy. However, in recent times — especially after the reworking of its mandate — the corporation has served the country's new needs. They include funding black economic empowerment and participating in economic development projects in southern Africa.

The case for abolishing the IDC is weakened by the fact that it has not been a huge cost to SA society. Not only does it pay its shareholders dividends, it also has to pay tax.

Gouws said the corporation has only had one general capital injection, in 1954, and project-specific support.

Perhaps the next stage of restructuring should include the IDC shaking out projects that do not comply strictly with its industrialisation focus. For instance, wholesaling finance to support fast-food outlets diverges from its core activities despite the jobs it creates.



Khaya Ngqula, MD of the Industrial Development Corporation, left, and the corporation's chief financial officer, Gert Gouws.



# Safety net policy aims to filter effects of crisis away from the poor

CT (P&R) 15/6/99 (297)

On June 2, the day of South Africa's second democratic elections, the World Bank released its new working paper, *Macroeconomic Crises and Poverty: Transmission Mechanisms and Policy Responses*.

The bank had prepared the paper for tomorrow's annual summit of the leaders of the Group of Seven leading industrialised nations and Russia.

In this paper the bank assesses the effect of economic crises on the lives of the poor. It looks at how governments respond, drawing on recent experience in east Asia, Latin America and Africa.

It sets out an agenda for safeguarding the needy during times of crisis, examining how "social safety net" measures such as subsidised school fees, job creation programmes, food subsidies and unemployment insurance should be set up before economic crisis strikes, to reduce its potential for human suffering. It points out how essential

such safety nets are for economic recovery, and recommends that international financial packages aimed at helping economies recover—such as those organised by the International Monetary Fund, with its stringent loan conditions—should be better balanced to cushion the poor from the worst effects of crises.

James Wolfensohn, the World Bank's president, says: "The financial turmoil of the last two years has dealt a blow to the expectations we had for reducing poverty."

"Just a short time ago, we had confidence that the international development goal of halving poverty would be met in the next 20 years in most areas of the world."

"Today, countries that until recently believed they were turning the tide in the fight against poverty are witnessing its re-emergence, along with the hunger and human suffering it brings."

"We must now draw on the lessons of recent experience to help us reshape our strategies for the future."

Wolfensohn says the overriding lesson for policymakers arising from the east Asian crisis is the need to avoid irreversible welfare losses for the poor.

Irreversible losses occur, for example, when children are taken out of school to help their families and never resume their education; when infant malnutrition slows the mental development of young children; or when crisis-related unrest becomes a permanent fixture.

Such welfare losses are associated with lower per capita income, lower economic growth and widening inequalities between rich and poor.

Social safety nets should be set up or reinforced to provide both effective insurance before a



ZARINA MAHARAJ

crisis and assistance once a crisis hits. The most important element is to be prepared before an emergency strikes.

The recent financial crisis in emerging markets as well as crises brought about by natural disasters have yielded two strong lessons.

First, existing safety net mechanisms are often inadequate. They may not be able to help everyone who needs assistance during a crisis.

In addition, the poor are often either unaware of the available programmes or they lack the ability to access such programmes to get the help they need.

Second, it is very difficult to set up effective safety nets during a crisis. Governments are often unprepared, ill-informed and slow to take action.

Financial resources are scarce, human resources stretched. Building up the infrastructure and capacity to manage a safety net programme takes a long time.

Setting up safety nets in good times may be the only effective way to protect the poor during crises. Recent experience suggests that the distinction between "relief" programmes and regular "development" programmes should be re-examined.

An effective safety net for the poor should now be seen as a long-term investment in development.

While other elements of a country's strategy to alleviate poverty are aimed at achieving economic growth and investing in human capital, safety nets are meant to insure against any risks of increased poverty.

Publicly provided safety nets should provide such insurance efficiently and at a reasonable cost. They should also protect the poor from the high costs of private safety nets, such as very expensive loans.

"The east Asia crisis, and its spillover into other emerging markets, offers the world an opportunity to devise a new approach to crisis, one that rightly puts concern for the poor and the vulnerable right at the centre of its response," says Giovanna Prennushi, the World Bank economist who co-authored the new working paper.

"By helping countries establish stronger social protections, the international community may be able to prevent the sudden impoverishment of millions of people when crisis strikes."

Similar thinking resonates through South Africa after five years of considering welfare as a development issue.

President-elect Thabo Mbeki committed his government to the eradication of poverty in the first sentences of his election victory speech.

This new focus on safety nets, made public just before Mbeki's inauguration into office tomorrow, must be music to his ears.



## INTERNATIONAL

# Debt relief may be a waste

(297)

Initiative must be part of wider strategy, writes Martin Wolf of the Financial Times

BD 24/6/99

GENEROUS debt relief for the world's poorest countries is an idea whose time has come. The Jubilee<sup>2000</sup> campaign, which calls for the cancellation of the unpayable debts of heavily indebted poor countries, has become the world's most effective single-issue initiative. In response, the leaders of the world's richest countries have been competing with one another in their desire to relieve poor country debt.

The formidable political pressures exerted by the debt campaign have helped spur a further softening of the terms of debt relief. The result is the new Cologne debt initiative.

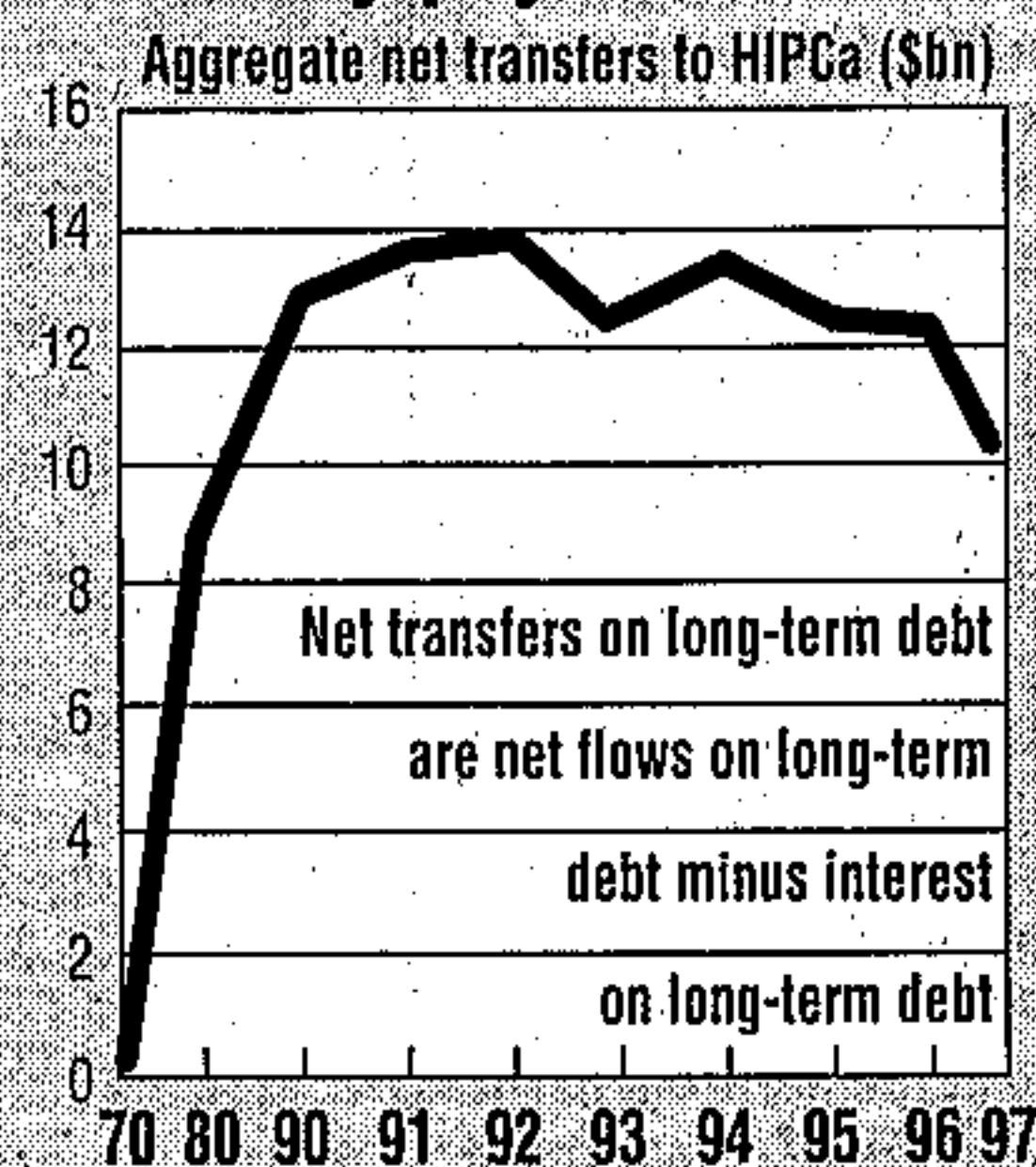
In this the leaders of the Group of Seven leading industrial countries have agreed to implement debt relief more swiftly than under the current initiative; pay greater attention to debt service, not just to the stock of debt; lower the target ratios of debt to exports and to fiscal revenue; and forgive bilateral development assistance. They have also agreed to the sale of up to 10-million ounces of gold by the International Monetary Fund and to increased contributions to a trust fund by the rich countries.

Inevitably, campaigners criticise the package as too little, too late. However, while debt relief for countries with good performance should be generous, cancelling all the debt at once must be resisted. To see why, it is necessary to understand seven myths about debt and debt relief.

The first myth is that debt is intrinsically wicked. If poor people and poor countries are to progress, they will have to borrow. What matters is for funds to be invested in activities that yield an adequate return. Moreover, these highly indebted countries are not victims of private-sector exploitation. Indeed their handicap is that private enterprises have no interest in them. Last year 87% of the outstanding long-term debt of the 41 poorest countries came from official sources.

The second myth is that debt has made the heavily indebted countries poor. UK Chancellor Gordon Brown has declared that debt is "the greatest single cause of poverty and injustice". This is nonsense. Much of this debt was supplied on highly concessional terms. Credits from the World Bank Group's International Development Association are for 35 to 40 years, with 10 years' grace and a rate of interest of 0.75%. If countries are unable to service such debt, it is because the money was wasted. Excessive debt is a symptom of waste, not the cause of poverty. The question to be answered is why debt forgiveness would improve government.

### Highly indebted countries receive more money than they pay



KUBEN DAVID Source: WORLD BANK

The third myth is that debt relief will make recipients better off. Many of those who support the debt relief campaign think of afflicted countries as being bankrupt in the same way as a private entity. In fact, heavily indebted countries continue to receive more in loans and grants from official sources than they pay out on debt service. In 1997 they received \$8bn in disbursements on new debt and \$7.8bn in grants, but paid out \$5.4bn in principal repayments and \$2.8bn in interest payments. This gave them a net inflow of \$7.6bn. Suppose the debt was forgiven, but debt relief stopped, these countries would have saved \$8.2bn, but lost \$5.9bn — the amount of debt rescheduling — making them only \$2.3bn better off.

The fourth myth is that debt relief is just. Of the 1.4-billion poorest people in the world about 30% live in India, which is ineligible for debt relief because it has managed its affairs wisely. Countries with unpayable debt are, on the whole, the worst managed. Writing off all debt, regardless of performance, is unjust. If debt relief were a one-off addition to other aid, the injustice would not matter. But in practice some of the relief will be set against aid budgets. The more indiscriminate the debt relief, the more unfair the distribution of aid is likely to become.

The fifth myth is that costs of continued debt service should be viewed as bearing directly on social spending. This is a favourite

rhetorical device, but highly misleading. It focuses only on the liability side of the flows, rather than the net resource inflow, and it ignores the fact that funds are fungible.

If donors insist on spending their funds on schools and hospitals, the government can spend its money on arms instead. Such "fungibility" of funds was one of the principal conclusions of the analysis of aid effectiveness produced by Paul Collier and David Dollar of the World Bank last year. Debt relief would raise spending on health and education only if it increased the net flow of resources to government and those in power wished to spend the money in these areas.

The sixth myth is that generous debt relief can be readily combined with tough conditionality. The chief argument for debt relief, compared with the rescheduling of outflows, is the freedom it gives governments. If an obligation to pay interest on debt of, say, \$50m a year were forgiven outright, a government would have this money unconditionally and forever. If instead the \$50m was refinanced every year, donors would keep the country on a tight leash. Once debt has been relieved, governments can do what they want with the money that is saved.

This is the point of debt relief. To want to give debt relief and impose conditionality is to try to have one's cake and eat it too. This is why the argument for a demonstrable record of performance is even stronger for debt relief than for aid in general.

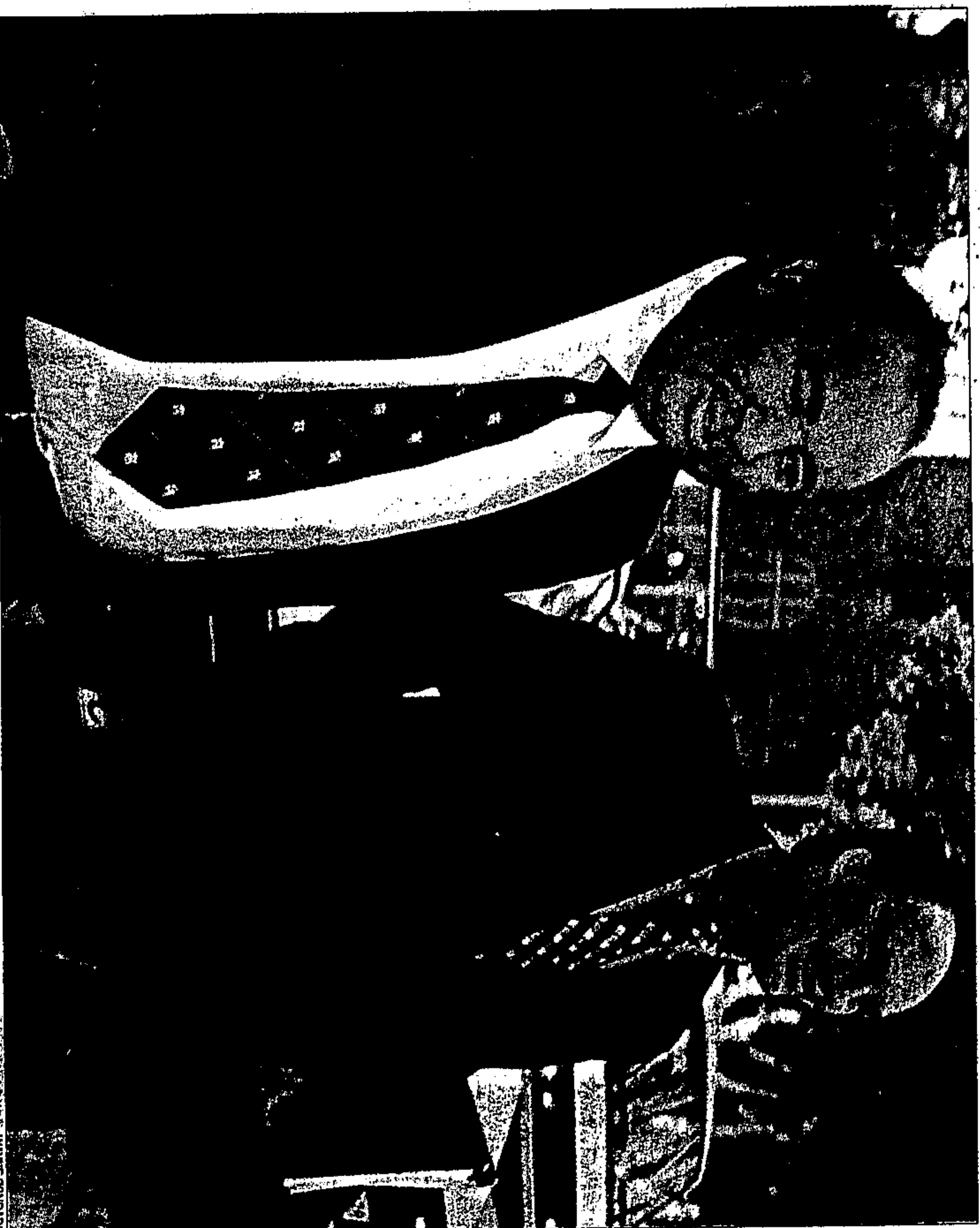
The seventh myth is that debt relief has to be good for poverty alleviation. Nobody disagrees that the goal of aid is to eliminate poverty. But this cannot be ensured by social spending alone. Only sustained, rapid growth will eliminate mass poverty. This depends on a range of policies, including fiscal and monetary stability and liberal trade. Performance conditions for the provision of debt relief must not be restricted to narrowly defined programmes against poverty.

The growing support for debt relief provides heartening testimony to a generous concern for the world's poorest. Governments have been right to respond to this pressure. But they must do so intelligently. Still more generous relief than now planned should be granted only to governments with a proven record of good policies and honest administration. The clamour for eliminating the debt of the most heavily indebted poor countries by 2000 would be an inefficient, unjust and unwise use of scarce aid resources. Debt relief must only be an element in an overall strategy for aiding development, not the tail that wags the dog.



# ABE WILLIAMS IN DOCK

## Ex-minister accused of corruption and theft totalling R640 000



MICHAEL MORRIS AND JOSEPH AARNS

STAFF REPORTERS

APRIL 27/16/99

New National Party MP and former cabinet minister Abe Williams was today charged with 40 counts of corruption, fraud and theft relating to alleged kickbacks and theft involving more than R640 000.

He appeared briefly in the Cape Town Regional Court today and the case was postponed to August 30.

The levelling of charges brings to a close a lengthy and complex investigation that has been the talk of political circles in the province for years.

The New NP said Mr Williams would remain as an MP until the case had run its course, but he had resigned all positions, including deputy chairmanship of the caucus, with immediate effect.

Mr Williams did not appear to take his seat at the opening of Parliament today.

A total of 35 counts of fraud and one of theft relate to sums amounting to more than R400 000 Mr Williams allegedly received from "various persons and entities" between June 1990 and February 1996, when he resigned from public office.

The Office for Serious Economic Offences (Oseo) said in a statement today: "Mr Williams was supposed to use this money for purposes such as the upliftment of the West Coast community and the political activities of the National Party."

The allegations were that Mr Williams did not do so.

Four counts of corruption, with fraud as an alternative to two of them, relate to kick-back payments.

Two payments, of R40 000 and R100 000, were allegedly received during August 1998 from Mercedes Information Technologies.

Oseo said: "At the time of the payments, Mr Williams held the portfolios of minister of welfare in the minister's council of the former House of Representatives, and minister of sport in (F W de Klerk's) Cabinet.

"The allegation is that, in return for the

payments, Mr Williams would exercise his influence and powers to ensure that computer software and hardware would be purchased from Unidata (part of the Mercedes Information Technologies group) for the extension of a so-called literacy project launched by the House of Representatives, to quash inquiries into the circumstances surrounding the purchase of computer software and hardware from Unidata by the House of Representatives, and generally to further Mercedes Information Technologies' interests."

Charges also relate to payments of R50 112 and R50 000 he allegedly received during April and September 1995 from Michau Huismen and his company, Artnsec Professional Services.

At the time, Mr Williams was minister of welfare and population development in President Mandela's Cabinet.

"The allegation is that, in return for the payments, Mr Williams was to exercise his influence and powers to secure the extension to the Eastern Cape of the Western Cape pension payment contract awarded to Nisec, part of Artnsec."

Mr Huismen stood to gain a "substantial sum of money" if the contract were extended to the Eastern Cape.

All the charges will be brought against Mr Williams in one trial, but Oseo said the MP was "not the only person implicated".

"A decision regarding the prosecution of the other perpetrators will be taken once the matter against Mr Williams has been finalised," said Oseo.

A visibly weary Mr Williams said today: "I hope this matter can be settled soon.

"I expected some of the charges, but I will make use of this opportunity to clear my name."

Oseo investigator Tommy Prins said more than 270 witnesses would be called.

New NP media director François Beukman said: "Mr Williams has resigned (from) all positions in the parliamentary structures ... with immediate effect." He said Mr Williams would stay on as an MP.



# 'Abe Williams to be charged with fraud'

(297)

CT 25/6/99

NEW National Party MP and former cabinet minister Abe Williams is to be formally charged with fraud today, SABC news reported last night.

Head of the Office for Serious Economic Offences (Oseo) in the Western Cape Tommy Prins, whose investigators have been conducting a three-year probe into Williams, said he was not prepared

to comment on the report "at this stage".

Concerned NNP leaders were locked in discussions on the issue last night. Williams could not be reached for comment.

Oseo decided in September 1995 to look into possible irregularities in the award to Nisec cc of a tender to handle pension payouts on behalf of the then-Cape Provin-

cial Administration.

In February 1996 the inquiry was extended to possible fraud and corruption in connection with a literacy programme begun by the former House of Representatives, on whose executive Williams served, and in payments made to Williams during his tenure in public office.

The inquiry into the pension issue was finished in July last year

and the probe into the literacy programme and Williams was said earlier this year to be nearing completion.

Williams was minister of education and welfare in the House of Representatives and later minister of sport in the F W de Klerk government. He also served as welfare minister in the post-1994 government of national unity. — Sapa



# Williams to be charged, reports SABC

NEW National Party MP and former cabinet minister Abe Williams is to be formally charged with fraud today, SABC news reported last night.

Tommy Prins, head of the Office for Serious Economic Offences in the Western Cape, whose investigators have been conducting a three-year probe on Williams, said he was not prepared to comment on the report "at this stage".

Concerned NNP leaders were locked in discussions on the issue last night, and the party is expected to issue

a statement later.

Williams himself could not be reached for comment.

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He also served as welfare minister in the post-1994 government of national unity. — Sapa

(297)

Sowetan 25/6/99



## Abe Williams resigns over court charges

(297)  
**ADRIAN HADLAND**

PARLIAMENTARY CORRESPONDENT

ARG 26/6/99  
New National Party MP and former cabinet minister Abe Williams has resigned as deputy chairman of the party caucus and other parliamentary positions in the light of his court appearance on charges of fraud, corruption and theft.

Mr Williams appeared briefly in the Cape Town Regional Court yesterday facing 40 counts of corruption, fraud and theft involving more than R640 000.

NNP leader Marthinus van Schalkwyk confirmed yesterday that he had been informed by Mr Williams this week that the Investigative Directorate for Serious Economic Offences had decided to proceed with legal action against him and that he would miss President Thabo Mbeki's state-of-the-nation address because he had to appear in court.

"Mr Williams has resigned all positions in the parliamentary structures, such as deputy chairman of caucus, with immediate effect," federal NNP media director Francois Beukman said yesterday.

"Mr Williams will stay on as a member of parliament. A final decision in this regard will be made after the judicial process has taken its course."

Mr Beukman added that the Constitution guaranteed the right of every citizen to a free and fair trial by an independent judiciary and the right to prove his innocence.

"Mr Williams will now be afforded this opportunity."



## SOUTH AFRICA

(297) ET 28/6/99  
**Mbeki's pledge to disabled welcomed**

THE Democratic Party (DP) has welcomed President Thabo Mbeki's pledge that public buildings will be improved to allow access by disabled people.

Mbeki made the promise in his speech in Parliament on Friday. DP spokesperson Vincent Gore said Parliament's awareness of the disabled needed to filter down to provincial and local government levels.

"Local authorities must also

be provided with the money and human resources needed to implement real programmes for the disabled person," Gore said.



APR 29/6/99

## Public may pay for Abe Williams' fight against fraud, theft, corruption charges (297)

AFTER a three-year probe, New National Party MP and former cabinet minister Abe Williams has been charged with more than 40 counts of corruption, fraud and theft involving R640 000 — and now taxpayers may have to fork out thousands of rands to pay for his defence in court.

According to the head of the NNP legal team, André Gaum, if the charges against Williams were related to his official duties, the state may have to pay his legal costs.

Thirty-five counts of fraud and one of theft relate to sums totalling more than R400 000 which Williams allegedly received between 1990 and 1996. The Office for Serious Economic Offences (Oseo) alleges he did not use the money as intended — for the upliftment of the West Coast community and the activities of what was then the National Party.

Four counts of corruption relate to kickback payments. Williams allegedly received two payments — R40 000 and

R100 000 — in 1993 from Mercedes Information Technologies when he was welfare minister. It is alleged that in return, Williams was expected to ensure that computer goods be bought from Unidata — part of the Mercedes group — for the extension of a literacy project.

The corruption charges relate to two payments — R50 112 and R50 000 — he allegedly received from Michau Huisamen and his firm, Armsec Professional Services, in 1995. Oseo alleges that in return, Williams was to have secured the extension to the Eastern Cape of a pension contract awarded to Nisec in the Western Cape.

Oseo said the fraud and theft charges relate to money received from various people from June 1990 until February 1996.

Williams appeared in the Cape Town Regional Court on Friday and the case was postponed to August 30. Since his appearance he has resigned as deputy chairperson of the NNP caucus. — Staff Writer



## Erwin expects lottery on its feet early next year

Linda Ensor  
and Janet Parker

(297)  
MD 30/6/99

CAPE TOWN — SA's national lottery should be up and running by the end of the year or early next year at the latest, Trade and Industry Minister Alec Erwin said in Parliament yesterday.

However, this would depend on how soon the operator could get the equipment into the country.

Estimates suggest the lottery will be capable of generating R3bn-R6bn a year in revenue, making it one of the world's largest lottery operations, with good causes receiving about half the profit.

The bidders had been assessed, Erwin said, and the successful operator would be named soon — an announcement the industry has awaited since May. President Thabo Mbeki said last week an announcement would be made within two weeks.

Erwin said that a licence agreement would be drawn up during two weeks of hard negotiations with the successful bidder.

All bidders had indicated that it would then take about six months to get the system functioning.

However, industry sources believe this process could take longer, as the losing bidders could contest government's decision.

Ownership of the lottery will be split between the winning bidder, the Post Office and government's National Empowerment Fund on an 80:15:5 basis.

Of the three bidders, the Moraba and LottoYethu consortiums are wholly SA-owned. The Uthingo consortium is 70% SA-owned. Moraba, driven by gaming and leisure group Moribo Leisure, is believed in some camps to be the favourite.

The Moraba consortium includes Moribo Leisure and Real Africa Holdings as leading shareholders, as well as Union Alliance, Makana Trust, Jthuba Trust and the Association of Race Courses SA.



# Business follows Mandela's lead

A Transkei school is the latest product of corporate social investment, writes Caroline Christerson

THE children who live in the areas around the rural Transkei village of Oukolweni have several new reasons to make the journey to school everyday: 10 classrooms, a library, laboratory, computer room, technical drawing room and workshops for clothes design, carpentry and metalwork.

The opening of the Xolilizwe Sangoni Comprehensive High School by Nelson Mandela this week heralded the completion of yet another development project initiated by the former president.

There have been many other projects initiated by Mandela since 1994, with the support of the private sector, nongovernmental organisations and local communities.

They have often resulted in major developments in education and health care facilities, especially in rural areas.

The multimillion-rand construction of the technical school in Oukolweni, near Umtata began in August last year, paid for by Standard Bank. The high school will also serve as a night school for adult literacy classes and a community skills training centre.

Standard Bank group chairman Conrad Strauss says that the project is one of the bank's "social investment programmes ... aimed at equipping com-

munities with skills that will help them improve their lives".

The Warrenton school project in the Northern Cape was sponsored by Shell and completed in August 1996. This R3,5m development scheme was part of the company's emphasis on education and job creation.

According to Shell's general manager (corporate), Koosum Kalyan, the decision to sponsor and organise the project was reached after Mandela identified the need for educational facilities in the area and requested the firm's help. A similar project will be completed in January next year in the Eastern Cape.

In the case of South African Breweries (SAB's) sponsorship of the Embo Community Health Care Centre and Mauele High School, both in KwaZulu-Natal, Mandela requested their help directly from the company's chairman, Meyer Kahn.

The contributions of R2,5m to the building of the school, which has been in use for two years, and more than R3m to the health centre were the result of this request.

Dumi Nzuza, SAB's community affairs officer, said that the company has practised a policy of corporate social investment for many years.

"SAB does not just hand out cheques, but rather gets involved in community projects," Nzuza said.

These have entailed programmes in education, health, welfare, job creation and crime prevention.

Mandela said at the opening of the Embo centre in May last year that the building of the clinic was "part of our national effort to bring health services to the people."

"Five hundred new clinics have been built since 1994 bringing access to health care for five million people. Government could not have achieved this on its own," he said.

At the opening of the Sangoni Clinic, in the Eastern Cape in July last year, the former president emphasised the importance of co-operation between communities, the private sector and the government in developing marginal areas. The Sangoni clinic was sponsored by Siemens.

This co-operation is part of the government's reconstruction and development programme, which seeks to provide schools, clinics, hospitals, houses, roads and water to people throughout SA, with the focus on the development of rural areas.

Other initiatives by members of the

private sector, in partnership with communities, include a secondary school in Dalindyebo in the Eastern Cape, built last year by BP, and schools in Qunu and Nkalanene in 1995, also in the Eastern Cape and sponsored by Altron.

There is also a school in Bracefield in the Northern Cape, built by LTA Construction and which opened this year, and the Jacobsdale and Sepide school projects in the Free State. These were sponsored by Rembrandt and opened in May this year.

Major contributions to development have also been made by Gencor, Gilbey's and Distillers, KVV, Stellenbosch Farmers' Winery, Unifruco, the international marketer of SA deciduous fruit, and the investment holding company Brimstone.

Democratic Party Member of Parliament Ken Andrew says the contribution of the private sector to the development of educational and healthcare facilities is to be encouraged.

Dr Kobus Gous, health spokesperson for the National Party, says that the building of clinics and schools is welcome. However, he also said he had doubts about the ability of middle management at the facilities to guarantee their future.



# 'Growth must be linked with development'

Barry Streek

(297)

**T**he leading role of development in South Africa has to lie with the state, not with the private sector, African National Congress MP Ben Turok has written in a new book.

The ANC had always assumed that a strong state apparatus would be required to establish a democratic system and that "the state will play a major role in the economy."

"In the RDP [Reconstruction and Development Programme], the conception was for a strong developmental state," Turok writes in *Beyond the Miracle, Development and Economy in South Africa*, published by Fair Share, a project of the School of Government at the University of the Western Cape.

Turok, the author of eight other books on development and an outspoken critic of the World Bank and the International Monetary Fund, stops short of directly criticising the government's economic policies, but emphasises that South Africa's transition to such a transformation presents a greater challenge than the miracle of the country's political transition.

Transformation of conditions in South Africa required a strong developmental state that was wholly interactive with civil society and accountable to it with both state and society contributing to the creation of a people-centred and people-driven democracy. The book also includes a chapter, based on

an article published in the *Mail & Guardian* in 1996, in which he argues that people-centred development "is not possible without popular participation and this means the proper recognition of NGOs".

Turok wrote that it was "quite unacceptable that NGOs should be in difficulties at present. The RDP placed enormous store on their participation, and the ANC continues to stress the importance of civil society involvement in development."

"Too often bureaucrats find it easier to work without the NGOs and often complain about the time-consuming effort required for consultation. This is not good enough and we cannot go back to the old system where government institutions laid on projects without gaining the consent of the supposed beneficiaries."

"People-driven development is on everyone's lips these days but it will not happen without the NGOs."

Turok admits that the restructuring of the public service, and harnessing it behind government objectives, is proving to be enormously difficult.

He also says that "the pursuit of economic growth without the simultaneous pursuit of development will lead to a dead end for this government. This issue is now well understood in-

ternationally and the principle of combining growth and development is beyond question."

"Given the kind of private sector we have inherited, few would question that the leading role in development must lie with the state."

"It is clear that private enterprise and the free market will not allocate the resources needed to democratise the economy. Even the most convinced defenders of the market will concede that the drive for private gain may conflict with the public good. Furthermore, the inherited structural problems require strategic planning, led by the state."

While the increase of exports was vital to economic growth, especially as a foreign revenue earner, the prioritisation of exports over concerns about the domestic economy "arouses some concern."

Turok adds: "Our economy is still weak and vulnerable. A great deal of attention still has to be paid to ensuring that jobs are created, and the economy

is protected from external shocks brought on by exchange rate swings, the loss of export markets, and rapid shifts in capital movements.

"Overcoming the large disparities in skills, the inefficient utilisation of resources, and the classical conditions of underdevelopment under which large numbers of people live, can only be achieved by a highly target-

ed development programme as was envisaged in the RDP base document."

Political appointments at the highest levels in the public service and in a range of non-state bodies and commissions accompanied the historic changes in the political system, but "it soon became apparent that the replacement of white by black faces was only the start of the process of removing the system of white privilege and democratising the country."

The pressure from the masses in the townships, urban and rural, continued to bear down on the ANC and the government and the imperative of delivery was ever present.

"Some ministers are bolder and more innovative than others and have been able to create new jobs, even if they are temporary raising questions about whether government is innovative enough as a whole. The challenges are different in each ministry, but the broad parameters are universal."

While the public regarded the ANC as the political voice of government, people blamed the government for grievances.

He concludes by saying that transformation "will come about through the creation of a strong developmental state founded on principles of democracy, justice and an abiding culture of human rights."

Turok is constrained by his loyalties to the ANC and his position as an MP, but the book will certainly be regarded as challenging to the government, particularly its financial leadership.

**'The pursuit of economic growth without the simultaneous pursuit of development will lead to a dead end for this government'**



# New committee aims to move away from welfare

ARLT 7/7/99

(297)

DI CAELERS  
HEALTH WRITER

Lionel Louw, president of the new South African Council for Social Service Professions, does not believe in handouts.

He believes instead in building capacity, in training people and so equipping them to fend for themselves.

His appointment last month as head of the new council, combined with his position as acting director of the School of Social Work at the University of Cape Town, finds him in a perfect position for influencing change.

The new professional council for social workers, child care workers, probation officers, development and youth workers, and social security personnel, was officially launched at the beginning of June.

It had its beginnings in the original Council for Social Work, always viewed as not fully representative, and after a bumpy ride the Interim Council for Social Work was born.

The Social Work Amendment Act was passed by Parliament late last year and the final council was constituted - with six members elected by social workers and then another 13 appointed from further nominations by the then Minister of Welfare, Geraldine Fraser-Moleketi.

Dr Louw pointed out that changes were already being put in place in university curricula to influence a new, developmental approach to welfare in South Africa.

"It amounts to moving people away from a dependency on welfare, to building capacity, to giving them skills training so they are able to fend for themselves," he said.

Two new postgraduate programmes at UCT dovetailed with the new approach; one was in social development, which was a first for the Western Cape, and the other was a whole new approach to looking at youth at risk - a first in the country.

"The social development programme focuses on how professionals can work with communities - how they can facilitate



SARAH WYLLIE

**Talking welfare:** Lionel Louw, president of the South African Council for Social Service Professions

development of people in communities by locking into things like infrastructure development.

"The other programme examines new approaches to youth at risk clashing with the criminal justice system and how their families, the victims and communities can all get involved," said Dr Louw.

His department also pioneered changes at undergraduate level which shortened degrees to three years, allowing students to register as social workers after three years and to start immediately on their first year of post-graduate specialisation.

In terms of the council itself, Dr Louw said that after its difficult beginnings it was now a more representative council with an executive that had created a real opportunity for transformation. The major difference between the old and new was that the old council catered only for social workers while the new one encompassed the whole range of professional groups within the social welfare sector.

"The council will be the over-arching body while each of the separate professions within the whole will elect its own professional board to make decisions particular to them," said Dr Louw.

Many of these boards had not yet been constituted and he hoped they would be up and running by early next year.

The council's primary functions are:

- To regulate training of professionals in all groups and to register professionals in each group.

- To provide the public with the assurance that they can expect professional services to be rendered.

He is also anxious to promote the profile of professionals who work in the social welfare sector who, he says, work directly with all the social problems facing society today - including child abuse, poverty, prostitution and family violence. "A whole range of very topical issues are within our domain, yet our members do not get the recognition they deserve," said Dr Louw.



# Big bucks bonanza as SA gets the lottery

AURELIA DYANTYI

South Africa's first national lottery will be launched at the start of the new millennium, with promises of "big bucks" for South Africans each week.

The country moved one step closer to the lottery yesterday when Trade and Industry Minister Alec Erwin announced that Uthingo Management Services, a black empowerment consortium, was the preferred candidate to run the money-making venture.

Humphrey Khoza, chief executive of Uthingo Management Services, said the consortium would draw on the experience of partners – including Camelot, GTECH and Tattersalls – operating successful lotteries in more than 60 countries.

Mr Khoza said existing lotteries and competitions in South Africa would stop once the new government-approved lot-

tery was launched.

"This lottery will be an online national lottery with different games. People will go down to their outlets and buy cards from a computerised machine," he said.

"There will also be scratch cards where people will win cash instantly, but at the moment I cannot say how much the cards will cost or how much will be won. That will be subject to the negotiations with the Lotteries Board."

He said there would be "exciting games for everyone" and "big bucks to be won" each week.

The lottery is expected to create 20 000 jobs and donate about a R100-million to "good cause" – in the form of RDP projects and arts, culture and sports development – in the first 12 months.

The Uthingo Management Services consortium – which came out ahead of two other bidders – now has to negotiate with the Lotteries Board for a licence. The consortium has to prove it has the capaci-

ty to handle the country's only lottery.

According to officials, the second phase will last from two to five weeks. A final date for the launch of the lottery can then be set.

But not everyone is excited by the news.

Reverend Les Sanabria, the national director of welfare of the Full Gospel Church of God in Southern Africa, said he was concerned that the poor would pour their limited funds into the lottery on a slim chance of winning.

"I'm concerned about the social lives of people. Very few are going to win the lottery, while the majority will remain poorer as they will keep on pumping all their money in a bid to win more," he said.

"As a director of welfare I believe that the Government should be in control and channel the money going to welfare. About 50% of the earnings must be spent on good cause, and not less as is the case in Britain."

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**GAMBLING** Consortium with international links takes the big prize

# Uthingo wins national lottery

**BONNIE HEADBUSH**

Johannesburg – Uthingo Management Services, the consortium established exclusively to bid for the national lottery licence, has won the first national lottery licence.

The lottery is expected to generate revenues of about of R6 billion a year.

The Moribo Leisure-led Moraba consortium and the Hosken Consolidated Investments-led consortium, both 100 percent South African owned, were the only two other companies shortlisted.

Uthingo was chosen as the preferred bidder by the National Lottery Board after a six-month evaluation process. Its members include three international companies: UK lottery operator Camelot, lottery technology supplier GTECH and Australian lottery operator Tattersalls.

The South African Post Office and the National Empowerment Fund will also receive shareholdings.

The six local empowerment firms involved are BMF Investment, the Black Management Forum's investment arm; the Disability Employment Concerns Trust; Motswedi Technology Holdings; Numsa Investment

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**WINNING TICKET** Humphrey Khoza, the chief executive of the Uthingo consortium, holds a spread of red yesterday. The lottery is expected to generate R6 billion a year

PHOTO: JOHN WOODROOF

Company, the subsidiary of the National Manufacturing Workers' Investment Trust; the Nafcoc Investment Holding Company; and Women's Development Bank Investment Holdings.

Uthingo is expected to invest between R250 million and

R1 billion in a national infrastructure, of which 50 percent would come from the international partners, although they will receive only a 30 percent shareholding.

Alec Erwin, the trade and industry minister, said the

national lottery would have a positive effect on the economy.

"An amount in the region of R100 million a year will be generated by the lottery for good causes, and approximately 20 000 jobs should be created over the life of the lottery," said Erwin.

He said the lottery board would now begin negotiations with Uthingo on the licence agreement.

The eventual launch of the national lottery will mean the demise of all scratch card operations in South Africa, which turn over R300 million a year.

Humphrey Khoza, the chief executive officer of the Uthingo consortium, said the lottery board's choice reflected the high regard in which the consortium's members were held for their combined credentials, expertise and integrity.

He said Uthingo would take approximately six months to roll out the infrastructure.

Moribo Leisure, which has recently been the top performer on the Hotels & Leisure board, was the JSE's biggest loser yesterday, shedding almost 68 percent to R1.75 after its lottery ambitions were snuffed out.

The Moraba consortium, led by Moribo, was widely tipped to be the successful bidder for the licence. Moribo's shares held at R6 in early trade yesterday, but shortly before the licence announcement strong selling sent the share price reeling.

By close of trade yesterday, about 660 000 shares had changed hands.



NATIONAL LOTTERY TO BE LAUNCHED

# Charity scratch cards' days are numbered

**THE NEW** national lottery is expected to create 20 000 jobs, generate R6 billion and raise R100 million for good causes in the first year. **MOTSHIDISI MOKWENA** reports.

**S**CRATCH card competitions will cease within six months — their death knell has been sounded by Trade and Industry Minister Alec Erwin's announcement on Friday of the winning bidder for the licence to run a national lottery.

The licence has been awarded to Uthingo Management Services, a black empowerment consortium headed by Humphrey Khoza. It was one of three bidders.

The national lottery, which promises to create many instant millionaires, is expected to be launched before the end of the year.

It is expected it will generate about R6 billion, create about 20 000 jobs and enable about R100 million to be given to good causes in the first year.

Lionel Isaacs of Games Africa, an umbrella organisation that administers scratch cards for Ithuba and Viva, said that Community Chest competitions would run until a week before the lottery was launched.

"Community Chest was going



**LOTTERY KING:** Humphrey Khoza who heads Uthingo.

to lose about 20% of its nett income unless it brought its competition into compliance with the new Lotteries Act," Isaacs said.

Scratch cards have an annual turnover of about R300m.

Although its scratch cards competitions would end, the Community Chest would not lose all its fundraising capacity as it also raised money from other

sources, Isaacs said.

Isaacs said Games Africa had been involved in the process leading to the setting up of the new lottery. The successful bidders had vast local and international experience which would enable them to make the venture a world-class lottery, he said.

Charity organisations would fall into a new category, the Society Lottery, which would also be registered, Isaacs said.

The national lottery licence was issued by the Lotteries Board, which Erwin established in terms of the Lotteries Act of 1997.

The board was appointed by Erwin and its chairperson was expected to have knowledge or experience relevant to its functions.

The government is expected to enter into negotiations with Uthingo in finalising the conditions of the operating licence.

Issues such as the price of lottery tickets will be discussed.

However, Ajay Sooklal, a director in Erwin's office, said last week that tickets would be priced at R5 and would be sold at about 3 000 outlets nationwide.

No one under 18 would be allowed to buy a ticket, Sooklal said.



# Lottery set to generate R6bn in (297) annual sales

00 12 7 99  
Nicola Jenvey

DURBAN — Uthingo Management Services, a consortium of black empowerment groups and foreign shareholders, has been granted preferred bidder status to operate SA's national lottery, pipping other contenders, the Moraba consortium and Lotto Yethu, in a surprise ending to the lottery stakes.

The consortium has among its international partners the UK-based Camelot Group which runs the British lottery and has raised more than R60bn for state-approved British charities in the past four years.

The second partner, G-Tech Holdings, is a leading supplier of technology and software to the lottery industry. The third, Australia's Tattersalls, has been running lotteries under licence for several provincial governments for more than 100 years and annually injects R2bn to the Australian coffers.

The six private and two state empowerment members of Uthingo — who own 70% of the equity and have majority voting rights — include the Black Management Forum (BMF) Investment Company, the Disability Employment Concerns Trust, Motswedi Technology Holdings, the National Union of Metalworkers' of SA's Investment Company, the Nafcoc Investment Holding Company, Women's Development Bank Investment Holdings, the SA Post Office and the state-run National Empowerment Fund.

BMF MD Neville Maimane said yesterday the forum would undertake the management and leadership training demanded from the successful bidders for the lottery to secure the appointment of black managers to the lottery operator's top positions.

Friday's announcement means an immediate foreign capital injection of R150m and widespread job creation at a time when retrenchments are giving the economy a hammering.

Annual lottery sales are projected at R6bn. It is also expected that 20 000 new jobs would be created and R100m donated to "good causes" in the lottery's first year.



# Uthingo the

## surprise winner in lottery race

Trade and Industry Minister says  
bidding process was squeaky clean,  
writes SHERILEE BRIDGE

**A** CONSORTIUM of black empowerment groups and foreign shareholders, Uthingo, surprised the gambling industry on Friday by clinching preferred bidder status to operate SA's first national lottery.

Market speculation last month about the National Lottery Board decision drove up rival bidder Moraba's share price.

A month-long delay in announcing Uthingo Management as the winning consortium sparked fears that the board may have reviewed its decision after an alleged leak led to a R3 share price increase for Morbo Leisure, leading partner in losing Moraba consortium.

But Trade and Industry Minister Alec Erwin said on Friday the process had been squeaky clean. He said the DTI was on track to draw up the licence in the next two weeks, and the lottery could be launched by the end of the year or early next year.

Awarding of the licence is likely to increase the frustration of the R2.5-billion slot-machine industry. Those in the industry feel its long-awaited formal launch has been sidelined in favour of the lottery to ensure it does not take off before the national lottery is operational. Erwin has undertaken to clarify government's position on slot machines, horse racing and gambling now that the lottery winner has

been announced. "The establishment of the National Lottery will offer a number of positive developments in the economy," he said.

Not least of these is an initial R150-million foreign investment by Uthingo's international partners. Uthingo has sold 30% of its stake to US-based G-Tech Holdings, UK-based Camelot Group and Australian lottery group Tattersall's Group.

Uthingo CE Humphrey Khoza says although the international groups collectively hold 30% in the consortium, their investment will be no less than 50%. Uthingo may have to in-

vest up to R1-billion in the next five to seven years to build up a sophisticated national network to reach more than 25-million adults.

The lottery starts off with the introduction of an instant scratch card lottery, followed by the more infrastructure-intensive games.

Uthingo, with its broad-based 70% SA shareholding, pledged itself to community empowerment, job creation, skills transfer and developing a world-class lottery.

Local shareholders are the Black Management Forum's BMF Investment Company, The Disability Employment Concerns Trust, black IT



OVERJOYED: Uthingo CE Humphrey Khoza celebrates after the National Lottery Board announcement on Friday

company Motswedi Technology Holdings; The Nalcoc Investment Holding Company; WDB Investments, an investment company supporting

women's empowerment programmes; the SA Post Office; and the National Empowerment Fund.

The lottery is expected to

generate sales of R3-billion to R6-billion, but half the revenues raised by the lottery will go to prize money, 30% to "good causes" and 20% to running expenses. R100-million a year has been earmarked for good causes. The lottery will create between 20 000 and 50 000 jobs.



# SA skids down UN index

Reneé Grawitzky

THE sharp reduction in life expectancy caused by HIV and AIDS has knocked SA 12 slots down the United Nations (UN) human development index ranking to 101st out of 174 countries.

The UN development programme (UNDP), which released its 1999 human development report yesterday, found that although SA's overall ranking declined, performance improved in almost all areas bar life expectancy. It estimated that 51% of South Africans were not expected to live to 60, compared with 11% of those living in industrialised countries and an average of 28% for all developing countries.

The report analyses changes in the human development index, which ranks 174 countries in terms of life

## AIDS knocks place on human development scale to 101 — behind Libya

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expectancy, education and income. The UNDP cautioned that due to changes in methodology, it was difficult to compare this year's and last year's rankings. However, changes emphasised the effect on "SA, as on Botswana, Namibia, Zimbabwe and other countries in southern Africa of rapidly declining life expectancy resulting from the impact of HIV and AIDS".

Among African nations, only Libya is ranked ahead of SA, which falls immediately behind Albania, but ahead of Indonesia, India, Azerbaijan and most African countries, including Zimbabwe, Tunisia, Egypt, Morocco and Nigeria.

This year's report focuses on the

negative effects of globalisation and proposed mechanisms to bring "globalisation back on track" and "to make globalisation work for people".

It shows widening disparities between developing and developed countries as well as the growing gap between rich and poor. A fifth of the world's people living in the highest-income countries have 86% of the world's gross domestic product.

The report calls for measures to re-structure and ensure greater accountability of international institutions such as the International Monetary Fund (IMF) and World Trade Organisation (WTO), and to ensure developing coun-

tries have a more effective voice in the WTO. It also proposes that developing countries adopt regional frameworks covering minimum labour and environmental standards to help ensure protection "against the undermining influence of global competition".

It also calls for a "global forum" to bring together multinational corporations, trade unions, nongovernmental organisations and governments which will give "rich and poor people a louder voice in global decision-making".

The report says the WTO's mandate must be expanded to give it anti-monopoly functions over the activities of multinational corporations, as they

dominate world trade.

The UNDP insisted yesterday that the report — which backed IMF moves to sell gold reserves to finance debt relief for poor countries — was not an attempt to oppose globalisation or Bretton Woods policies. Its focus was to ensure that the benefits derived from globalisation were shared equitably.

SA Reserve Bank deputy governor, Tim Thahane said the report was critical in focusing attention not only on the cost of HIV and AIDS but also on how the country could harness technology to ensure the majority benefited.

The report placed Canada, for the sixth consecutive year, top of the index and Sierra Leone last.



# Aids sends SA plummeting in world living standards survey

CT(MR) 17/7/97 (297) (92)

LUKANYO MNYANDA

ECONOMICS EDITOR

Johannesburg – The rapid spread of HIV/Aids and the resultant drop in life expectancy had led to South Africa slipping 13 positions to 101 in the latest United Nations Development Programme's (UNDP) survey of living standards in 174 countries, the UNDP said yesterday.

Zavareh Rustumjee, the director-general of trade and industry, said the decline in life expectancy rates showed the Aids epidemic was "something that has come to roost in this economy".

He said at current infection rates, assuming there was no cure or vaccination, South Africa could lose about 20 percent of its workforce to the disease within six or seven years.

The UNDP human development index (HDI) ranks living standards in 174 countries, factoring issues such as adult literacy, life expectancy and income levels. South Africa slipped to 101 this year from 89 last year, dragged by a 13-place drop in the key ratio of life expectancy at birth.

According to the report, life expectancy fell in 18 countries between 1975 and 1997, with four

African countries – Zimbabwe, Uganda, Ghana and Botswana – recording declines of more than 10 percent owing to HIV/Aids.

The UNDP report, which focused on the impact of

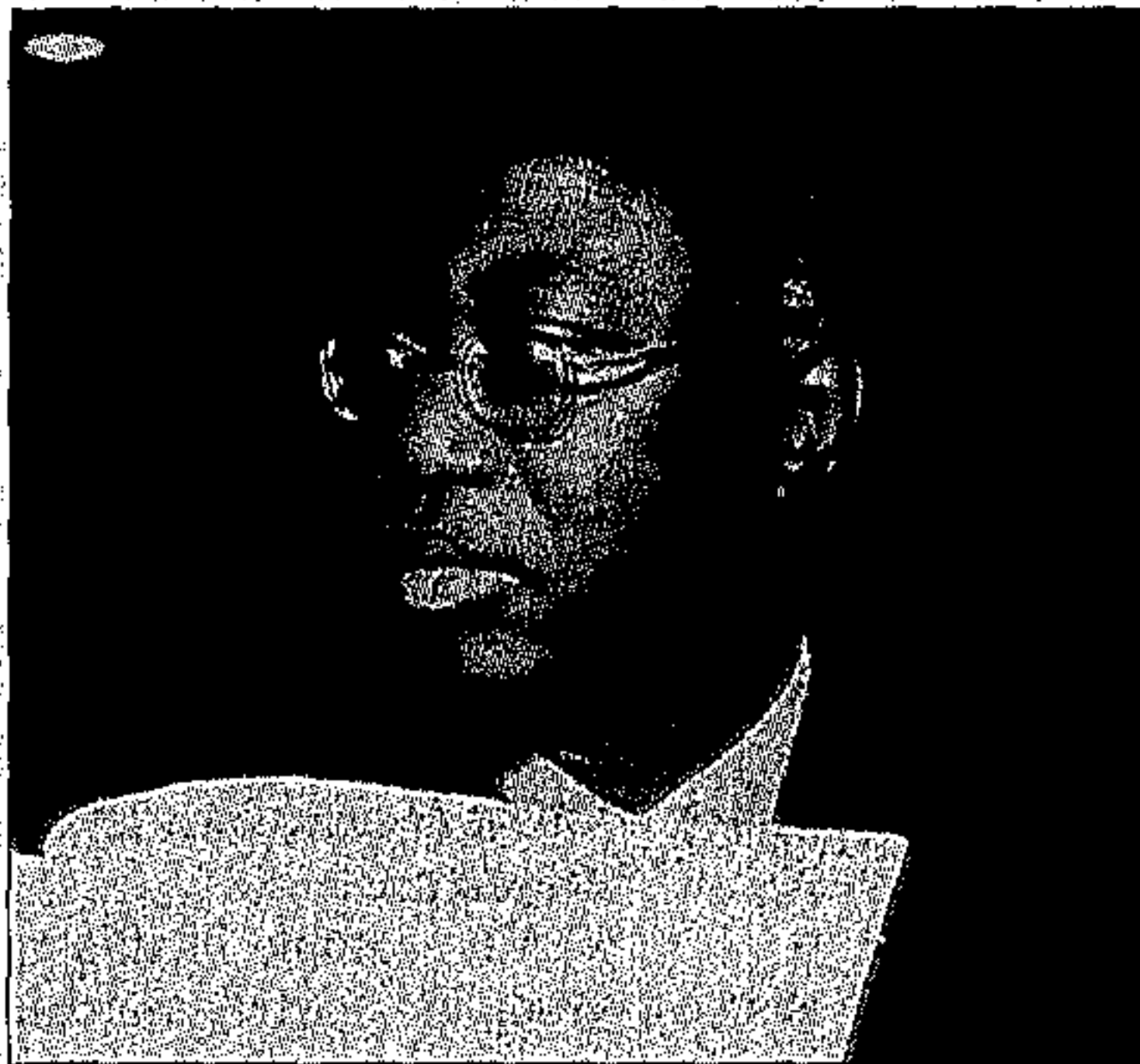
Over 80 percent of foreign direct investment in developing countries during the 1990s went to 20 countries, with China accounting for the bulk, while 100 countries attracted under \$100 million annually.

Bonaventure Sodonon, the UNDP's acting resident representative in South Africa, said the expansion of the global marketplace had outpaced measures to govern it and cope with the impact on people, which led to the neglect of human concerns.

He said the report sought to demonstrate that globalisation could be controlled and that countries could make policy choices in regard to their economies, technology, culture and governance. It appealed for globalisation with ethics, equity, human security and sustainable development.

Asghar Adelzadeh, the director of the National Institute for Economic Policy, said the report showed the global village was characterised by the gap between the poor southern and wealthy northern "suburbs".

It underlined the need for South Africa to pursue macro-economic policies in line with its development needs and away from the "excessive fiscal restraint" in economic policies.



**LESSONS** Bonaventure Sodonon, the UNDP's acting representative in South Africa

PHOTO: JOHN WOODROOF

globalisation on living standards, showed the benefits were spread unevenly, with developing countries continuing to be marginalised.

It warned that "failed growth" of the last decades would continue unless global opportunities were spread better.

It said inequality was reflected in the distribution of foreign direct investment, with industrial countries receiving 58 percent of \$400 billion invested in 1997.



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# DROUGHT RELIEF AHEAD FOR STRUGGLING CHARITIES

pm 9/7/99

Proposed exemptions would free more organisations from tax

The storm-tossed local charity industry may be in for yet another shake-up — this time for the better. Proposed tax changes could channel more money into nonprofit organisations (NPOs) and provide a much-needed boost for development.

The private sector spent R4bn-R5bn on donations and corporate social investment in 1997/1998, according to a recent estimate by the Centre for Development & Enterprise. That's roughly a quarter of the total 1998/1999 Welfare & Social Services budget, or computer company Didata's total 1998 turnover.

SA's corporate spending is up there with the most generous in the world: 0,8%-1,1% of pre-tax profits, compared with 0,9% in the US and 0,8% in Canada. What makes it particularly impressive is that the SA tax regime is far less favourable to charitable expenditure than those of other countries.

The industry has undergone some profound shake-ups in recent years. Domestically, for example, subsidy cuts to

schools and old age homes have increased the demand for funding. At the same time, international funding, which was pouring in four or five years ago, when SA was in the news, is dwindling. The cash drought has forced hundreds of nongovernmental organisations to close down. As the donor base of the survivors shrinks, they are looking to local donors to help out.

"The biggest requests are coming through from the education sector," says De Beers Fund manager Tracey Henry.

There may be drought relief ahead, in the form of the Katz Commission's Ninth Interim Report.

At present, tax deductions are granted on donations to educational institutions only. Commission chairman Michael Katz's report, published in February, proposes changes to two areas of the non-

profit industry.

The first applies to NPOs themselves. Under the proposal, the definition of an organisation eligible for tax exemption expands to include any NPO serving a "public benefit" function. The commission also proposes that income derived from trading activities (up to R100 000 or 5% of gross receipts) be exempted.

The second change applies to donors. The list of deductible donations would expand to cover payments to any NPO appearing on a national register of organisations.

These changes could happen as soon as the next parliamentary session, towards the end of the year. And there are a number of implications.

Tax breaks for charities would mean a far wider assortment of organisations would be freed from paying tax — from political advocacy to environmental protection.

This would go some way to ensuring the financial sustainability of NPOs.

Significantly, the exemption would include organisations offering skills training and employment assistance, which are at present excluded from the law.

Tax breaks for donors wouldn't have much impact on the behaviour of the big



Russell Roberts

**Saguna Gordhan . . .**  
favours self-regulation

players. The maximum amount of the tax write-off would remain 5% of taxable income, so the big donors are already claiming their limit.

But the breaks would certainly act as an incentive for the smaller donors to get involved in social investment. This could make a big difference. Internationally, experts are becoming convinced of the importance of the private sector's role in social and economic development.

But Katz concedes there are also risks to a broadening of the concession. The exemption of trading income raises the possibility of companies' setting up and registering NPOs as tax dodges.

And this raises the question of whose role it is to monitor the industry. "This is where regulation of the sector becomes more important, because more public funds are going into it," says Directorate for NPOs head Saguna Gordhan.

The legal framework does exist, in the form of the Nonprofit Organisations Act, promulgated last September. NPOs voluntarily register, and are then required to submit financial reports detailing income and expenditure.

Gordhan's directorate was established in September 1998. It is responsible for assessing these reports. Where irregularities occur, it can deregister an NPO.

But though the legal framework is in place, the issue of practical enforcement is

still evolving. "The way governments in general are working, and the way we have approached this to date, is to encourage self-regulation," says Gordhan.

NPOs in recent years have become comfortable with the idea of self-regulation. Nonprofit Partnership director Eugene Saldanha says NPOs have become acutely aware that part of winning the war to attract funds is building a solid and trusting relationship with donors. That translates into clean and detailed reporting, transparency and accountability.

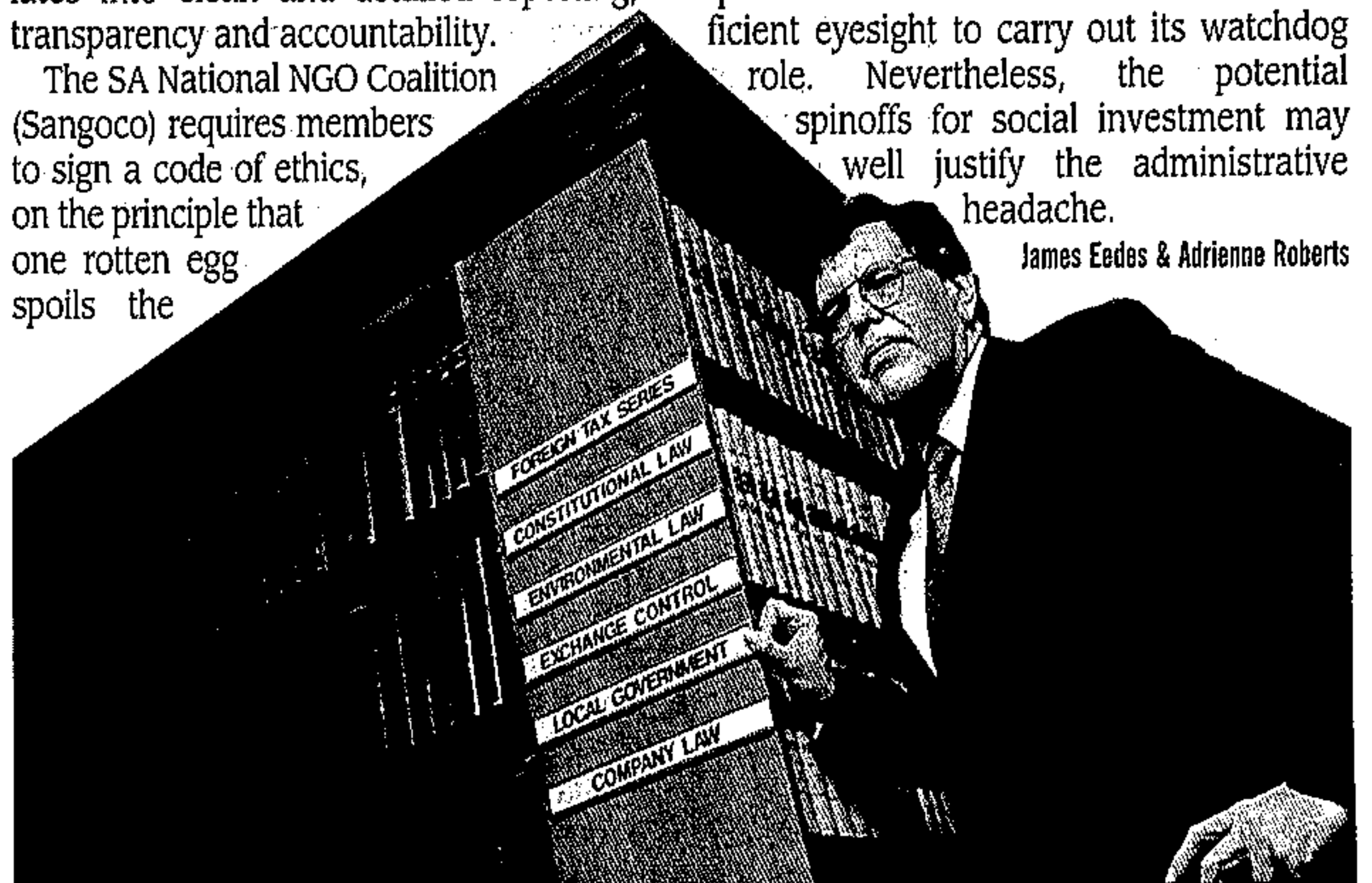
The SA National NGO Coalition (Sangoco) requires members to sign a code of ethics, on the principle that one rotten egg spoils the

batch. Charities and donors seem to agree disclosure has improved.

To some extent donors also have an incentive to monitor the productivity of charity spending. Large corporations, in particular, usually demand full disclosure of how their money is spent.

Of course, if the legislation changes, the SA Revenue Service will have the biggest incentive of all to keep a beady eye on NPOs' activities. That raises the usual questions about whether Revenue has sufficient eyesight to carry out its watchdog role. Nevertheless, the potential spinoffs for social investment may well justify the administrative headache.

James Eedes & Adrienne Roberts



**Tax commissioner Michael Katz . . .** proposes expanded deductability



**Real power is economic**

# Uthingo wins the lottery licence bid

(299)

*Sowetan 12/7/99*

**By Shadrack Mashalaba**

**T**HE long awaited announcement of the preferred bidder for the South African national lottery ended on Friday when Uthingo Management Services was chosen as the preferred operator.

Addressing a media briefing in Johannesburg, Trade and Industry Minister Alec Erwin said Uthingo's bid was still subject to finalisation of licence negotiations.

The lottery is expected to be running early next year.

Erwin said he was confident the process was exemplary and would be free of the litigation that characterised the issuing of casino licences. "The bid meets all probity requirements," Erwin said.

Uthingo was in the race with Morrealot consortium, trading as Moraba and Lottoyethu, which was ranked second by the Lotteries Board.

"The lottery will have positive effects" on the development of the economy. We project R100 million a year will be spent on good causes. Part of this money will go to welfare, arts and culture, sport, infrastructure and to Government for RDP purpose.

"More than 20 000 jobs will be created during the lifespan of the licence. This is by no means an insignificant injection. The network roll-out will provide technological advantage to South Africa particularly in rural areas," said Erwin. "The benefits will filter through to a wide variety of sectors in the economy," he said.

"The request for proposals states its objectives clearly in regard to issues of skills transfer, development of small, medium and micro enterprises."

Uthingo CEO Humphrey Khoza said they would make an initial investment of R150 million and this would be followed by additional investment as part of infrastructure roll-out.

The six private and two state empowerment members of the consortium, who collectively own 70 percent of Uthingo are: Black Management Forum (BMF) Investment Company, the Disability Employment Concerns Trust – a trust formed by seven major national disability NGOs – Motswedi Technology Holdings – a leading black information technology company – Numsa Investment Company, National African Federated Chamber of Commerce, Investment Holdings and Women's Development Bank Investment Holdings.

The three foreign partners who share 30 percent of the equity in Uthingo consortium, with more than a collective 100 years experience in 60 countries are: Camelot, G-Tech and Tattersall's.

The Post office and the National Empowerment Fund will own a 15 and five percent stake respectively in the national lottery.



(297) (92)

The arrival of global communications and the rise of Aids in the Third World is leading to a gap in skills and quality of life expectations, writes **Sharon Chetty**

The well-connected have an overpowering advantage over the unconnected poor, whose voices and concerns are being left out of the global conversation, emphasises the report.

And since most research has been privatised and a large part of it rests in the hands of multinationals, the needs of the starving millions are not taken into account and technological progress remains out of the reach of most of the world's population.

In short, the report cautions against globalisation being seen only in terms of markets, and warns that the human dimension has to be understood and addressed urgently.



# Globalisation to help poor

By Mongwadi Madiseng

ACCORDING to the United Nations '99 global human development report released yesterday, the era of globalisation has opened many opportunities for millions of people around the world.

This process has fuelled trade, new technologies, foreign direct investment and expanding media and communication, leading to economic growth and development. But developing countries, such as South Africa, have experienced enormous problems of unequal distribution of income.

Speaking at a media briefing, deputy governor of the South African Reserve Bank, Tim Thahane, said he believed the report focused on the development of people and transformation of economic activities of poor nations to put in place programmes addressing the needs of rural communities.

The report said globalisation should be a process integrating culture, economy, technology and government, creating new markets which would play an important role in developing the nation.

The report noted that while globalisation offered opportunities for enriching people's lives and creating shared values, it has benefited developed countries and marginalised developing countries.

Among initiatives proposed by the report are the global forum, multi-national cooperation and fighting global crime.



# SA business ignores new effort at its peril

Spatial development initiatives host projects from timber to tourism, writes **Glen Mills**

(49) (297) 80 15/7/99

COMPANIES need to take a long, hard look at spatial development initiatives (SDIs) — or take a back seat to those that do.

Businesses that decide to incorporate SDIs in their growth strategies will find new markets opening up all over SA. Those that ignore them risk becoming obsolete.

SDIs are strategically located development regions aimed at unlocking economic potential in selected areas.

They are driven by the trade and industry department's vision to promote investment, increase exports and provide jobs through public-private partnerships.

The best known initiative is the Maputo Corridor, a conglomerate of 180 projects with a total value of R42bn.

There are at least 10 other major SDIs in various stages of development. They include:

□ The Lubombo Initiative — a trilateral project between SA, Swaziland and Mozambique that includes the extension of the N2 highway to Maputo.

□ The Wild Coast SDI — mainly aimed at boosting tourism and the production of timber.

□ The Fish River SDI — projects in the Port Elizabeth/East London region ranging from mining to agroprocessing, including major infrastructure development at Nquru (Coega).

□ The West Coast Investment Initiative — opportunities in minerals and manufacturing, among others, with Saldanha Steel anchoring many infrastructure developments.

□ The Platinum SDI — a project that includes a trans-African route from Walvis Bay to Maputo.

□ The Phalaborwa SDI — projects in minerals, forestry and agriculture; and

□ The Richards Bay SDI — industrial projects in aluminium, heavy minerals, chemicals, wood and sugar clusters that are to be supplemented by three major tourism projects.

The beauty of these initiatives is that they have many facets. Therefore, many industries stand to benefit from them. A single SDI may offer, among others, opportunities in construction, tourism, agriculture and manufacturing.

Companies offering services in these categories should consider their options; their competitors will surely do the same.

Even companies that do not deal with such services directly may be affected. For example, a local sugar producer may find that improved roads leave it vulnerable to competitors that import the product from neighbouring countries.

Because they are multifaceted, SDIs are implemented by consortia. Development in such regions is a package deal — the concept, partners, project details and finance are all sold to consortiums.

Acquainting a company with the dynamics of SDIs may prove to be a good way of safeguarding its future.

Because SDIs create new markets they bring new players that redefine the competition. Pioneers in these areas will reap the economic benefits.

A MCI/Gallup poll of 550 CEOs in the US has shown that two-thirds of them believe the greatest threat to their businesses comes from newcomers changing the rules of the game. More than three-quarters responded that competitors that were not around a decade earlier had substantially or moderately affected their respective industries.

SDIs offer an opportunity to change the nature of the competitive environment rather than reacting to such changes.

Former president Nelson Mandela likened the SDI programme to an industrial revolution, saying the ultimate vision was opening up the entire SA market through public-private partnerships. They also may be the best model for successful co-operation between business and government.

SDIs are happening. They may start off as ideas or visions but they are fast becoming the hubs for businesses in the new millennium.

Business leaders should recognise the enormous possibilities this concept holds and ensure that they are ready to tap into that potential.

□ Mills is the director of development at Perry & Associates marketing and business growth strategists.



# Tax proposals to benefit NGOs

m+G 16-22/7/99 (297)

**Barry Streek reports on the Katz commission's proposals which would imply tax relief for non-profit organisations**

**P**roposals to give non-profit organisations tax benefits, exempt them from donations tax and discharge donations from bequests from estate duty have been proposed by the Katz commission.

The proposals include provisions for non-profit organisations to trade, for community property organisations to own property and for non-profit organisations to participate in unlisted empowerment opportunities.

It has also recommended that cash-strapped art galleries and museums be given the same tax benefits, a move which could

save these institutions with tax-deductible donations.

Although the Katz commission has recommended a number of controlling measures, its approach will undoubtedly assist the beleaguered NGO sector and enable it to broaden its sources of revenue.

The government has not yet reacted to the Ninth Interim Report of the Commission of Inquiry into Certain Aspects of the Tax Structure of South Africa, but its approach to non-profit organisations, as reflected in the National Development Agency Act and the

Non-Profit Organisations Act, suggests it might react sympathetically to the latest Katz commission proposals.

In its report, it says much of the fiscal legislation, including existing statutory formations and the manner in which these are currently being implemented in practice, was an "antiquated language", derived from old English law with its ancient formulations originating in the Preamble to the Charitable Uses Act of 1601.

The commission said it had taken cognisance of "the extremely difficult conditions that are currently being experienced by non-profit organisations, many of which are compelled to seek alternative funding sources and means of generating donations and 'earned' income".

These circumstances can be attributed not only to prevailing economic conditions, but also to a certain measure of defection by overseas donors who, ironically, are less motivated to support a post-apartheid society than they were in respect of beleaguered non-profit organisations prior to South Africa's transition to democracy. "These circumstances have exacerbated fiscal anomalies and have sharply focused the restrictive nature of present fiscal legislation with particular reference to so-called 'trading income' and other endeavours by non-profit organisations to secure the survival of their operations."

The commission said the present constraints on trading activities "are unduly restrictive and tend to discourage non-profit organisations from becoming financially independent". It proposed that trading by non-profit organisations should be permitted within a carefully structured fiscal regime which facilitated oversight by the Commissioner of Revenue and limited the opportunity for abuse. It was persuaded that some form of tax relief to special-type organisations, such as community property organisations, was necessary. This would free them from transfer duty on the acquisition of land and would enable them to function without the imposition of income tax for an initial "entry period" of five to 10 years.

At present, the provisions of Section 18A of the Income Tax Act, providing for tax-deductible donations, were restricted to universities, colleges and educational funds, but the commission said this section should be widened to a broader category of organisations with grant-donor benefits similar to those currently reserved for educational institutions and funds.

**A**fter reviewing current legislations and practices, and in light of international precedent and experience, it recommended the law should provide for a simple, generic definition of tax-exempt organisations, which could be characterised as "exempt public-benefit organisations".

It said the defining characteristics of these organisations should include:

- a "public benefit" purpose or activity, within a schedule of these activities;
- formal registration in terms of the Non-Profit Organisations Act;
- a formal written constitution in terms of which the organisation is constituted as either a voluntary association, a trust or a Section 21 company;
- a minimum number of members;
- the application of the major portion of "gross receipts" for philanthropic purposes and not merely to benefit members of staff, or for some limited sub-category of beneficiary/ies;
- a prohibition on the payment of remuneration to employees in excess of levels which in the opinion of the Commission of Revenue were excessive;
- an obligation to spend in any particularly year at least 75% of net revenue; and
- the avoidance of conflicts of interest or self-dealing for the benefit of trustees, members or other persons associated with the organisations.

The commission proposed that the list of public-benefit activities include charity and altruism; upliftment and development of indigent and disadvantaged communities; welfare and social services; religion, philosophy and belief; politics, public policy and advocacy; education, including adult, civic and public education; job training, skills transfer and the promotion of entrepreneurial skills for the benefit of unemployed and indigent people.

It also includes recreation and sport; culture and arts; physical, mental and psychological health; environmental concerns, animal protection and wildlife conservation; the provision of legal, medical and other professional services for the benefit of indigent people, either free of charge or at a charge which was significantly less than that normally levied; international organisations directed to the promotion of peace, friendship, cultural exchange and other beneficial purposes; museums of a scientific, cultural and historical nature; and institutions for the advancement of science.

If these recommendations are accepted by the government it is clear that a wide range of non-profit organisations should benefit from the increased incentives for individuals and companies to make donations to them.



## THE YEAR 2000 MANDELA ECONOMICS SCHOLARS PROGRAMME (MESP)

A South Africa-United States Bi-National Commission Activity



The Governments of South Africa and the United States, through the United States Agency for International Development (USAID), are pleased to announce the Year 2000 Mandela Economics Scholars Programme (MESP). The MESP will be recruiting approximately 25 individuals from the historically disadvantaged communities to pursue Masters degrees in Economics in universities in the United States. A limited number of the total scholarships awarded may be Doctorate degrees. Successful candidates will begin their U.S. program of study in June 2000 when they attend preparatory course work in the U.S. Selected candidates will be required to take the Graduate Records Examination (GRE) and the Testing of English as a Foreign Language (TOEFL) examination prior to departure.

The purpose of the Mandela Economics Scholars Programme is to strengthen the human resource base of the South African Government to support its efforts to analyze, formulate and implement economic policies promoting growth by enhancing the capabilities of historically disadvantaged South Africans. The individuals who participate in this program are expected to return to South Africa and work within the public service for a period at least equal to the length of their training in the U.S.

Post-graduate study in economics in the United States, both at the Masters and Doctoral levels, is based upon regular lectures, course work, and research. A strong foundation in mathematics is vital. Thesis work may or may not be required for a Masters degree depending on the program and institution of study; however, a doctoral dissertation will be required of all those pursuing a doctorate degree.

All applicants are required to have a minimum of an honors degree in economics or a related field of study with a strong foundation in economics and mathematics. A Masters degree in economics is preferred for those applying for a Ph.D.

Successful candidates will receive round-trip airfare to the U.S., tuition at their school of study, and living and book allowances. The program does not provide support for family members. If successful candidates wish to have their families join them in the U.S., they will be

they will be required to provide proof of their ability to support their family members. Please note that participants are not required to complete their degree program in the U.S.

Participants must be at least 21 years of age on 1 September 2000.

Applications from historically disadvantaged communities are encouraged to apply. Letters of support from community leaders are available from Nathan Associates.

Applications are available from Nathan Associates or 1999. Applications received after this date will not be considered.

For more information, contact Nathan Associates, Building #8, First Floor, 1, Pretoria 0001.

Training Assistant at Nathan Associates (fax) 011-461-1111 or download from [www.nathan.co.za/mesp](http://www.nathan.co.za/mesp)

Development



# Choosing board slows agency

Patrick Wadula

(297)

DEPUTY Finance Minister Sipho Mphahlwa blames delays in the functioning of National Development Agency (NDA) on problems in appointing its board members.

At the launch of the benefactor account — an initiative by the Non-Profit Partnership, TA Bank and Absa Bank — Mphahlwa said that although there was talk of forming the agency in the last two years, Parliament had passed the agency bill only last year.

The possible establishment of the agency was first highlighted in 1997, with plans to transform the Independent Development Trust into the NDA. The move was aimed at allevi-

ating the funding crisis faced by non-government organisations and other civil society organisations.

Mphahlwa said government remained committed to assisting communities in the medium term and set aside R90m, R91,5m and R95m to be spent on the agency's activities in the next few years.

He said NGOs were a strong force both as advocates and providers of services to many previously disadvantaged communities. They had become important pressure groups and creators of opportunities.

"As we witness the direct relationship of job losses and the gold sales, we need to find ways and means to cushion NGOs," he said.

Mphahlwa said there was a need

to find a continuous flow of funding for NGOs. He called on private organisations and companies to join efforts by Absa and TA Bank with the Non-Profit Partnership.

The partnership joins the SA Non-Government Organisation Coalition (Sangoco), UK based Charities Aid Foundation (CAF) and the SA Grant-makers Association in their aim of strengthening the financial sustainability of the nonprofit sector.

CAF southern Africa representative Eugene Saldanha said the Non-Profit Partnership was looking at developing initiatives for investment.

He said talks had been held with potential equity partners, but a code for investments was still being drafted by member organisations.

DD 19/7/99



# Mechanism to aid NGOs

By Mongwadi Madiseng

A NEW financial mechanism aimed at giving South Africa's non-governmental organisations access to higher interest rates, discounts on financial services and special rates for mortgage loans was launched last week by two leading financial institutions.

The special account, called Benefactor, is a joint venture between Absa Bank and its Malaysian counterpart, TA Investment Holdings. It is a unique financial services account specifically designed for South Africa's non-profit sector.

Negotiations for this special account were spearheaded by the Non-Profit Partnership (NPP), representing more than 4 000 members of the South

African National Non-Governmental Organisations Coalition, the South African Grantmakers Association and the British-based Charities Aid Foundation.

According to the NPP the benefactor initiative will give paid-up members access to services and mortgage bond loan facilities at preferential rates.

Other benefits from the project will include valuable training to enhance money management and business related skills and opportunities to open call and term deposit accounts at wholesale rates.

It will also provide a provident fund for NGOs, high interest rates on credit balances, workshops on effective fundraising, lobbying for increased corporate social investment services,

medical aid, advice on tax and legislative matters and loan services.

Eugene Saldanha, NPP's programme coordinator, said the mission was to strengthen the financial sustainability of the non-profit sector through long-term creative interventions.

"The partnership was established because of the decline in foreign funding currently directed at NGOs, escalating developmental needs and the loss of valuable skills to the private and government sectors," he said.

Henry Shaw, TA Bank managing director, said NGOs were faced with shortages and a lack of roll-out capacity and this initiative would enable the sector to be self-sustaining.



# Taking stock of RDP

**A**N AUDIT of the Reconstruction and Development Programme (RDP), the policy by which the ruling African National Congress committed itself to narrowing the country's social wealth, shows that the Government largely managed to set down the right policy – but implementation has been uneven.

The audit, by the Human Sciences Research Council (HSRC) and Wits University's Graduate School of Public and Development Management, was a systematic assessment of the RDP's promises, said Dr Meshack Khosa of the HSRC, who edited the final report with Patrick Bond.

A team of 11 researchers from both organisations assessed Government policy and annual reports and interviewed directors-general over a period of three months last year.

"What we set out to do was check whether the RDP mandate has been implemented. We looked at each and every promise in the RDP and then at whether there was evidence of its being part of Government's programmes and policies."

The audit does not judge whether or not the RDP was a success or a failure, but does seek to lay out the details starkly for any researcher to make up their own minds.

It was the first such systematic appraisal, said Khosa.

Although the report was not conclusive, it does contradict opposition parties' claims that the RDP has been a disaster or that the Government has abandoned the programme.

"We went to the original quotation in the RDP document and looked to see if that could be backed up in policy, and how. Our aim was not to judge whether or not the RDP programme was a disaster but to look at it on a case by case basis."

## Less straightforward

Besides the often-punted successes of the Government in delivering water to more than three million people and electricity becoming accessible to almost 60 percent of the population by the end of 1997, the difficulties with some aspects, such as housing, were charted.

It was one of the areas where judging the policy was "less straightforward", the researchers found.

Although an ambitious target of one million houses was set for the 1994-99 period, and was to be paid for through five percent of the state budget, by 1995 the RDP Ministry identified the huge housing backlog, poverty and fiscal constraints as obstacles.

The report pointed out that the budget allocations for both the national and provincial departments never came close to five percent, but averaged closer to 1.5 percent in the 1994-99 period.

It was also difficult to estimate the numbers

The Government's economic policy has been largely on track – but implementation has been uneven **Sharon Chetty** explains (49) (207)



A jobless man begging for help at an intersection in Johannesburg.

PIC: CLEMENT LEKANYANE

of houses built. By July 1998 the Department of Housing said that 596 059 of the promised one million low-cost houses were completed, although subsidies for 792 552 were approved. Therefore Definitions of what constituted a "house" remained vague.

There were also problems of quality, with some units not being up to scratch, a fact admitted by the Government.

One of the areas of contention was job creation – about a half million jobs have been lost during the past five years.

According to the report the RDP's aim of making women and the youth beneficiaries of Government initiatives was achieved through the Community-Based Public Works Programme (CBPWP).

Through 1 112 projects which provided 1.43 million days of work, 41 percent were for women and female-headed households. However, women were paid consistently less than men.

Programmes meant for rural communities and poverty alleviation projects were implemented in KwaZulu-Natal, Northern Province and Eastern Cape.

While the CBPWP was not expected to continue – due to uncertainty about funds, weak performance and overlap of functions with other

departments – former Public Works minister Jeff Radebe estimates that 60 000 temporary jobs would be created within a year, along with 6 000 sustainable jobs, through an allocation of R274 million in the 1998-1999 term.

Between 600 and 700 communities, involving 4 800 to 5 600 training opportunities for residents in development management, are projected as well.

At less than R5 000 a temporary job, this is considered an extremely good return on investment, the report said.

However, the editors pointed out that the RDP's calls for a Community Fund and for inter-relationships with other development planning processes "appear to have gone largely unheeded".

## Lack of capacity

The audit also confirmed a view that is often repeated: that under the new Government, the policy is not the problem, but rather a lack of capacity to implement it.

Khosa said that the root of the "crisis" at health institutions, for example, was the issue of resources were distributed rather than one of policy.

Former health minister Nkosasana Zuma should be credited for wanting to change the system to ensure more access to care for more people. Barring her policy on treatment for Aids-HIV positive patients, which was contentious, her general policies were progressive and compare favourably with the best in the world, he said.

While the Government did achieve much concrete change, especially relating to constitutional rights, there were some areas where there were still gaps, like in job creation, the promotion of small, medium and micro enterprises and its commitment to gender and black economic empowerment.

Constraints on institutions like the Gender Commission, whose budget was "too small", were pointed out, while affirmative action policies were not always entrenched by the Government.

Khosa pointed out that with tenders, for example, "huge chunks still went to white-owned businesses" and that although new black groups did win some tenders, it was not enough to shift the balance.

The audit provides a comprehensive assessment of the Government's policies and, through those, its commitment to the RDP.



## Former Portnet man chairs new company

BD 20/7/99 (297)  
Nicola Jenvey

DURBAN — Sipho Nyawo, the former Portnet executive director fired for gross misconduct, has been appointed chairman of DLV Ilangabi, which holds contracts for government's regional development programme.

Portnet's holding company, Transnet, dismissed Nyawo in 1996 after an internal probe found him guilty of 65 counts of misconduct involving credit card abuse totalling about R50 000. Nyawo claimed he was unfairly suspended and dismissed, threatened then public enterprises minister Stella Sigcau with court action if the decision was not reversed and had his lawyers prepare papers for a court application. However, he did not regain his post.

DLV Ilangabi, which Nyawo now heads, is a consulting engineering services firm that says it intends making "a contribution to SA's developing communities", addressing needs for infrastructure, housing, education, health care and commercial facilities. Deputy President Jacob Zuma delivered the keynote address at its launch on Friday. The firm has worked with government to supply solar panel electrification to rural northern KwaZulu-Natal and is involved in an ecotourism project.

DLV MD Len Barnett said yesterday that the firm recruited Nyawo, who has a doctorate in town and regional planning, for his technical skills after he claimed to have been "set up" in the Transnet internal probe.



## Bank spends on initiatives

199 (297) 48  
217  
ABSA Group announced yesterday in its Annual Community Development report for the year to March that it had spent R46 million on community development initiatives such as sports sponsorships and art.

The banking group has as its main arm for corporate social investment, the Absa Foundation.

The foundation was established in 1994 and has, since its inception, committed a total of R34 million to social upliftment in South Africa. The group allocates two per cent of its annual dividend to the foundation.

The Absa Foundation focuses on three main areas for funding education, job-creation and health - and has committed itself to increase its spending from R9,5 million to R11,4 million in the next financial year.

The group spent an estimated R4,1 million on job-creation projects, the main beneficiaries being unemployed or informal sector entrepreneurs who received business skills training.

In addition, community-based, income-generating projects received start-up capital and funds for equipment.

The foundation also distributed capital to non-governmental organisations to administer loans to entrepreneurs.



## **'Social Plan' to ease looming jobs crisis**

(297) (335)

Johannesburg - The Government yesterday committed itself to easing the pain of unemployment and looming job losses in the parastatal and private sectors, announcing that its "Social Plan" would be introduced to soften the blow.

Labour Minister Membathisi Mdladlana said yesterday about R3-million would be set aside to implement the plan, negotiated at the Presidential Jobs Summit last year. It outlines measures to prevent retrenchments, manage unavoidable job losses and help individuals affected.

Enterprises that find they have to retrench workers can approach the Department of Labour for help to ease the process. - Argus Correspondent

ARG 23/7/99



Minister of Welfare and Population Development Dr Zola Skweyiya has the daunting task of improving the lives of the poor and redressing imbalances of the past, writes Charity Bhengu

**T**he Department of Welfare and Population Development made significant efforts to turn the tide of poverty during the past five years. Its successes cannot be underestimated.

However, although the department has made great strides in improving the lives of the poor and correcting imbalances of the past, its efforts were often concentrated on urban areas.

The struggle to free thousands of people in rural areas from their poverty will therefore continue during new Minister of Welfare and Population Development Dr Zola Skweyiya's term.

He is no stranger to welfare issues. His involvement in the constitutional committee of the African National Congress, as well as in gender issues and children's rights while in exile, attest to this.

In an interview at his Pretoria office this week, Skweyiya admitted: "This is a daunting task for me as this time I am not dealing with lawyers", but with sensitive issues intimately linked to basic human needs.

However, with the good foundation laid by former welfare minister Gerladine-Fraser-Moleketi, he is ready to accelerate the pace of "the agenda of welfare reforms the Government has pursued for the past five years".

Skweyiya recognises that the department "has not been able to do well in rural areas", but says: "We are going to improve and speed up service delivery in the rural areas with part of the R18,768 billion of the national and provincial budget allocated for 1999-2000."

As he comes from a poverty-stricken background, the minister says: "I know what I am talking about."

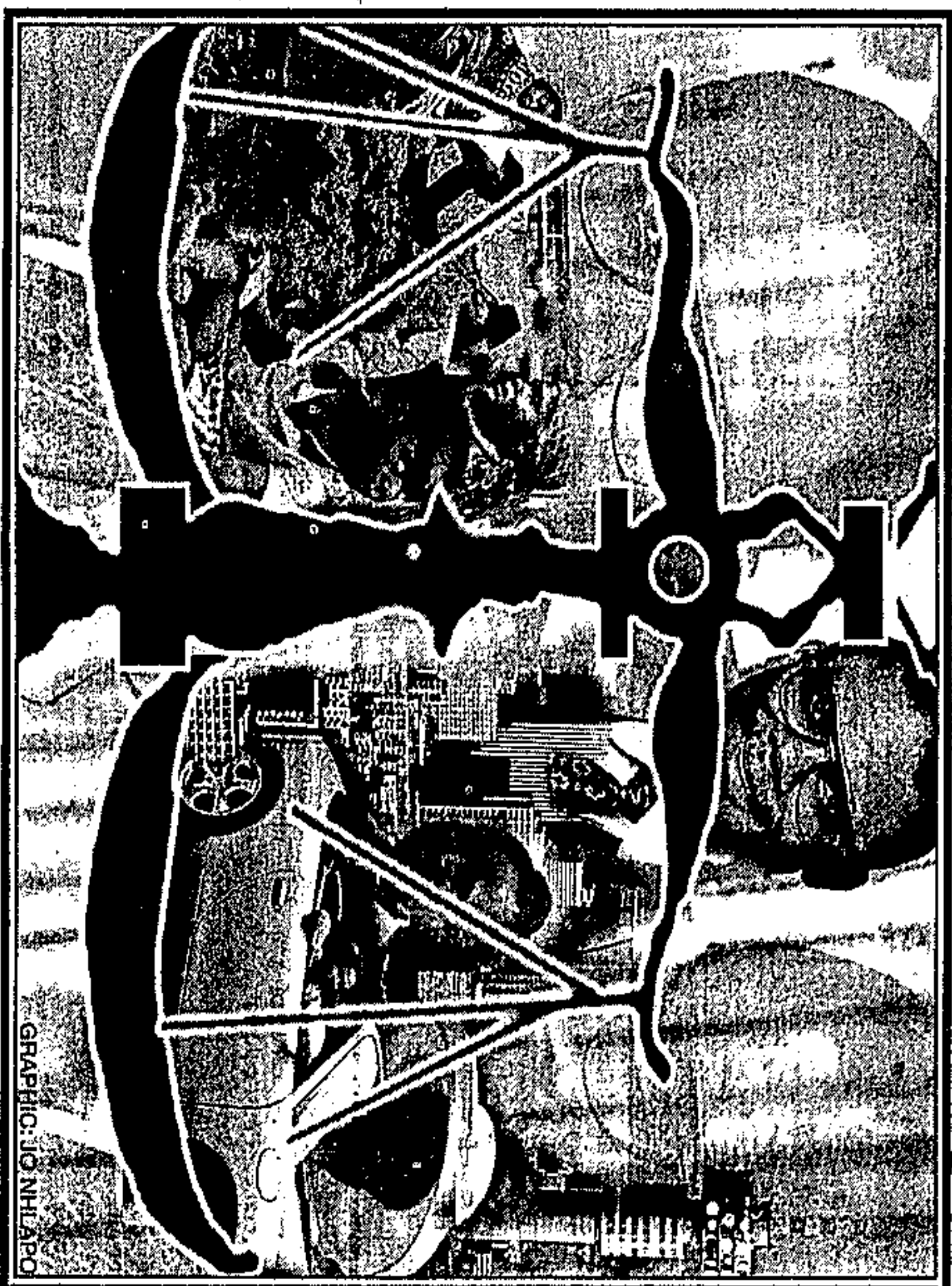
After only a month in office Skweyiya has already spoken to various bodies in Western Cape and Gauteng to familiarise himself with the issues at hand and to seek support for his plans.

Almost everybody complained about service delivery not reaching the rural areas, he says.

He plans to visit Eastern Cape, Northern Province and KwaZulu-Natal - the country's poorest provinces - during the next two months. The bulk of the department's poverty alleviation funds are spent in these provinces. Skweyiya is mindful of the need to

# Turning the tide of poverty

Sauerhan 28/7/99 (241) (297)



involve non-governmental organisations and other organs of civil society in the process of devising ways to reach everybody to ensure progress, especially in the rural areas.

To guarantee advancement, he says, it is necessary to have a department that is stable, able and has the capacity to champion transformation.

In pursuit of these goals, the minister will talk to departmental heads to understand the staff and management he will be working with.

He admits that the department has not been stable since 1994 - at least four director-generals and 17 top officials have left their posts since they were appointed.

However, Skweyiya is convinced that most left because they could not live up to the demands of their jobs and lacked the skills expected by the department.

Taking into account that many people in the department were employed on the basis that they were social workers, he says: "In my opinion, I doubt whether we need social workers here. They should be out doing fieldwork."

The department needs people with good welfare economics and development planning skills to ensure the department's poverty alleviation focus is effective, says Skweyiya. "I have approached different donors

- from Britain, Sweden and Germany and the World Bank - to assist us in training our staff."

The minister is still consulting his management to identify the training the staff currently lacks.

"We should be able to find a way of working together to disperse the budget wisely so that a culture of caring takes root in our work."

Training is a key part of the department's plans this year. "It is through that process that we will know exactly what we need to do to ensure that our clients get the necessary services."

Capacity-building programmes for middle and senior managers planned for this year will provide a stepping

stone towards the development of a holistic human resource development strategy for the welfare sector.

The department was allocated R203 million as part of the Government's poverty relief fund for the 1998-1999 financial year.

So far R80 million has been dispersed to 2 015 projects in all provinces, the main target being income-generating projects involving women and children in rural areas.

"I don't know yet how that money was dispersed, who it reached and what impact it had in the communities," says Skweyiya.

"The Independent Development Trust disperses the poverty alleviation budget on behalf of the department."

He is confident that a welfare financing policy, which is being phased in over five years from April 1, will correct the imbalances of the past, in particular to ensure access to government resources for rural communities.

It will be implemented in tandem with programmes for monitoring and capacity building.

Village projects are being introduced in Eastern Cape and Free State as part of the Rural Development Programme. These will cover the entire spectrum of development needs, especially those of vulnerable groups like women, children, older people and people with disabilities.

The minister believes an integrated approach to poverty alleviation with other departments will make a significant impact on people's lives.

Such an approach will help solve the problem of overcrowding in the cities by unemployed migrant workers, homelessness and help to reduce crime in urban areas.

By the end of his five-year term, Skweyiya hopes his leadership will have made a positive impact on welfare delivery for millions of South Africans.

His vision includes maximising self-sufficiency for the economic liberation of the poor and halting the trend of "the feminisation of poverty," he says.



# NGOs launch R1m investment trust

CT(MR) 29/7/99

ANN CROTTY

(297)

Johannesburg - A number of non-governmental organisations (NGOs) yesterday joined forces to launch Ditikeni Investment Company which will seek investments in companies that give evidence of social responsibility.

Ditikeni will start off with an initial capital of just over R1 million. African Harvest Capital (AHC) which is a subsidiary of African Harvest, has been appointed to manage Ditikeni on a success fee basis.

An executive from AHC pointed out that although the start-up capital of R1 million did not seem substantial in terms of many of the existing empowerment investment companies, a company such as Wiphold had started out with capital of just R500 000 five years ago. It now had investments valued at over R1 billion.

The R1 million would be used to cover transaction costs associated with the acquisition of investments. Analysts explained that the actual funding of the acquisition of assets would probably be done through financing arrangements.

"Most empowerment-related transactions have been motivated by the desire and need to adapt shareholder profiles to bring

them into line with the requirements of the new South Africa.

"While the structuring of the deals will have to change in line with changing market forces, the basic requirement relating to shareholder profile has not changed," said one analyst. He added that vendors of assets, who usually carried most of the associated financing risk, had become more demanding in terms of what empowerment companies offered in exchange for asset funding.

Given the extensive experience that NGOs have in delivery of services at the lower end of the market and in rural areas, Ditikeni is expected to be able to offer considerable benefits to a wide variety of potential vendors.

The participating NGOs have agreed to a number of investment guidelines to ensure that Ditikeni's investment activities reflect the values of the NGO community.

Each company put forward for investment would be assessed in terms of three criteria: whether it produced useful goods and created sustainable jobs; whether it was fair to employees and extended human rights; whether it was a good "corporate citizen". The first criterion would rule out companies involved in weapons production.



# Empower the rural communities

(297) 57418199

GRAHAM LINSOTT

*The greater bulk of investment funds should be set aside for development of the rural communities — the bulk of the population.*

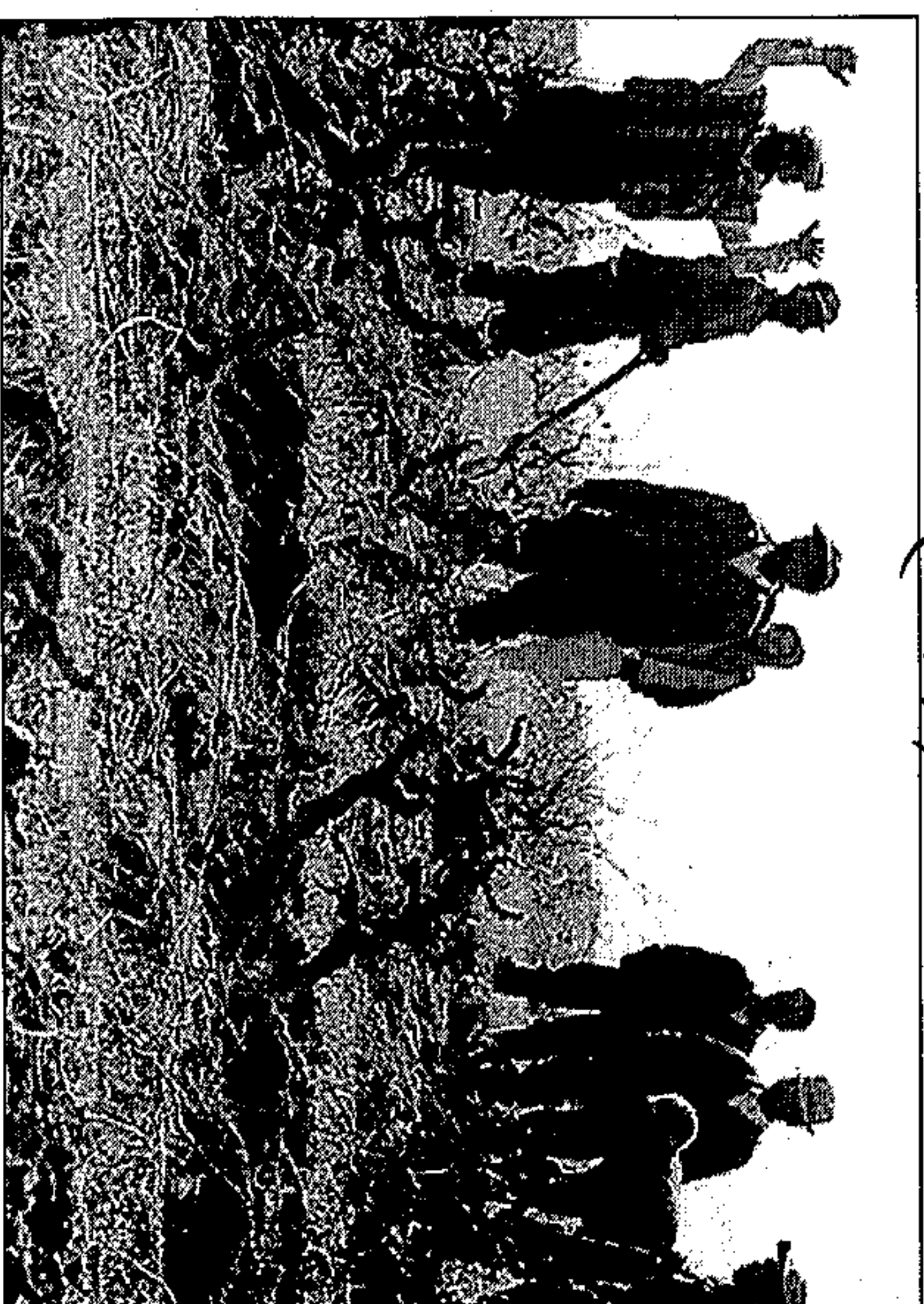
**I**S Gear engaging with the wrong bit of machinery? Are we aiming at the wrong target when we seek investment and job creation primarily in the urbanised, formal sector?

What should be the real engine of our economy — the urban elite or the millions upon millions who are out there in the deep rural areas, a potential market which would put the economy into orbit with its spending power, if only it had the chance?

Put another way: Without relieving the present poverty of that potential market, is there any hope of South Africa ever escaping the dragging dead-weight of providing social services (mean and inadequate as they might be) for the majority of the population, almost entirely from a narrow, urban tax base?

It is a debate that gets an extra edge as the gold mines, parastatals and industry prepare to shed thousands of migrant workers. Not only will they return to rural communities to become an extra burden where they once were a vital support with their remitted wages — it is as if an umbilical cord between two separate South Africas is being severed.

Traumatic stuff, with unpredictable consequences. But to return to the debate: Professor Herbert Vilakazi, of the University of Zululand, had some challenging things to say last week at a three-day workshop on poverty reduction, organised inter-departmentally by the KwaZulu-Natal provincial government and involving representatives of the President's office and the United Nations.



**EMPPOWERMENT:** As a reward from the owner of Nelson's Creek Estate, these workers were given a portion of the land.

He said "economics" was a discipline taught in the universities of developed capitalist societies and in ours as well, as if this was also such a society. The brand of economics fed into virtually all political parties in government and Parliament concerned itself with the existing industrial and commercial sector. The vast bulk of the population — poverty-stricken rural Africans — was invisible.

This was the crippling weakness of conventional economic thinking. The health of any market economy (such as the United States) depended directly on the buying power and level of consumer demand of the majority of members of society.

Vilakazi called for a new paradigm of economics in South Africa, following the strategies of the "Asian Tigers"

and China, with a strong initial emphasis on agriculture, rural development and education.

"Initially, the focus in these Asian societies, comparable to us in resources, was on the modernisation of family farms, rural development and education. This creates a large rural and semi-rural market for urban industrial products, also stimulating rural manufacture, as in China in the past few years, and creating a properly educated workforce, all giving a large boost to modern, urban-based industry.

"This does not mean ignoring industry and cities. I am simply proposing that the greater bulk of our investment funds should be earmarked for rural development, African agriculture and education.

"What we need to do is empower

the masses of African people to meet their immediate material needs — first and foremost food, clothing and shelter. Empower them to assure themselves of these immediate needs.

"By so doing, you unleash the enormous creative, entrepreneurial skills and imagination of ordinary men and women.

"The recent economic experience of China, whose growth rate has been spectacular, is quite suggestive. What has been the source of this spectacular growth?

"Most students of the Chinese economy note that almost half the acceleration in the growth rate during the first reform phase (1978-1983) came from improved agriculture and rural development."

Vilakazi said the unleashing of creative and entrepreneurial talents in China had resulted in the formation of firms — even banks — at village and township level. This had created the enormous potential market that made China such an attractive prospect for the manufacturers of the West.

This, in turn, developed aspirations and capacities to enter the world market selling goods manufactured in China.

"First develop your people, then you acquire the base for entering the world market as a competitor — not the other way round."

As P G Wodehouse might have put it, the professor spoke a mouthful. And, interestingly, his new paradigm applies to the relations of Africa, as a whole, to the developed world, as much as it does to Third World and the First World.

Also, it is difficult to know what alternative government could have done to rural development as the mines and others run down.

The two worlds surely can't just cut adrift.

FILE PICTURE



By Jeremy Lovell

**S**OUTH AFRICA has pardoned many of the perpetrators of apartheid's dirty war and must now levy a tax to help the thousands of neglected victims, according to Anglican Archbishop Njongonkulu Ndungane.

"There should be a one-off reparations tax," Ndungane, who took over as archbishop from anti-apartheid leader Desmond Tutu three years ago, said in an interview at his official residence in Cape Town.

"Very little has been done for the victims... particularly the elderly, the orphans, those with disability," he said, adding he hoped to discuss the issue with President Thabo Mbeki.

South African taxpayers, including most of the country's whites and a minority of blacks, paid a one-off transition levy after apartheid ended in 1994, but proposals for a wealth tax to redress the legacy of white rule have been broadly rejected.

Ndungane, who was himself locked up in the infamous Robben Island in the mid-'60s for fighting white rule, said the mammoth task of rebuilding had begun but had far to go.

"We have had political liberation. We still need economic liberation," he said, adding that in some ways the job facing religious leaders now was harder than the one faced by Tutu.

"The joy is the opening of doors. But having said that, we face a much

# A tax to atone for apartheid's sins

*Sourcetext 5/8/99*

(297)



Anglican Archbishop Njongonkulu Ndungane wants a one-off reparations tax to assist victims of apartheid.  
PIC: REUTERS

more difficult task," he said. "It is easy to be against. With us it is the whole question of reconstruction, of building up."

Ndungane praised South Africa's move to cancel some of the debts incurred by neighbouring countries

because of apartheid, and called on other, richer countries to do likewise. Ndungane also urged rich creditor countries to use the dawn of the new millennium to write off the huge debt burden, weighing on Third World nations.

"We believe that when a debt is unpayable, it is unpayable... and should be cancelled," he said. "What it requires is the political will and economic reality. The original capital has been paid twice or three over."

He condemned the recent sale of

gold by the Bank of England and talks by the International Monetary Fund to sell some of its gold to finance debt relief, which knocked several dollars off the gold price and damaged the key South African industry.

"For every one miner that is out of a job, that is another six to 10 mouths that will not have food. We say cancel all unpayable debts, and that could be done without touching gold," he said.

Ndungane said foreign banks that had supported the apartheid regime in the late 1980s, particularly Swiss and German, should be made to invest in South Africa to atone for their sins.

He said the African National Congress government had smashed the mould of apartheid, but now faced the daunting task of rebuilding the moral fibre of a society wracked by poverty and violent crime.

"The greatest challenge before us as South Africans is poverty and inequality, and it manifests itself in this rampant crime and violence," he said.

There are more than 25 000 murders a year in South Africa and an average of two rapes a minute. Poverty is endemic, with thousands of people scraping out an existence in makeshift shanties and unemployment hovering around 30 percent.

The archbishop said there would be no miracle solutions. "We need 15- to 20-year plans - measurable over three, four, five-year periods - to build sound foundations for the moral fabric of society," he said. *Retrieved*



# Democracy is for the government of the country, not the family home

MUDITH SOAL  
HEALTHWRITER

MEDICAL Research Council president Mategapuru William Makgoba calls it South Africa's "national sport". Two studies released by his council yesterday show he isn't exaggerating.

The studies had different intentions: One was based on interviews with men; the other on interviews with women. One was conducted in Cape Town; the other in rural areas. They had different interviewers and asked different questions, but the studies followed the same theme and came to similar conclusions: Not only is violence against women alive and

well in 20 to 50% of South African families, it is also sanctioned by the way both men and women approach relationships between the sexes.

After interviews with 1 394 male council workers in Cape Town, MRC scientist Neeema Abrahams found that over the last 10 years nearly every second one of them admitted to having physically or sexually abused the woman he claimed to love.

She believes her findings under-represent the scale on the problem: "We didn't include men who said they had threatened their partners with violence — if we had it would have been a lot higher," she said yesterday.

"Also men might not be prepared to admit to abuse because they anticipate criticism from

the interviewer." That so many men were prepared to admit to being abusive says a lot about the way this abuse is perceived.

"Many didn't see anything wrong with what they did," she said. "They didn't consider things like slapping or smacking as abuse."

Men commonly said they hit their partners because "she sits on my head"; she didn't respect his "authority"; she answered him back, or she talked to other men.

"Democracy's for the government, not the home" — that is what so many men were saying, Abrahams said.

The research was limited to council workers so it can't be generalised to all men in Cape Town, but Abrahams believes the findings

aren't far off.

"We do know that violence against women is not limited to a particular race or class. It crosses all boundaries," she said.

The second study was led by the head of the MRC's Women's Health Division, Rachael Jewkes. It was done some in the least-researched parts of South Africa: Mpumalanga, the Eastern Cape and Northern Province.

Interviewers spoke to 1 306 women and found that one in four or five had been physically abused in her life. One of the most interesting aspects of this study was how women supported the beliefs that led to their abuse.

● 82% of women believe a wife should obey her husband.

● Only one in three believe women have the right to refuse sex with her partner.

● Almost half believe a husband has a right to punish his wife.

● Around 10% of women say a man hitting his partner is sometimes or always acceptable.

"This shouldn't be very surprising," Jewkes said. "We know South Africa is very patriarchal and for patriarchy to be so dominant it can't be supported by just one group. It's not just the domain of men, but women buy into it too."

The study also highlighted the costs to the economy of domestic violence.

"We found that half a million work days were lost in one year because of physical injuries in these three provinces," said Jewkes.

"If you add women who don't work outside the home and include non-working days then nearly a million days were spent in bed."

The direct to the health care system of treating physical injuries — in just three provinces — was estimated at R30m a year. Indirect costs and mental health problems add to the bill.

Jewkes said the health services needed to develop the capacity to care for, shelter and council women in abusive relations — particularly in rural areas — as a matter of urgency.

"The challenge is to change the norms regarding gender relations in this country so that this violence doesn't carry on," she said.

As Makgoba puts it, we need to change our national sport.



# Half of male council staff abuse lovers

W Cape survey produces shock findings

DI CAELERS  
HEALTH WRITER

Shock results of a new study among municipal workers in the Cape Peninsula show that nearly every second man interviewed admitted to abusing his partner.

"Nearly every second man reported that within the past 10 years he had abused his partner either physically or sexually, with about a third of these men reporting sexual abuse of their wives or girlfriends," said Naeema Abrahams, presenting the study results at the Medical Research Council yesterday.

Worse still, Ms Abrahams, senior scientist at the women's health division of the MRC Centre for Epidemiological Research, said the figures would have been much higher if they had included threats of violence in the final tally.

In the study, the first of its kind in the Western Cape to investigate the prevalence of abuse of women, as reported by men, nearly 1 400 workers from three Peninsula municipalities were interviewed.

Although those involved in the study said the results were not necessarily a reflection of men in greater Cape Town generally, they certainly pointed to the fact that far more attention should be paid to

working with men to address this violent behaviour.

"Since men are the primary instigators of abuse, they should bear the primary responsibility for changing their behaviour. Approaches to the reduction of violence against women have been characterised by an over-reliance on changing the behaviour of women."

"Violence against women has for too long been seen as a women's problem in spite of the fact that it involves men abusing women," Ms Abrahams said.

The study found that men who abused women were more likely to have lower education levels, use alcohol or take drugs, use violence to resolve conflicts at work or in neighbourhoods, and to have witnessed abuse of their own mothers.

Married women were abused less than girlfriends.

Conflict that resulted in abuse was mainly associated with attempts by the men to control their partners, their households and the women's sexuality. This was in spite of the fact that the men freely admitted to having other sexual partners.

The report said many of the men who admitted to being abusers "showed obvious psychological stress" during the interviews, many breaking down and crying.

Although one must be cautious about allowing perpetrators to be seen as victims, this was a clear indication that abusers need for help," the report said.

Commenting on the fact that for many women violence was part of their daily reality, Geeta Rao Gupta, president of the International Council of Research on Women based in Washington DC, said this had important consequences in terms of HIV infection.

"Women's behaviour, when governed by fear of violence, is connected closely to HIV because these women cannot negotiate things like condom use. Direct injuries are not the only health consequence. Indirectly, violence against women also leads to HIV infection, sexually transmitted diseases and unwanted pregnancies."

Dr Rao Gupta said what was needed was a change in the way women were perceived. "The power balance (between men and women) can be equalised by providing women with education and economic resources, giving them access to employment, credit and income."

"More power to women doesn't mean less power to men. More power to women means more power to communities, societies and nations," she said.



# Social spending to get much-needed boost

FRANK NXUMALO

LABOUR EDITOR

Johannesburg – The government is to increase its spending on job creation, infrastructural development and poverty relief by R500 million to R1,5 billion by 2001-02, Trevor Manuel, the minister of finance, said yesterday.

Manuel said an intensive and thorough process of determining the allocation to government departments began in March following the approval of the 1999 Budget by parliament of R1 billion for the 1999-00 financial year. In the 2000-01 financial year it would increase to R1,2 billion.

The allocations would enable the construction and upgrading of up to 1 000km of rural roads and the development of tourism and agricultural projects in the Eastern Cape, Northern Province and KwaZulu Natal.

Government departments were allocated varying amounts on the strength of job creation and poverty relief proposals submitted to Manuel.

The department of public works would receive the largest allocation of R377 million, which would be used on roads



**ROAD TO JOBS** Trevor Manuel (left), the minister of finance, and Alec Erwin, the minister of trade and industry announce increases to infrastructure development yesterday. PHOTO: JOHN WOODROOF

for agricultural and tourism projects, followed by the department of transport, which would receive R103 million.

From the remaining R274 million within public works, a considerable component would also be for roads linked to markets and craft centres developed in various areas.

This would apply mainly to the eastern Cape, KwaZulu Natal and the Northern Province, said Alec Erwin, the minister of trade and industry, who co-hosted the media briefing.

Manuel said other departments to receive money would be agriculture (R20 million), environmental affairs and

tourism (R70 million), health (R23 million), housing (R75 million), labour (R50 million), local government and provincial affairs (R45 million), and welfare (R40 million).

The International Labour Organisation would assist the government in monitoring and evaluating the projects, it



# Principal gets things moving for wheelchair-bound boy

CORNIA PRETORIUS

(297) ST 8/8/99

**S**ELLO Monwametse has lived 50m from a school all his life — but the 14-year-old disabled boy never went to school because he didn't have a wheelchair.

All this changed in September last year, when a social worker "discovered" him in his mother's house, found a wheelchair for him and arranged for him to go to school. This year, Sello enrolled in Grade 1 at Moretele Primary School in Mamelodi, Pretoria.

The school — unlike most other "normal" schools — has been accepting a handful of disabled children for the past seven years, ensuring that they do not become part of the at least 70 percent of disabled children who are not at school.

Pricilla Makhafole, the principal, says Moretele has now gained "a name for taking in disabled children."

Whereas Moretele has been battling ahead on its own since 1992, a new draft policy approved by the education authorities last month will help it and other schools to accept more children like Sello in the future by giving extra support to teachers.

The school has also been chosen by the Gauteng Department of Education's office for the Mamelodi area to become part of an international Unesco project to help schools develop and put into practice

policies to provide the best possible education for children who experience "barriers to learning", which can range from disability to HIV/AIDS.

Makhafole realised there was a need to provide education to disabled children while she was doing charity work at a local centre for people with disabilities. She saw parents dropping off children and realised they were not attending school. She spoke to the social worker and the parents and told them to bring the children to Moretele.

Although the school is now ahead of other "normal" schools which are reluctant to open up to disabled children, Moretele's pupils and teachers had to get used to the idea of disabled chil-

dren in the classrooms and on the playground.

"When the first disabled children came to the school the other children looked at them as if they had never seen children with disabilities before. Anna Lubambo, a Grade 1 teacher, told me they were making fun of them," says Makhafole.

She addressed pupils at assembly. "I told them it could happen to anyone and that they were people just like them."

She asked teachers to discuss this further in their classrooms and arranged for both teachers and children to go to a centre for disabled people. "Now the children accept them, no matter the deficiency," she says.

Teacher Patricia Dichabe

says: "We [the teachers] understand that disabled children shouldn't be a group in isolation. We must be able to deal with them in our classrooms."

Makhafole says Moretele has the full support of parents and the community. "At a meeting recently a parent objected to the school's policy, saying the disabled children would slow the others down. The other parents said they had to be included in the school because if they were left in isolation they wouldn't be up to anything when they grew up."

But one of the school's major headaches has been its lack of facilities for wheelchairs.

Sello receives no special help. He has been crawling on his

elbows to the toilet for seven months. Two weeks ago, new toilets were built, with a cubicle for wheelchairs and a ramp. However, they are still not in use because of a problem with the plumbing, says Makhafole. She says once they are in operation the facilities will make life easier for children like Sello.

Makhafole says she and her staff know there are many disabled children still in Mamelodi. They want parents to know that they should not be ashamed to bring them to Moretele. "We must take disabled children out of their cocoon and let them into this world," she says.

● See the *Sunday Times* education web site at [www.suntimes.co.za/edu/](http://www.suntimes.co.za/edu/)

## School's class struggle for the disabled



# Fatal delay for women

## State lashed for stalling new law to curb domestic violence

NAOMI LARSEN  
Staff Reporter

As thousands of women gathered today to mark National Women's Day, women's groups lashed out over a 10-month delay in implementing a new law on domestic violence - which they say is costing lives.

The National Network on Violence Against Women, which represents more than 600 organisations, said the Government was stalling implementation of the Domestic Violence Act, which was passed last November, and women were continuing to be abused or killed as a result.

Bronwyn Pithey, the network's legal adviser in the Western Cape, said the Department of Justice had taken an unacceptably long time to sort out the regulations needed to put the act into practice. The delay meant police, prosecutors, magistrates and clerks of the court had yet to be instructed and trained in applying the act.

"When we spoke to the department after the act was passed in November, they said the regulations would be out by January (of this year). We've now 10 months down the line, and it's a complete and utter disaster."

"Why were so few resources allocated to this? Other legislation has been pushed through at the speed of lightning. The question yet again is how committed is this government to doing things around issues of gender and violence against women?"

The Act was recognised as a vital overhaul of the Prevention of Family Violence Act, which failed to spell out the duties of police and justice officials, did not adequately define domestic violence, and was restricted to married or cohabitating partners, she said.

Paul Setsetse, spokesman for Justice Minister Pennyell Maduna, admitted that it had "taken us a little bit of time" to work out the regulations.

AKJ/8/99 (A9J)

■ Accent gender equality or shut up, men told	page 3
■ Barbara's endless battle for women in pain	page 9
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"I know it doesn't make sense that people have to wait for 10 months. I wouldn't say they put it aside to work on other things, but there are many of these very important legislations which these people who work on the guidelines were involved with, and they have to give priority to all of these things."

No date had yet been set for the implementation. "We also want to see it put into operation as speedily as possible."

Tertius Geldenhuys of the police legal services said police had drafted instructions for members but were hamstrung by the department's failure to formulate guidelines.

"We can immediately start training - once the regulations have been finalised."

Under the Act, a police member who failed to discharge his or her duties adequately faced disciplinary action, so the police were not prepared to put it into practice until all members were fully trained.

With more than 120 000 members - some of them semi-literate - it would be a "mammoth task" to train them, Dr Geldenhuys said. But once the regulations were through, he hoped to complete the task in less than four months.

Network Western Cape co-ordinator Rebecca Freeth said the organisation was pushing for the Act to be implemented before November 25, International Day for the Prevention of Violence Against Women.

### re abusers

Now police at the scene or taking a report must inform a woman of her rights

"One of the world's greatest  
superbly mature"



# Govt pledges R1bn to job creation, poverty relief projects

ANDRE KOOPMAN  
PARLIAMENTARY BUREAU

THE government has announced a R1 billion allocation to job creation projects as well as poverty relief and infrastructure programmes.

Funds will be made available to projects identified at last year's Presidential Jobs Summit as having the potential to create lasting jobs and to contribute to improving the quality of life of poor communities, according to a spokesperson for the Government Communication and Information System.

Coastal's Makoni Ratshtanga welcomed the government's announcement, describing the move as an "important step towards creating much-needed jobs".

Projects and programmes for which funds have been allocated fall under two broad categories:

- Existing poverty relief and infrastructure projects.
- Specific initiatives identified through the jobs Summit and aimed at alleviating the plight of the poor.

For jobs Summit projects, emphasis is to be placed on their potential to "create jobs that impact on poverty and address broader socio-economic issues".

Priority is being given to integrated programmes linked to government-supported initiatives. Examples of such programmes are the provision of access roads and local tourism infrastructure projects.

The allocations are: Department of Agriculture, R20 million; Department of Environment Affairs and Tourism, R70m; Department of Health, R23m; Department of Housing, R75m; Department of Labour, R50m; Department of Local Government and Provincial Affairs, R45m; Department of Public Works, R377m; Department of Transport, R100m; Department of Water Affairs and Forestry, R200m; and Department of Welfare, R40m.

Existing poverty relief projects likely to benefit from the allocation include:

- The Working for Water programme of the Department of Water Affairs and Forestry.
- The Landcare programme of the Department of Agriculture.
- The labour-intensive, community-based public works programmes of the Department of Public Works.

Other projects which may benefit include those implemented by non-government organisations aimed at helping women and children, provided that these are supported by the departments of Health and Welfare.

For existing projects, the key factor in gaining funds will be their effectiveness in terms of creating jobs, providing basic infrastructure and alleviating poverty, the spokesperson said.

After the jobs Summit, the government pledged R6m towards aiding people with disabilities in employment.

● In another bid to address joblessness, the cabinet is soon to review a new national social security system known as the basic income grant.

Alimed at addressing chronic unemployment, the grant will be linked to job creation and training, according to Welfare director Lucy Abrahams.

It is envisaged that the grant will be about R100 a month and is intended to cover all short-, medium- and long-term grants administered by several government departments.

The Welfare Department said yesterday that the scheme is expected to be examined by the cabinet before the end of next month.



# World Bank tentative about poverty grant

(297)

SA wants to provide a security net for its poor in a country with a high level of structural unemployment, writes **David Greybe**

MD 12/8/99

IN RESPONSE to news of a preliminary government report on revamping SA's social security system, the World Bank has said there is no "magic bullet" for SA's high level of structural unemployment.

More important is what government does to tackle the problem, said Junaid Ahmad, the World Bank's deputy in SA.

It was reported earlier this week that government had produced an initial report on revamping SA's social security system to, among other things, broaden the safety net for the country's poor.

The vulnerability of SA's poor to economic shocks—as highlighted by the Asian economic crisis—meant it was important for the country to broaden its poverty safety nets and Ahmad said he welcomed government's continued focus on providing social security.

How government went about this was an important policy issue. "There is no one magic bullet—this requires several instruments," Ahmad said.

The interdepartmental report, to be put before cabinet next month, recommends extending SA's rudimentary poverty safety net by providing every South African with a minimum guaranteed income under a revamped social security system.

Government, in the report,

recognises that SA suffers chronic structural unemployment. No previous government has done so.

A new programme, to be known as a basic income grant, would be designed to alleviate the effects of chronic structural unemployment.

According to welfare director-general Lucy Abrahams, the grant would be linked to job creation and training and anyone unable to find work would qualify under the proposed scheme.

Due to budgetary constraints, the new grant is expected to be modest in monetary terms, possibly about R100 a month.

The grant is required, Abrahams said, because while job creation is a top government priority, "it is not going to happen in large enough numbers in the next year or two".

Ahmad said he could not comment on the specifics of the report until it was made public but said a basic income grant was only one of a number of mechanisms which could be used to extend a country's safety net for its poor.

However, a basic income grant may not be the most efficient for SA, he said. There were, for instance, real fiscal constraints in introducing such a grant.

According to rough estimates based on four million unemployed in SA, such a programme could

cost several billion rands a year.

Secondly, Ahmad said, questions needed to be answered about the effect of such a grant on SA's labour market, particularly in terms of incentives.

Thirdly and perhaps most importantly was the "economics of sustainability" of a poverty grant.

A possible alternative poverty-relief mechanism, which had proved successful in other developing countries, was to broaden the delivery of a minimum level of basic services at a local level, Ahmad said.

Both Johannesburg and Durban had embarked on such an exercise and were providing certain basic services "at a lifeline tariff" (minimal charge), such as sanitation and a quantity of potable water to every household.

Ahmad described it as "a very powerful poverty relief instrument and a very important element of Chile's safety net programme".

Experience had shown that in many countries public works could also provide a safety net for the unemployed, Ahmad said.

Government also had to examine existing grants, such as housing and welfare and their effect on relieving poverty.

"If they are proving effective, there may be no need to introduce a basic income grant," Ahmad said.



Friday August 13 1999 **SOWETAN**

# R10-m project to help poor

By Charity Bhengu

THE Department of Welfare and the Kellogg Foundation have contributed about R10 million to a project seeking to promote development, the economy and job creation in Northern Province.

Organised by Reach and Teach in conjunction with the Blouberg Development Committee, the project will focus on agricultural production, cultural heritage, tourism and information technology.

Reach and Teach spokesman Mr Archie Whitehead said the project would be launched at the Ga Malebogo Tribal Authority Offices in the Bochum district tomorrow from 10am.

"A day's programme of festivities has been drawn up for this very important occasion. We are expecting the international community, private sector, other government departments and non-governmental organisations to participate in the process."

The major sponsors of the project are the Kellogg Foundation, which contributed R5 million, and the Department of Welfare, which contributed R4,8 million as part of their Poverty Relief Programme.

In Northern Province 89 projects were launched to empower the poorest communities with skills and jobs.

Minister of Welfare and Population Development Dr Zola Skweyiya will visit the Kellogg Blouberg Development Project and also meet welfare officials to get first-hand information about the development of the area.

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Sowetan

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# Grant may cost R6bn a year

David Greybe

(297)

CAPE TOWN — An initial government estimate of the cost of a proposed basic income grant for the unemployed was R6bn a year, Welfare and Population Development Minister Zola Skweyiya said yesterday.

However, he cautioned: "Not even the cabinet has seen the proposal", which is contained in an interdepartmental report into a revamp of the social security system. "The proposal for a basic income grant is still in its infancy and there is a need for further consultation, even within government," Skweyiya said. It was therefore "premature" to make any assumptions, particularly on the costing side.

The report, currently with the directors-general of welfare, finance, health and labour, will be presented to the cabinet next month.

Skweyiya said he wanted to give the assurance that "none of the existing grants is under threat".

Welfare director-general Lucy Abra-

hams said the task team was continuing its research into the crucial aspect of the financial modelling of the new system. The team was studying "international experiences" in this regard.

However, a new social security package for beneficiaries "need not be purely about cash grants. It could be made up of cash grants plus the provision of social services in the areas of welfare, health and education." Examples of noncash grants included water, electricity, sanitation and telecommunications, Abrahams said.

Skweyiya, in a briefing earlier to prospective members of Parliament's welfare committee, gave notice of a major shift in government focus regarding welfare. "SA has been accused of being biased towards urban areas" and did not have the necessary capacity, especially in rural areas, he said.

It was therefore necessary for government to work more closely with the nongovernmental sector, which had "a better network than government", as well as the private sector.



BY INVITATION

Pieter le Roux

## THE VALUE OF A BASIC INCOME GRANT IN SA

(297) FM 20/8/99

In the next month or two, the Cabinet will be considering an interdepartmental report on a basic income grant — a welfare handout for the unemployed. The decision taken is important to every South African; it could determine what type of society SA will become.

The basic income grant was put on the agenda by Cosatu at last year's jobs summit. The idea has impeccable conservative credentials and is similar to the negative income tax proposed by conservatives such as Milton Friedman. Whereas many welfare measures create a poverty trap, detrimental in the long run to all concerned, a properly executed basic income grant can ensure rapid and dynamic integration of the poor into the market economy.

If SA is to undergo a successful economic transformation, then a basic income grant will have to be part of this process. Indeed, in the recent PSG/Siphumelele scenario planning exercise, hard-nosed businessmen concluded that a basic income grant was an essential ingredient of the successful scenario called *Growth & Reconstruction or The Airbus takes off*.

There are two types of risk with a basic income grant. One, there could be political pressure to raise it to a level that will be financially unsustainable.

Two, the risk is that so many conditions may be imposed to make one qualify for the grant that this not only creates an old-fashioned poverty trap, but excludes most households in need of support. Recently, with the introduction of the child grant, which was to be financed out of cutbacks in the maintenance grant, an extremely onerous means test was imposed. As a consequence, only a fraction of the R400m saved in cutting back on maintenance payments has been paid out in child grants. This mistake should not be repeated.

Government has inherited a social welfare system that was designed for the Whites Only social democracy under the

National Party. Structural unemployment has not been part of the white scenario for the past 50 years. However, today, depending on the definition used, about one in every three citizens is unemployed, and among certain groups of Africans, as many as two in three. For them, virtually no programmes exist.

**A targeted basic income grant will not only significantly improve the lives of the poor, but can have a much greater impact on development than many of the other measures touted**

In the long run, a policy that assures sustained and rapid economic growth is the only strategy to ensure that unemployment diminishes rapidly. However, the poorest third will not have significant direct benefits for a long time to come, and for many, things will get worse even if the economy should grow more rapidly. The only method that would assure most would benefit from a stronger economy is through the payment of a basic income grant.

Though high levels of unemployment are the major reason why a basic income grant is needed, it would be a serious mistake if government made unemployment of all household members a condition for receiving the grant. This would have unintended consequences.

Firstly, it would create a poverty trap. After all, often the first job an unemployed person can find will only pay R400-R500 a month. And, if taking up this job means he loses the R300 household grant, this would be a powerful disincentive to work, for it could amount to an effective tax rate of as much as 80%. Furthermore, as in the case of the old maintenance grant, it would also encourage the real or pretended separation of household members who find jobs from the rest of the household, for then the grant could be retained.

The precise nature of a means test needs to be carefully considered, but it should be so structured that the effective tax rate on a poor household is in the 10%-20% range.

It is crucial that the grant be paid out to the person primarily responsible for the care of the family — in most cases, the mother. The cost of distribution should not

be more than 5%-10% of the grant (after all, the primary beneficiaries should not be the institutions and computer firms responsible for the payments), and this may mean that grants for smaller households or single people can be paid only every two or three months.

A grant thus targeted will not only significantly improve the lives of the poor, but can have a much greater development impact than many of the other measures touted. Training schemes often only benefit the trainers and management rather than the poor. As much as R10bn/year is paid out to teachers who do hardly any teaching — money wasted from a developmental perspective. Indeed, the leakage to the middle classes in many so-called development schemes is immense. Minimum wages that destroy jobs for the poor will no longer be a temptation because low incomes are supplemented by this grant.

When the care giver of a poor household receives income, she generally uses it for developmental purposes. The children get better food and there is a smaller risk of malnourishment. If housing is a priority, there is some money to help pay for that. It may also help the care giver with the starting capital to enter an informal-sector business, or to get job training. It takes the decisions of how to deal with poverty away from a welfare bureaucracy and philanthropists, and gives those usually marginalised some power to decide for themselves.

I have referred to the risk that there may be populist pressures to increase the grant to levels the economy cannot sustain. The best way to counter this may be to introduce the grant as part of a Constitutional amendment establishing the grant and fixing the amount to be paid out as a certain percentage of Vat (this would require a two-thirds majority to change).

This would mean the poor would benefit if SA became richer. In fact, it would give most South Africans a vested interest in much higher rates of economic growth. ■  
□ Pieter le Roux is Director of the Institute for Social Development at the University of the Western Cape. Due to technical difficulties we are unable to carry a photograph of the author.



# Give rural people their due

(297) *Southern 20 18 99*

By Mercia Waring

**D**URING 1998 a team of scientists from the University of Pretoria's Land and Housing Centre conducted research into land reform, livelihood and quality of life in nine settlements in the eastern district of North West.

They discovered a far more upbeat reality than is generally associated with such areas, whose residents are believed largely to dwell in a valley of tears.

The nine communities were Sunkwaer, Thlolwe, Kwariakraal, Jonathan, Moeka, Mahaloka, Mocholong, Modderspruit and Majakaneing.

The research programme was extensive and included interviews, a socio-economic household survey and participant observation, which involved staying with families in each settlement.

Each of the nine communities has unique features, for instance, type of land tenure, tourism potential and so on.

However, they share an individual and community commitment to self-betterment and upward mobility, which challenges the habitually negative "rural victim" image put out.

This challenges the stereotyped version of hopeless, helpless rural masses who cannot help themselves. It does not even require extensive scientific research to get a handle on the situation. It is visible from the outside looking in yet it has hardly been noticed or reflected on.

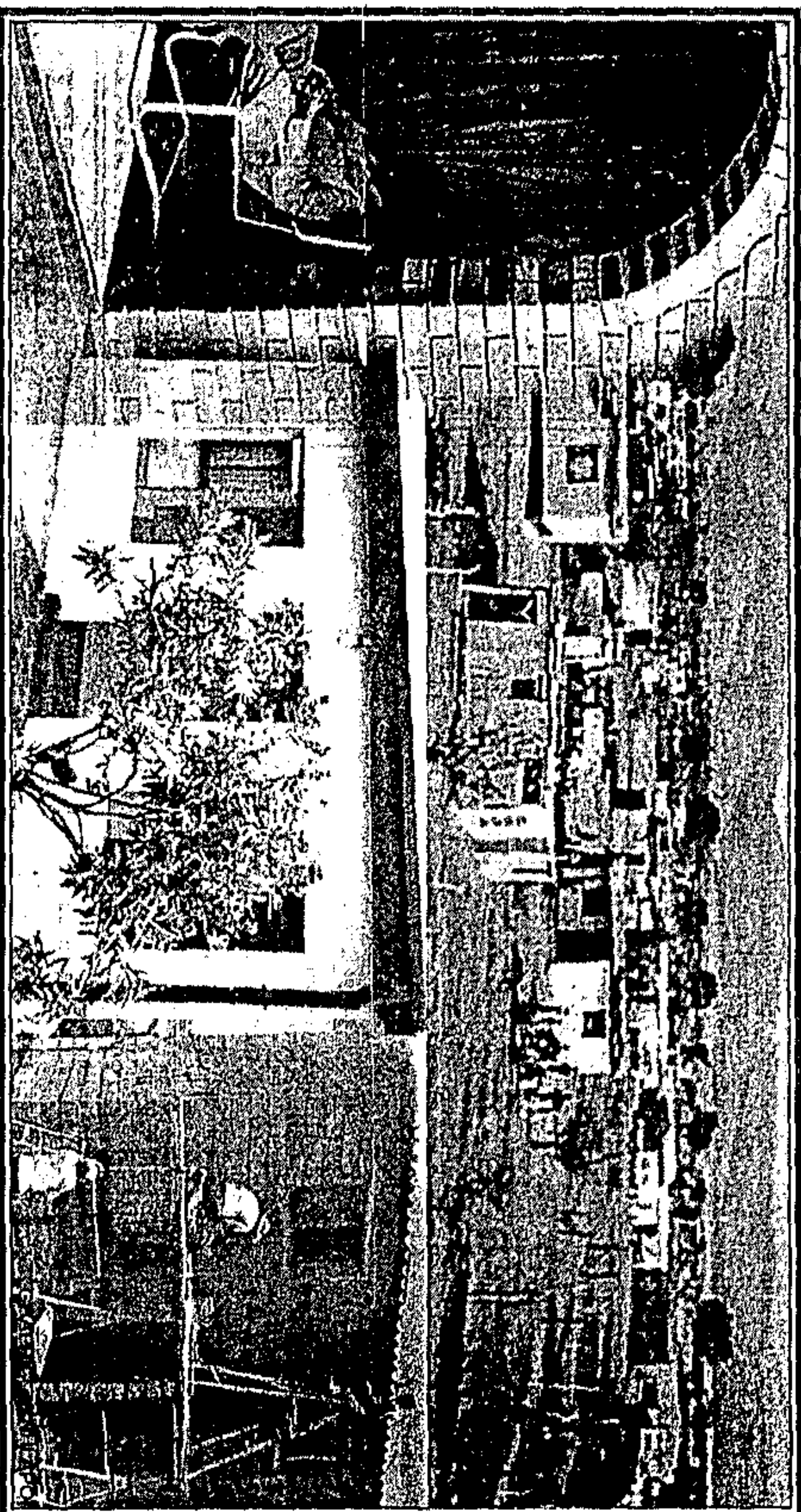
Take a drive past some of these settlements. Remove any mental blinkers and have a real look at what is actually going on.

And what is going on can only be called a residential renaissance. Throughout the region, people are improving and beautifying their shelters. Shacks, mud structures and small houses are being extended or replaced with cement, clay or facebrick.

More and more residents are building better, bigger, more beautiful homes.

To categorise all rural housing as unsightly shacks or hovels is factually incorrect.

It is an insult to the people who – unaided and thus far unstung, regardless of past and present disadvantage and despite not being in possession of title-deeds – are making this extraordinary self-inflicted, self-funded brick



Despite low wages many residents in North West province are making significant improvements to their residential quality of life.

and mortar investment in their own betterment. Their endeavours make an important contribution to real socio-economic progress in the new South Africa.

It goes further than housing. Residents are also improving their properties and habitat by cultivating gardens, planting hedges and putting in trees.

There are various implications in this explosion of house-building in North West, as well as elsewhere.

The first and most obvious is that the process of building a better life extends beyond elites and urbanites, and includes those generally seen as South Africa's poorest and most disadvantaged.

Regardless of low wages and levels of unemployment, many are managing their incomes super-efficiently, to enable them to make significant improvements to their residential quality of life.

Their resistance to "matchboxes" becomes obvious. One simply has to observe what people manage to construct for themselves or via local

micro-enterprise building contractors (albeit over a longer timespan, but more economically).

These are spacious, attractive homes of which to be proud. The quality of construction appears generally of a good standard, suggesting a useful and productive transfer of construction technology.

South African mainstream housing equals the best in the world. Through their involvement in the actual building industry or employment in such houses, rural people have insider-out knowledge of what a mainstream home is.

Mainstream housing is seen as the model and there are already many impressively sized homes to be seen in the settlements studied.

The importance given by these rural communities to improving their own homes bodes well for a stable society and a robust economy.

It speaks of an ability to plan for and achieve self-advancement, which challenges those implying that the rural poor are locked into a culture of

poverty from which they cannot escape except through welfare intervention.

And it seems that residents in such communities have deep roots. Few people will make a considerable bricks and mortar investment while experiencing a sense of impermanence.

The socio-economic household survey showed that most individuals, including the youth, regard their particular settlement as "home" and have no desire to live in any other locality or migrate to urban areas.

This "pull of place" finding may have as a key component the opportunity to maintain a superior, affordable residential quality of life in the rural areas in contrast to urban areas.

Our observations are supported by census findings: although North West unemployment is given as 37,9 percent – the fourth highest in the country – the province scores the third highest number of "formal dwellings" at 63,1 percent. This is as opposed to informal, traditional, backyard and "other" structures.

Western Cape scores 76,1 percent, Northern Cape 74,9 percent, Gauteng 62 percent, Mpumalanga 59,5 percent, Northern Province 57,7 percent, Free State 57,1 percent, KwaZulu-Natal 48,5 percent and Eastern Cape 42,1 percent.

Land reform policy in North West, as elsewhere, is presently closely linked to agricultural economic productivity. However, home ownership can also provide a route to economic upward mobility.

If owner-builders such as the many encountered in North West were empowered by having these structures accepted in terms of existing housing standards and they held legal title to their properties, their access to loan capital would improve.

This may additionally have an effect on stimulating small, medium and micro businesses in such areas.

*(The author is an anthropologist doing research for the University of Pretoria's Land and Housing Centre. The article is written in her personal capacity.)*



# 'Poor need an effective safety net'

By Claire Keeton

A NEW social security system needs to be developed in South Africa to offer a proper safety net to those in need, the chairman of the Welfare and Population Development portfolio committee Mr Cassim Saloojee said yesterday.

He said social grants provided a real safety net at the moment. "I do not suggest they are whittled down ... (but) it is high time we apply our minds to developing a whole new social security system."

Mr Saloojee - unanimously elected yesterday for a second term of office - said committee members should study proposals for a social security system which previous members had drawn up.

They researched and developed these proposals through workshops and visits to foreign countries. On a practical level, the committee had to ensure that there was more efficient delivery of social services now.

Saloojee urged the committee to confront the "massive poverty and unemployment which won't disappear".

Mr Saloojee said the abuse and lack of security for children in this country was another major concern. "We desperately attempted to develop a new Child Care Act and laws to help children," he said.

"The basis of the work is done and I hope we can engage the department more seriously and go some way to achieving this."

The committee's fourth area of focus was to finalise policy and implement programmes about population development.

"These are some of the issues. They are not new ideas but they are critical responsibilities," he said. "We are attempting to influence legislation and policies and make an impact on the socio-economic conditions we have inherited."

covered on 24/8



By Makhudu Sefara

A ONE and a half roomed shack is the first thing one sees when you enter the block 13 village of Bolobedu, north-east of Tzaneen, in Northern Province.

Nearby members of the community converge to fetch water from a well surrounded by wire to ward off the animals that also seek to quench their thirst.

The shack is a preschool – a dilapidated, unfenced building that has no windows.

The Wale Manyame preschool caught the attention of the South African Student Volunteers (Sasvo), who pledged to provide free labour to build a new structure.

Bolobedu is a community that is preoccupied with the daily struggle to survive poverty caused by unemployment. These struggles take up most of the community's time and leads to the neglect of projects such as the preschool.

Sasvo, which is made up of university and technikon students from all parts of the country, dispatched a group of volunteers this winter to help build a new preschool, with financial assistance from an American donor.

David Mmbi, Sasvo's Pretoria-based coordinator of projects in Northern Province, speaks with conviction about the role students can play in helping poor communities to help themselves.

He says students can play a central role in giving the African renaissance more meaning and relevance for struggling communities.

"Concepts like the Reconstruction and Development Programme and the African renaissance remain hollow if they are not accompanied by immediate and material benefits to communities trying to make ends meet.

"And students are an army of available workers willing to assist in rebuilding our country for free, hence our motto 'Building South Africa Ourselves,'" says Mmbi.

He also refers to a project started at Mankweng Provincial Hospital near the University of the North, where a group of student volunteers started a garden for mentally handicapped people.

"There is a myth that mentally challenged people are unable to help themselves and have to be looked after all the time," says Mmbi.

"This is wrong because it reduces them to perpetual dependents.

"This project is aimed at dispelling that myth and helping these disabled people to help themselves.

"We want to use the garden as a source of food for these people and at the same time creating an income for them by selling vegetables to the community."

Lorna Mokhonoana, a local government management student at Pretoria

# Student volunteers make a difference

*Sowetan 25/8/99*  
(297)



Technikon, says she relishes the thrill of venturing into "the unknown".

"It's exciting to meet communities that I would not have met in my everyday life, while at the same time making a difference in their lives," Mokhonoana says.

Mmbi says Sasvo, established by University of Pretoria law professor Christoff Heyns in 1993, has started making a significant impact on communities by providing free labour and limited financial support.

He believes the racial polarisation in tertiary education, which manifests itself in a low turn-up by white students in Sasvo activities, could be changed.

He says if an American volunteer like Sabrina Durand could leave her

country for more than two years to live with communities in resource-starved areas like Bolobedu, so can local white people.

Durand, from Boston, Massachusetts, was also instrumental in acquiring funds from an American company to help buy materials used to build the new preschool at Bolobedu.

She says the preschool would not have been built without Sasvo's contribution.

"Their passion for community work is gratifying. I hope local white people will also join," says Durand.

Unemployed local builder Hans Seemela helped the students in building the preschool.

Seemela says even though he was

not paid for his contribution, he feels he had a moral duty to help local children get a good start to their schooling.

While other locals initially viewed the student volunteers as "aliens" brought in to take their jobs, Seemela was one of the few who supported the group.

"For me it was a moral obligation. If we can't help ourselves, how do we expect other people to help us?"

"It will also be a bonus to see children who attend this preschool grow up to become professionals rather than add to the number of criminals in the country," says Seemela.

The Bolobedu community is now full of praise for Sasvo.

An appreciative villager says:

"Gone are the days when our children endured the sub-zero winter temperatures to attend classes in the shack.

"We are grateful and hope that the students get the strength and courage to help other communities.

"The shack will now be converted into a storeroom."

With a considerable degree of satisfaction, Mmbi says Sasvo has made inroads into many communities and will instill a culture of voluntarism in tertiary institutions for the benefit of poor, mostly black, communities.

"The world will be a better place if we all had an altruistic culture," says Mmbi.

● Sasvo can be contacted at (012) 420-3151 or (012) 420-4196.



(297)

# RIP the RDP committee

P145-20-2618199

## Barry Streek

**T**he African National Congress has quietly abandoned the last Reconstruction and Development Programme (RDP) structure — the RDP portfolio committee in the National Assembly.

Although the RDP remains official government and ANC policy, the programme launched with great fanfare in April 1994 with a minister, a department and a parliamentary monitoring committee has now disappeared.

The decision to drop the RDP port-

folio committee, which was completely inactive in the last Parliament, comes despite a public pledge in February 1997 by the ANC's previous chief whip, Max Sisulu, to revitalise it.

It also comes after an audit finding last year by the Human Sciences Research Council (HSRC) and Wits University's Graduate School of Public and Development Management that the implementation of the RDP had been uneven.

The audit did, however, conclude that the RDP, through which the ANC had committed itself to narrowing

the country's social wealth, showed that the government largely managed to set down the right policy.

In February 1997, Sisulu released a document with a proposal to restore and upgrade the status of the RDP committee in Parliament "to create a new driving force for the RDP vision, to monitor and report on RDP achievements and to restore the high public profile of the RDP in the light of the president's strong public commitment to it".

Sisulu, who was the first chair of the RDP committee in Parliament and who was one of the editors of the orig-

inal RDP base document, said then that the concept was slumbering in hiatus, but far from dead.

"The RDP is, of course, a very popular concept and still exists in the hearts and minds of the people, but we know that with the closure of the office, the RDP has lost visibility".

Sisulu said that much discussion had taken place within government and the ANC concerning how to relaunch the RDP.

"The consensus is that there is a need for an RDP committee in Parliament to drive the process."

The intention was that it would monitor legislation and policies for RDP content, call ministers and public servants to account, host public hearings and liaise with provincial governments.

He wanted the RDP committee to be a major "watchdog" committee along the lines of the public accounts committee.

Sisulu concluded by saying that disbanding the RDP committee or leaving it on the margins of Parliament "could be disastrous for the ANC, local, provincially and nationally".

Afterwards, the committee was revived, in theory with ANC KwaZulu-Natal MP Lech Tsenoli as its chair. But the committee did not meet and it seemed to run out of steam.

When the ANC released its national working committee's list of proposed chair, no one was nominated to chair the RDP committee. The ANC national working committee has decided that it will be abolished.



ST(BR) 29/8/99

## DBSA dishes out many millions more

### DISBURSEMENTS

By THABO KOBOKOANE

The Development Bank of Southern Africa (DBSA) on Friday reported a 13% increase in disbursements to R2.46-billion in the year to end-March 1998.

The development agency also announced plans to increase disbursements for the year ending March 1999 to R2.7-billion.

DBSA reported disbursements totalling R1.89-billion were made in SA and the balance to the rest of the Southern Africa Development Community.

Of the R1.89-billion paid out in SA, just over R1-billion was allocated to local authorities, signalling the lending institution's emphasis on local authorities.

MD and CE Ian Goldin said the bank had no write-offs despite volatile business conditions underlined by high interest rates.

"The fact that the DBSA managed its portfolio of no less than 474 local authorities with no write-offs is an achievement of some significance," said Goldin.

The bank also said its surplus for the year had increased by 187% to R509-million, showing a return on assets of 3.7%, compared with 1.8% in the previous financial year.

(297) (299A)



Demand for concessional loans may lead to new regional fund

# Regional development (297)

## bank prepares for new path

MD 1/9/99

DBSA talks with govt pave way for changes at the institution

Linda Ensor

CAPE TOWN — Discussions are taking place between the finance department and the Development Bank of Southern Africa (DBSA) about the latter becoming a tax and dividend-paying institution, bank CEO Ian Goldin told Parliament's finance committee yesterday.

However, the measure would not be introduced in this financial year, to end-March 2000.

Goldin said the talks were part of a broader appraisal of the status of a wide range of institutions. The bank has approved the proposal in principle and the talks concerned the phase-in period and the rate, as the more tax that was paid the quicker the bank would have to recapitalise.

Government could make use of the dividends and tax by putting the money into a different fund, enabling the bank to finance slightly riskier, lower-return projects in poverty-stricken areas.

Also under discussion with President Thabo Mbeki and Finance Minister Trevor Manuel was the level of bank involvement in southern Africa, which now makes up about a third of all its loans. Goldin said the bank still had spare capacity in

terms of skills to grow its Southern African Development Community (SADC) lending and it was not a funding issue as the bank acted as a conduit for money raised on the capital market. So there had been no trade-offs between internal and external funding. Consideration was also being given to creating a special fund for the SADC.

The bank has proposed to Mbeki that it play a key role in co-ordinating and accelerating government's integrated rural development strategy. Policy manager Snowy Molosankwe said the strategy's implementation had been "very problematic" as lack of co-ordination was a serious problem.

Other new initiatives were the provision of guarantees to other companies involved in infrastructural development as well as taking out equity investments. Guarantees had been provided for the European Investment Bank's investment in First National Bank subsidiary, Inca.

An equity stake had also been taken out in the Commonwealth Africa Fund and the bank would also invest in the Africa Infrastructure Fund to be launched by the African Development Bank. The regional bank is to make a grant contribution towards relief after Cape Town's tornado disaster.

# Tax break 'would help DBSA fund poor areas'

(297)

LYNDA LOXTON  
PARLIAMENTARY CORRESPONDENT

Cape Town — The Development Bank of Southern Africa (DBSA) was considering establishing a regional fund to cater for the increase in demand for its services, Ian Goldin, the chief executive, said yesterday.

Briefing the national assembly's portfolio committee on finance, Goldin also suggested that the bank, which was now recording "healthy surpluses", should be exempt from paying tax and dividends. It should use those funds instead to provide concessional loans to the poorer provinces and local authorities.

He said the number of applications from Southern African Development Corporation (SADC) states was growing steadily and loans to the region stood at about 32 percent of the bank's total. Twelve of the 14 SADC states had loans from the DBSA.

This raised questions about whether the percentage should be reflected on the DBSA's board, and how much more financing should go to SADC states.

Goldin said he did "not want to get bogged down in the politics



POSITIVE VIEW Ian Goldin, the bank's chief executive

of the SADC". He believed a viable alternative was to create a separate development fund for the region. It could be supported by international donor agencies with the DBSA acting as the implementing agency.

He said the DBSA still had enough skilled staff to help SADC countries. The bank's funding of SADC projects did not affect South African projects because its loan capital was raised directly from the capital market.

Goldin said the bank had a "fairly positive" view of the local authorities' ability to repay their

loans despite reports of financial mismanagement.

He said 474 local authorities held 45 percent of the DBSA's outstanding debt and he believed none of these loans would have to be written off.

This was because the bank carefully vetted and monitored all local government loans and took a keen interest in all policy decisions, including demarcation.

The DBSA's "healthy surpluses" had opened the debate on whether it should start paying taxes and dividends.

Goldin said this was a "politically sensitive" issue which had to be viewed against the background of what the government expected of the bank.

The more it paid out in dividends and taxes, the quicker the DBSA would have to be recapitalised. This also raised the question whether the government wanted the bank to do more to finance basically unbankable projects in poorer provinces and local authorities.

To do this, the bank would have to offer more concessional loans. One way it could do this was to pay taxes and dividends into a special fund for these loans.



# DBSA goes where others fear to tread<sup>(297)</sup>

Bank funds expected to create 17 000 sustainable jobs a year, writes THABO KOBOKOANE

**T**HE Development Bank of Southern Africa has stepped in where most private sector lenders fear to tread — lending to SA's municipalities.

The bank last week reported an increase to 474 in the number of loans to municipalities in the financial year to March 1999. The loans comprise approximately three quarters of the bank's clients and 43.5% of its total loan book.

In the year to March 1998 the bank advanced loans to 452 municipalities. This contrasts sharply with those for the year ending March 1996 and March 1994 when 93 and 56 municipalities respectively were DBSA clients.

The bank's figures also highlight an increase in its activity in the Southern Africa Development Community regions.

Chairman Wiseman Nkuhlu writes in the report that it is crucial to the success of the subcontinent that big cities meet the dual challenge of expanded service provision and global competitiveness.

Municipalities are a central pillar in delivery of social services and creation of jobs.

The bank expects its 1998/99 disbursements of R1.89 billion in SA to create 17 000 sustainable jobs each year for the next 20 years. It also expects the effect of its projects,

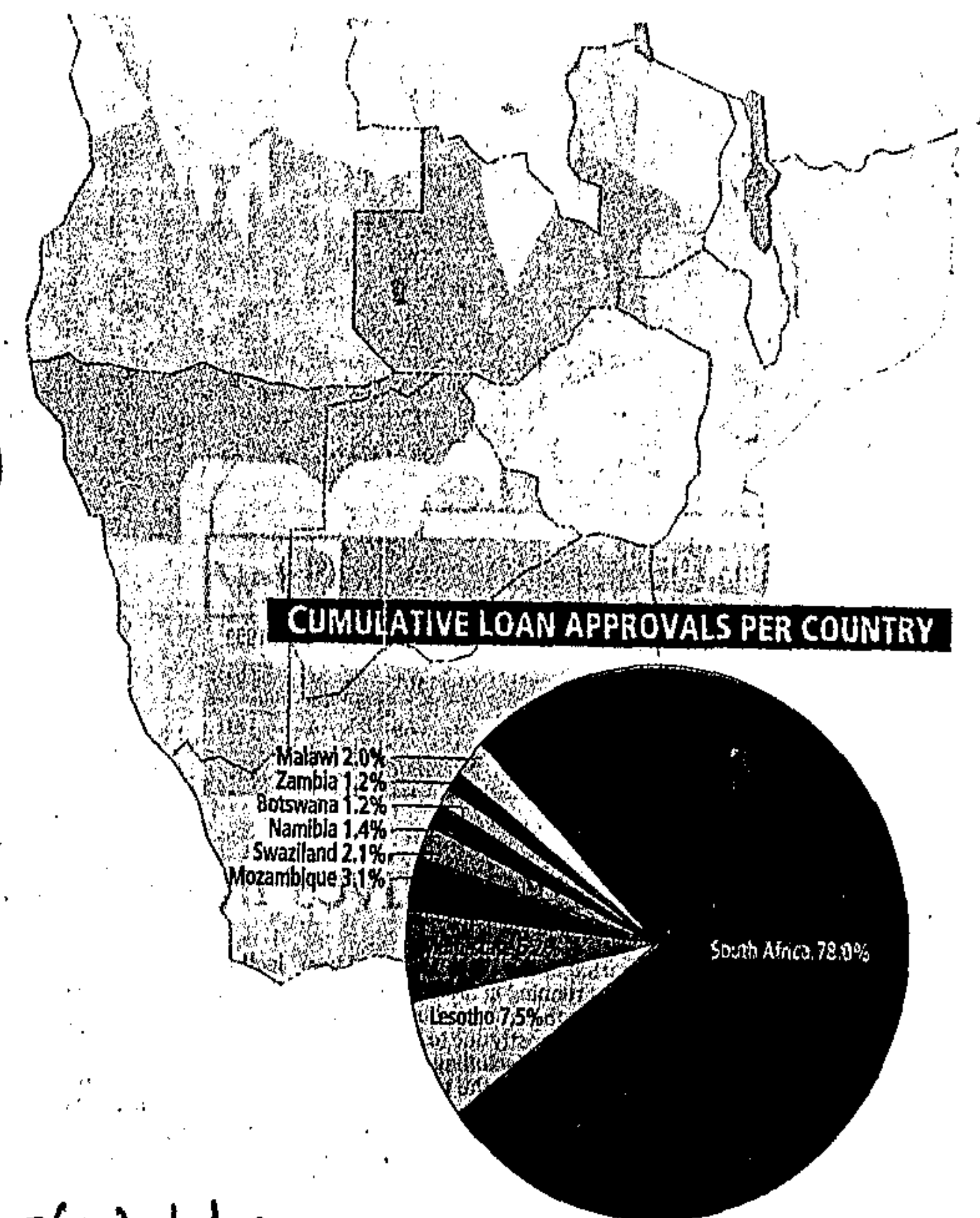
which attract R3 for every R1 it invests, to create another 37 900 sustainable jobs over the 20 years.

The DBSA's relationship with local government contrasts with private institutions' lack of interest owing to perceived risk. Private sector players cite authorities' inability to collect revenue, to meet repayments on infrastructure loans, and their lack of financial systems as risk factors.

The riskiness of local authorities was highlighted recently when Jackie Manche, chief director for local government finance in the Department of Provincial Affairs and Local Government, told a local government conference that almost half of SA's 843 municipalities faced financial problems and that 151 were in full-blown crisis. He also said residents owed municipalities a total of R12.4-billion.

Ian Goldin, DBSA chief executive, says the bank has no write-offs, which suggests it is doing something right.

It is particularly noteworthy that the bank has achieved this at a time when it has reduced its reliance on state subsidies and capital injections from government. Since 1994,



Graphic: TIONA KRISCH Source: DBSA

ST(OT) 5/9/99

borrowings have constituted the DBSA's sole source of funding and it has managed to keep its AAA rating for long-term borrowing and A+ for short-term borrowing (from ratings agency Fitch IBCA).

In its 1999 annual report, the DBSA says it targets municipalities with limited access to funding, and financially sound municipalities where investments focus on marginalised communities. "The bank also

supports financially weaker municipalities through technical assistance to develop the necessary capacity to secure commercial funding."

The key question is how the bank manages to achieve such an apparent rate of repayment against expectations. In its annual report, the bank says it has succeeded by following a flexible pricing policy in which projects are prepared and appraised more efficiently.

But more than this will be needed to ensure the R585-million loan to the Greater Johannesburg Metro Council and R684-million to the Durban Metropolitan Council turn out to be safe investments.

The bank says it pays careful attention to credit risk management. It identifies and manages borrower risk on the basis of borrower appraisals and an internal credit rating model. Project risk is addressed in the appraisal process based on financial, economic, technical, environmental, institutional and social models.



IDI Agency shifts focus from funding to development

# SA's new 'partner' against poverty

(297)  
21/06/19/99

The Independent Development Trust (IDT) is re-launching itself as "the partner against poverty", which has the capacity and experience to deliver in the remotest areas of South Africa and among the poorest of the poor. In its new form, it wants to form partnerships with the government and business to alleviate poverty.

It sees itself as a key agent in helping the poor leverage support of their own development. "To enable ourselves to do this, we must ensure that we have the capacity to harness resources from our partners," says Sonwabo Funder, the chairperson of the IDT Board of Trustees.

"We want to bridge the gap between the stakeholders who want to assist the communities and the communities who have identified their needs," says Funder.

The IDT, which has 300 full-time staff and a presence in all the provinces, was initially set up under the National Party government with a R2 billion grant as a funding conduit. In 1991, it performed that role for seven years, and has had some notable successes.

One such success is the Tertiary Education Fund of South Africa (Tefsa).

The IDT set up Tefsa as a section 21 company to manage the government's R390 million fund for students attending tertiary institutions. Under Roy Jackson, the chief executive officer, Tefsa has been hugely successful in granting loans and receiving payment from students who have graduated. Under the stewardship of the IDT, it has grown from a project to an institution in its own right.

Another success is the Clinic Upgrade and Building Programme. Within this programme, the IDT has completed more than 250 projects. Because of the IDT's commitment to using local human resources, the surrounding communities also benefited in other ways. Firstly through the building projects, the IDT was able to build capacity within the local communities. Secondly, the projects also meant an inflow of capital into the areas.

The Clinic Upgrade and Building programme aptly illustrates the IDT's new identity in its move from a fund-dispensing

organisation to an implementing partner against poverty. The programme, which was launched in 1992 is to be phased out, meaning that the IDT will cease to fund its capital costs.

The programme has evolved into a much broader infrastructure development programme (Klimberley hospitals, Northern Province Clinic Upgrade Programme, Klimberley legislature), with the IDT using its resources for facilitation and the government providing the capital costs.

The Poverty Relief Programme is another new partnership in which the IDT teamed up with the national welfare department and other organisations to focus on local economic development with the emphasis on income-generating projects.

The programme consists of about 2 500 projects, which comprise the poverty relief programme for the next 18 months. The IDT and its social partners will ensure that resources are accessible to the poor communities and help them recognise and unlock their own potential to continuously improve the quality of their lives.

# EU plans to use aid funds for debt relief

European Union's new proposal could help ease pressure on IMF to sell gold stocks

John Dudi

CERTAIN European Union states are proposing that about €1,7bn worth of unspent aid funds be used in alleviating the debt burden of the EU's former African, Caribbean and Pacific (ACP) colonies, a move that could substantially lessen the pressure to sell gold stock of the International Monetary Fund (IMF) to fund further debt relief.

Philip Lowe, the director-general for development in the European Commission, the EU's executive, indicated on Friday that the proposal to use the aid funds to "strengthen the position of highly indebted ACP countries" would require a go-ahead by the ACP. The proposal, raised by some EU members, had yet to be confirmed.

Lowe mentioned the fresh thinking on the controversial issue of financing further debt relief for poor nations in the context of the EU's attempt to assist SA's neighbours to cope with the negative effects of the EU-SA agreement on trade, development and co-operation.

The EU is also considering using unallocated funds from the fund to provide budgetary support to SA's Southern African Customs Union partners whose income from the union stands to decline when SA begins scrapping tariffs on EU imports.

Lowe stressed that he was not indicating the precise manner in which the unallocated funds would be used. "All I'm saying is in response to specific requests from a (customs union) country, it seems to us there's quite good margin to manoeuvre to build in that

The fund is the financing mechanism of the Lomé Convention, the EU's long-standing trade, aid and political accord with the ACP nations. It is understood about €1,7bn in aid was unallocated during the implementation of the sixth and seventh development funds — which part-financed the third and fourth Lomé. The funds have accumulated thanks to poor aid absorption capacity of the ACPs and due to the conflict situations in about 17 ACP countries which have led to the suspension of EU aid.

The suggestion to use unallocated aid to provide debt relief comes in the wake of continuing calls by African governments that rich countries should look at other means of funding further debt relief rather than using extensive sale of IMF gold holdings. Lowe also disclosed that he expected fisheries talks with Pretoria to start as early as SA's spring. However, informal discussions between technocrats from both sides were taking place.

The EU, which has a general negotiating mandate, would have to formulate a more comprehensive position. He said the issue of EU fishermen's access to SA waters should not be looked at in isolation from other aspects of the deal such as co-operation in conservation, research, and assistance with control. The fisheries agreement is inextricably linked to the general EU-SA agreement: in other words, tariff reduction in certain fish-based products will only happen after agreement on a fisheries accord.



# National lottery gets the thumbs up

BD 10/9/99

The country's first is set to be a moneyspinner for good causes, raising about R13bn in seven years (797)

Janet Parker

SA's first national lottery, which will be run by empowerment consortium Uthingo Management, will start in March next year and contribute about R13bn over seven years to government coffers for distribution to good causes.

Speaking at the signing of the lottery licence agreement yesterday, Trade and Industry Minister Alec Erwin said the amount of money capable of being generated by the lottery was substantial and government was setting up the infrastructure for the disbursement of the proceeds.

About 30% of the lottery turnover has been earmarked for

"good causes". The money will be distributed to five categories of beneficiaries — the reconstruction and development programme, charities, sport, arts and culture, and national heritage, which includes environmental, architectural and historical heritage.

The final "miscellaneous" category will deal with specific causes.

Erwin was consulting with the various ministries that were in line to receive lottery proceeds, to appoint distribution agencies, which would be announced "in time".

In addition, the precise percentages to be allocated to the beneficiaries were still to be decided.

Erwin said the lottery proceeds would have an important impact

## Uthingo's shareholders

### ■ Public sector

SA Post Office 15%  
National Empowerment Fund 5%

### ■ SA private sector

Black Management Forum 10%  
Disability Employment Concerns Trust 5%  
Motswedi Technology Group 10%  
NAFDC Investment Holding Company 10%  
Numsa Investment Company 10%  
WDB Investment Holdings 5%

### ■ Overseas

Camelot International (UK) 10%  
Gtech (US) 10%  
Tattersall's Investments (Australia) 10%

Graphic: RUBEN DAVID Source: UTHINGO

gambling and betting.

Uthingo CEO Humphrey Khoza said the benefits to SA from the lottery were already starting to flow through, with an immediate injection of more than R160m in foreign capital out of a start up investment of R500m.

The transfer of skills from Uthingo's three foreign partners — Gtech, Camelot and Tattersall's — was already under way.

Khoza said Uthingo aimed to break the mould of conventional thinking on empowerment, and the lottery was a tangible application.

For instance, Uthingo has opted to appoint 11 small, medium and micro enterprises (SMMES) to maintain lottery terminals in retail

outlets, instead of one large and well-established national service provider, he said.

Uthingo had arranged funding for the SMMES, and would provide training and mentoring until they were self-supporting businesses.

Uthingo had already employed more 50 South Africans, and the lottery would create more than 5 000 new full and part-time jobs within 12 months.

Uthingo has forecast that about half SA's adult population will buy a ticket in one of the lottery games each week, and weekly sales will exceed R60m within the first few months. After a year, the lottery would have paid out about R1,5bn in prizes.



# State to get 30% of annual lottery funds

(297) ARG 10/9/99

STAFF REPORTER

**Johannesburg – Government has projected that it will raise about R13-billion from the national lottery in the next seven years to fund Reconstruction and Development Programmes, and sports and charity organisations, said Trade and Industry Minister Alec Erwin yesterday.**

Addressing a media conference at the official signing of the national lottery licence agreement with Uthingo Management in Soweto, Mr Erwin said Government would receive 30% of the annual income of the lottery company. The lottery is expected to start in March.

The minister said his department was

working at setting up "efficient and transparent" structures or agencies which would distribute the funds to beneficiaries.

"The consortium must use its money wisely and not pay out fat cheques to executives who are sitting and doing nothing."

He said Government was still committed to a number of RDP programmes and the money was needed if they were to succeed. A wide range of charity organisations would be screened and funded.

Development projects run by Government departments responsible for sports and recreation, arts and culture and national heritage had been prioritised.

Mr Erwin said the National Lottery Board would ensure that the lottery management company adhered to its stringent

licencing conditions.

Uthingo chief executive Humphrey Khoza pledged his consortium's commitment to manage the lottery in a "professional and ethical manner".

They hoped to draw on the extensive lottery experience of their international partners Camelot, G-tech and Tattersall's who have injected about R160-million.

"Instead of one large contract, we have, over the past couple of months brought in to being and contracted out 11 small, medium and micro enterprises (SMME's) companies to carry out over 5 000 retail outlets," said Mr Khoza.

There would be training and ongoing mentoring for about 20 000 SMME's to enable them to be self-supporting.



FOCUS

# Fund a major boost for development

Financing aims to create jobs and relieve poverty, writes Gugu Moloi

EFFORTS by municipalities to stimulate their local economies have been boosted by the launch of the Local Economic Development Fund. National government is demonstrating its commitment to supporting local efforts at job creation and poverty alleviation through project financing.

The constitution and the white paper on local government have clearly stated that the promotion of economic development is a function of local government. Interpreting the "promotion of economic development" in a manner that does not intimidate cash-strapped municipalities is important.

The department of constitutional development maintains that local government has various means of stimulating economic development.

First, service delivery can be undertaken in a manner that supports development.

For example, efficient, responsive and well-integrated infrastructure provision can stimulate the development of large and small enterprises.

Second, the manner in which the municipality carries out its business can have an impact on local economic development. A municipality that

adopts affirmative procurement policies can stimulate small, medium and micro-enterprise development.

Third, a municipality can support development through the provision of direct economic services. The development of one-stop business information centres and the offering of training programmes for the poor are two examples of such services.

The financial implications of promoting economic development are varied. A municipality that reorients its existing service functions towards promoting an efficient and growing economy will simply reorient its budget accordingly.

As the benefits of this approach have an impact on the municipality through a growing rates base or higher rates and services payment levels, one can assume that the budget of the

municipality will grow and its activities will expand.

However, this is a slow process, and for many municipalities faced by the realities of poverty and joblessness, it is not a sustainable option. Rather, a municipality has to take action to understand the performance of its local economy and in identifying strategic interventions that will improve the quality of life of the poorest of its citizens. In these instances additional project, or packaging, finance is required.

Government's recent announcement of poverty alleviation finance has facilitated the establishment of a much needed local economic development fund. This finances projects to a maximum amount of R1.5m.

The fund is targeted at municipalities addressing the problems of job creation and poverty alleviation.

For a project to be selected, the business plan must demonstrate that it will create or retain jobs; the project must be unable to access funding through other government programmes, although joint funding will be considered; it must be sustainable; it must include the participation of other stakeholders and it must target the disadvantaged. The closing date for application is November 1.

For municipalities that are affect-

ed by large-scale job loss, there is an additional support mechanism that the department of constitutional development has to offer. This is the social-plan fund, which provides grants of R 50 000 to municipalities to undertake a local study identifying opportunities and projects for growth and employment generation, or strategies for managing decline.

Municipalities that qualify for this fund are those that have been directly affected by job losses through the closure of firms or a mine; those that are indirectly affected through backward migration; and those that have growth potential but are located within declining regions.

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BD 14/9/99

The study encourages the establishment of a local economic monitoring system through a simple model based on an Australian programme.

The completed study will be submitted to an interdepartmental steering committee for the social plan fund and departments will be requested to identify projects that could be funded through existing government programmes.

One of the strengths of this fund is that it is part of the social plan, a strategy adopted at the jobs summit last year resulting in a collective response by government, organised business and organised labour to large-scale job loss. Whilst the fund assists mu-

nicipalities where retrenchments already have or will take place, the first two phases of the social plan are targeted at the saving of jobs and then assisting retrenchees if job loss is unavoidable.

These two new financing mechanisms are available immediately for qualifying municipalities. Business plans can be forwarded to the department of constitutional development.

The challenge is to mobilise all our resources at national, provincial and local levels in ensuring that finance is channelled to projects with a significant effect on local job creation and retention, and that these jobs are both sustainable and beneficial to the poor within our communities.

□ *Moloi is Chief Director, Local Government Infrastructure and Planning in the department of constitutional development*



# 'Ghosts' draw extra grants using different IDs

ARG 13189/99(297)

**NORMAN JOSEPH**  
STAFF REPORTER

**"Ghost beneficiaries" in Western Cape towns are drawing up to three social welfare grants a month using different identity documents.**

- ♦ The social services and poverty relief department has launched a clean-up campaign, and provincial minister Peter Marais says his department is working on plans to get rid of fraud by the end of next June.

All beneficiaries were asked to re-regis-

ter at provincial welfare offices recently using only barcoded ID books.

But only 1 200 of a regular 2 000 claimants registered in Atlantis.

Johan Smit, speaking for Mr Marais, said about 800 people in Atlantis did not re-register, indicating they could have been involved in fraud. Mr Smit said: "We are not there to catch people out. But they defaulted on their own."

Mr Marais said it was clear that a vigorous campaign had to be maintained to combat fraud by people seeking welfare grants illegally. Some people drew one grant using

an outdated ID book from a homeland such as Transkei or Ciskei, a second using an old South African green ID card and a third grant using the new ID book.

Mr Marais said the ID numbers were different in all three books and welfare officials could not detect a suspect easily. The barcoded ID was "a wonderful invention", he said.

Officials are compiling an accurate database to eliminate fraud. Correct evaluation, such as medical evaluation of disability grants, is under way and the introduction of barcoded ID books has begun.



# Access to welfare services found to be widely unequal

Linda Ensor

CAPE TOWN — The access to welfare services among provinces is very unequal, as reflected in the widely diverging per capita expenditure levels, the Intergovernmental Fiscal Review says.

However, it notes that eradication of these inequalities will require the setting of new priorities in welfare and provincial budgets.

The review shows that as with health and education, expenditure cannot immediately be equalised at the levels that prevailed in provinces with high per capita expenditure.

It noted that the cabinet had recently approved a new model for financing

welfare organisations which aimed to provide equal access to community-based welfare services, as against expensive "curative and institution-based services". The costing of the new model was under way.

The review said the welfare department aimed at a 80/20 split between social security and welfare expenditure, to free up funds for developmental welfare services. Gauteng was the only province with the capacity to achieve this in the near future.

Only the Free State, the Northern Cape, the Western Cape and Gauteng (81%) spent less than 90% of their welfare budgets on social security. The Western Cape and Northern Cape might

also approach the target in the foreseeable future as a result of savings from the phasing of child support grants and scaling down of disability grants.

The Northern Cape spent the highest per capita amount on welfare, followed by the Eastern Cape and Western Cape. Gauteng and Mpumalanga are at the bottom of the list. The low share of welfare spending in Gauteng reflected a relatively small numbers of aged and young people as well as a high proportion of gainfully employed people.

The differences between the northern and southern provinces reflected the historical discrimination against Africans in favour of whites and coloureds in terms of access to grants.

as well as historical differences in administrative reach and efficiency.

The review concluded that budgetary pressure for grant expenditure by the welfare department was likely to continue in the years ahead, especially in poorer provinces which did not as yet provide adequate services.

Another reason for the likely upward drift was that provinces with large numbers of children qualifying for child support grants would not benefit much from the phasing out the state maintenance grants. The switch to child support grants would improve equity in relative expenditure levels. It would also lead to savings in the Eastern Cape, Western Cape and Northern Cape.

## Provinces sideline nonsocial spending

Linda Ensor

CAPE TOWN — Nonsocial services functions performed by the provinces — important for promoting employment and alleviating poverty — have had to be sidelined because of the huge need for basic social services, government's first Intergovernmental Fiscal Review says.

Development programmes to stimulate job creation through support for micro-, small- and medium-sized enterprises, tourism and agriculture have had to be delayed. The nonsocial service functions include economic affairs (trade, tourism and industry), public works, transport, local government, housing and agriculture. Provincial budgets also fund administrations, sport and environmental affairs.

Given the dominance of social spending, less than 20% of provincial budgets are available for these functions. The report says aggregate expenditure on nonsocial service functions has declined from 16,9% of total provincial spending in 1995/96 to 14,1% in 1998/99.

In provinces with academic hospital complexes, like Gauteng and the Western Cape, the proportion of the budget spent on other functions is far lower, at about 11% on average, despite conditional grants.

The 1999/2000 provincial budgets reflect a further reduction in expenditure on nonsocial services to 13,6% of provincial expenditure and a subsequent marginal increase to 13,8% in 2001/02. This reduction is partly because of provinces repaying debts accumulated in previous years.

Personnel spending took a growing share of nonsocial services, increasing from 34,9% in 1996/97 to 44,7% in 1998/99. This was more significant in provinces with ex-homelands where above average pay increases were made to workers at the lowest levels.

Stabilisation of social services budgets through the medium-term expenditure framework process should enable provinces to divert more resources to other priorities, especially from 2000/01 onwards.



# Welfare policy claims victims

Peter Dickson

(297)

M+G 10-16/9/99

**F**ive of the most vulnerable people in the Eastern Cape have now died since the withdrawal by the Department of Welfare of their disability and care-dependence grants in line with the new government policy that ironically seeks the social and economic upliftment of the disabled.

The latest victim was an epileptic and mentally retarded teenager from Kei Road near King William's Town, who spent most of his days confined to his bed and whose care-dependency grant was the single monetary lifeline for himself and his mother who permanently cared for him.

In a cruel twist of fate, it was his mother, the department told concerned King William's Town Anglican priest Siyahulela Gidi, who had filled in the wrong pay-out point in a re-application form after her son's grant was stopped in November last year. But no one in

the department told her. Instead, after 10 consequent months of hardship with little food and no medication, mentally and physically ill Nkululeko Mavata (18) died during an epileptic fit and was buried in Kei Road cemetery last week.

And only then was Gidi, who had stood by the family, finally told by the department that Mavata's mother had filled in the reapplication form incorrectly after November's final payment.

She had indicated she wanted to be paid in King William's Town's Ginsberg township, they said, and not Kei Road.

But Gidi says Mavata's mother had asked for the grant to be paid out in Kei Road, not in Ginsberg, and had never been able to find out if the pay-out point had actually been moved elsewhere.

"We have subsequently established it was not paid out in Ginsberg either," Gidi said, adding that the combination of bureaucratic incompetence and indifference that had

contributed to Mavata's death is "a terrible indictment against the system."

Eastern Cape campaigner for the disabled Karin Claydon, following the documenting by the *Mail & Guardian* (August 27 to September 2) of the widespread tragedy brought about by the new policy in the province, says she has since been contacted by the Minister of Welfare and Population Development, Zola Skweyiya.

Skweyiya has invited her to discuss the crisis with him when he visits the Eastern Cape later this month.

Claydon has also contacted provincial MEC for Welfare, South African Communist Party politburo member Neumisa Kondlo, to set up the meeting.

It is the first response by the government to Claydon's year-long appeals that culminated in her chaining herself to East London's Steve Biko memorial last month in public protest, along with Disabled People of South Africa co-ordinator Bernard Kwaainan.



# UN releases development report



Wynndham Hartley (297) Cape Town — With the developing world constrained in the global economy, the "ball is in the court of the industrialised countries" to improve world economic growth, the United Nations Conference on Trade and Development (Unctad) has found in its 1999 report.

Unctad, in its report released late last night, said the third world must learn how to better protect its interests with the creation of a positive trade agenda at the centre. "Governments in the north should work harder to convince a sometimes sceptical public that there are direct benefits, in terms of more jobs and rising incomes, from expanding trade with the south," Unctad secretary-general Rubens Ricupero said in his overview of the report.

"They must also recognise that a more stable international system free from hot money and recurrent crises in emerging markets is in their longer-term interests."

Trade and Industry Minister Alec Erwin, who is also Unctad president, said the report's findings reinforced the argument against the sales of gold by either the International Monetary Fund or industrialised countries because gold exports were among the few areas where there were positive signs in the third world.

"It is entirely inappropriate to use a rising export for developing countries to solve the debt crisis," Erwin said.

Unctad's chief economist, Charles Gore, said the report found "that there is very little scope for effective policy responses in the developing world to the threat of a sharper downturn in global economic activity. Because of the possible adverse reaction of financial and currency markets, most developing countries would be unable to use expansionary monetary and fiscal policy to counter a deepening deflation.

"The responsibility for action to stimulate world growth therefore falls on industrialised countries."

Unctad also records that developing countries have been unable to take action to prevent third world penetration of their markets, specifically the anti-dumping which is allowed in terms of the Uruguay Round of World Trade Organisation talks.

The report said developing countries required "confronting anti-dumping procedures, the possible abuse of health and safety standards as a means of controlling imports, and signs of backsliding in the developed countries on existing agreements, such as the practice of so-called voluntary export restraints".

Erwin said SA supported the elimination of "subtle" protectionist measures by developed countries to prevent third world penetration of their markets, specifically the anti-dumping which is allowed in terms of the Uruguay Round of World Trade Organisation talks.



M+G 23-30/9/99

(297)

# NGOs to assess the way forward

Barry Streek

**M**ore than 500 representatives of South African NGOs convene in Pietersburg this weekend for a critical assessment of their role and the changing environment in which they operate.

With the introduction of the Non-Profit Organisations Act, the establishment of the National Development Agency next year and the pending hearings in Parliament on the Katz Commission's proposals on tax reforms to benefit the NGO sector, civil society organisations will have to adapt.

"We need to look at the overall sustainability of the sector and locate discussions related to financial sustainability within this framework," says Safoora Sadek, the outgoing executive director of the South African National Non-Governmental Organisations' Alliance, which has organised the annual get-together of NGOs in Pietersburg.

But, she adds, the sustainability of the sector "must be based on the impact of its work and not on the number of NGOs in existence. We need to shift the debate on whether the role of NGOs is considered important from using the number of NGOs as a measurement".

The conference this weekend is meeting under the title *Building People's Power for Poverty Eradication: Processes and Partnerships*. The objectives are to develop a common understanding in the sector about eradicating poverty and examining ways of developing partnerships with government, civil society and business.

"The partnerships with civil society are an integral part of poverty eradication, and underpin all aspects of development," says Sadek.

The mandate from the poor was "to build houses, improve education and access to education, ensure access to health care, create the condi-

tions necessary and conducive for long-term sustainable job creation".

However, she adds, "we are all aware that delivery took place in a fragmented and unco-ordinated manner. It focussed more on the [numbers game] or quantity [for example, number of houses, number of people receiving clean drinking water] than the qualitative integrated, sustainable people-centred, people-driven strategy proposed by the reconstruction and development programme [RDP]".

Integrated development as reflected in the RDP had been the battle cry of the NGO sector over the past five years, Sadek says.



Safoora Sadek: Sangoca's outgoing executive director



# World Bank spells out its view of millennium

## Development in a shifting global economy is the focus for next century, writes ANDREW GILL

(2/7)

**P**OLICYMAKERS in the 21st century will find themselves pursuing development goals in a landscape that has been transformed economically, politically and socially. Two main forces will be shaping the world in which policy will be defined and implemented: globalisation (the continuing integration of the countries of the world) and localisation (the desire for self-determination and the devolution of power).

So says the World Bank in its 1999/2000 World Development Report, which shows a shift from previous reports as it seeks new ways to deal effectively with development issues in a changing global economy. "This report focuses more on the battles than the South Africa, still struggling to find its place in the global economy, has become acutely aware of such challenges following years of apartheid-enforced isolation, and the report puts into perspective the country's standing in the global pecking order (see table).

It underscores just how much our policymakers and opinion-setters must do if the country is to be counted among the success stories of the next century.

The first democratic government under former president Nelson Mandela put in place a series of building blocks that many thought impossible when the African National Congress came to power. Now in its second term under President Thabo Mbeki, many of those early successes and strategies are being institutionalised.

The Finance Department under Trevor Manuel, has brought under control government finances in a way previous Nationalist regimes could never have dreamed of.

Trade and Industry Minister Alec Erwin has implemented tough but necessary changes, mostly to the trade regime, and our first black government of the Republic of South Africa, has all but squashed speculation that his reign will mark the start of a slide into monetary indiscipline.

What these achievements offer is a glimpse into the future potential of the country, but much still needs to be done if South Africa is to fulfil that promise.

Ever-widening gaps between the haves and the have-nots amid growing un-

DEVELOPMENT INDICATORS									
	GNP (\$-bn, 1998)	GNP PER CAPITA (\$1998)	GOVT CONSUMPTION SHARE OF GDP (1990-1998)	POPULATION GROWTH RATE (1990-1998)	LABOUR FORCE 1980 (million)	LABOUR FORCE 1998 (million)	GNI INDEX	TOP 10% EARNERS SHARE OF INCOME (male)	TOP 10% EARNERS SHARE OF INCOME (female)
South Africa	113	2380	22	1.6	10.6	11.0	53.3	53.3	53.3
Botswana	5.6	3600	25	2.9	na	na	na	na	na
Mozambique	3.1	110	na	na	na	na	na	na	na
Egypt	79.2	1290	10	2.3	14	23	32	32	32
US	7921	29340	16	0.1	109	138	40.1	40.1	40.1
Brazil	758	4570	14	1.6	47	76	60.1	60.1	60.1
Chile	71.3	4810	6	1.8	4	6	56.5	56.5	56.5
Malawi	na	na	na	na	na	na	na	na	na
Asia	3805	2600	na	na	na	na	na	na	na

GRAPH: NINA FESCH

SOURCE: WORLD BANK

employment indicate just how much needs to be done to redress past imbalances and encourage development. The Bank uses an indicator called the Gini co-efficient to show the extent to which the distribution of income among households in an economy deviates from a perfectly equal distribution, on a scale of zero to 100.

If a country's Gini co-efficient is zero, it means that income distribution is perfect. SA, at 59.3, is among the worst in the world along with countries such as Brazil.

Furthermore, an increasing chasm between the poorer of developed and developing nations, the spread of HIV/AIDS, and possibly most importantly, a technological revolution, all indicate that the coming century brings a significant challenge. The

Bank's report suggests key drivers of a changing global terrain will be innovations in technology, the spread of knowledge, the growth of population and its concentration in cities, global financial integration, and rising demands for political and human rights.

"Some of these forces, like population growth, will work their way gradually, giving policymakers time to respond. Others — such as financial contagion — could batter apparently healthy economies without warning unless pre-emptive measures are in place. Some will give rise to challenges, like social welfare funding, that most nation-states can cope with on their own."

Others, such as global climate change, will be beyond the reach of any one state and will call for international agreements. "If they are managed well, these forces could revolutionise the prospects for development and human welfare. However, the same forces are also capable of generating instability and human suffering which is far beyond the ability of individual nation-states to remedy," the report says.

Interestingly, the Bank has moved away from a focus on driving economic growth above all else in the hope that this will trickle down to key developmental areas such as health and education. Instead, it says fifty years of development experience have yielded four critical lessons: First, macroeconomic stability is an essential prerequisite for achieving the growth needed for development. Second, growth does not trickle down; development must tackle

human needs directly.

Third, no one policy will trigger development; a comprehensive approach is needed. Fourth, institutions matter; sustained development should be rooted in processes that are socially inclusive and responsive to changing circumstances.

It is a stance that drew criticism from the Financial Times in a leader article soon after the report's release.

"When so many developing countries are falling ever further behind, this emphasis on growth must not be lost. Yet that is now a danger. Growth may not be enough, but it is the foundation for all the rest."

In response, World Bank president James Wolfensohn and chief economist Joseph Stiglitz said focusing on growth alone was similar to the old joke about the person who looks for his keys underneath the street lamp because that's where the light is, even though he knows he lost them in a dark alley.

"The dark alley of multifaceted development objectives may be more challenging, and those who enter it may appear to be groping for a difficult target. But who is more likely to produce the desired result, those in the alley or those who insist on remaining near the lamp?"

The report focuses on the issue of localisation as a major factor in coming years, and says successful programmes of devolution were a unifying force in SA and Uganda.

But it warns that this localisation could threaten macroeconomic stability if big spending local governments have to be rescued by national authorities.



# World Bank policy must include sustainability

Economic growth may be the foundation, but it is not enough to break the cycle of poverty in developing countries, write James Wolfensohn and Joseph Stiglitz in the Financial Times

DD 27/9/99

(297) (256)

**G**ROWTH is not enough. World Bank policy in developing countries must include the concepts of equity and sustainability to ensure successful development and the alleviation of poverty.

The Financial Times (FT) worries that the World Bank is losing its rigour by moving away from an exclusive focus on economic growth.

The editorial concludes that growth may not be enough, but it is the foundation for all the rest. That is precisely the point: in building a safe home, a solid foundation is necessary but not sufficient.

It would do little good to focus exclusively on the foundation, for example, and not build the roof. Similarly, an exclusive focus on growth is not enough to ensure that the goals of economic development are realised.

The World Bank's development objectives are focused on the achievement of democratic, equitable and sustainable increases in living standards.

Growth is a key ingredient in that mix: the evidence suggests that growth in national income can ultimately benefit all members of society and is strongly associated with progress on many other measures of well-being, including health, nutrition and education.

In other words, growth retains its central role in raising living standards. But we have learned that while growth remains crucial, more needs to be done to ensure successful development.

Martin Wolf, writing in the FT on July 14, notes that falling societies pose threats not only to domestic populations but also to the rest of the world. To reduce misery and improve living standards, equity and sustainability must come to be viewed as essential complements to growth, not substitutes.

Achieving rapid growth at the cost of relegating a significant portion of the population to poverty, or substantially degrading the environment — even if such trade-offs existed — would not represent sound policy.

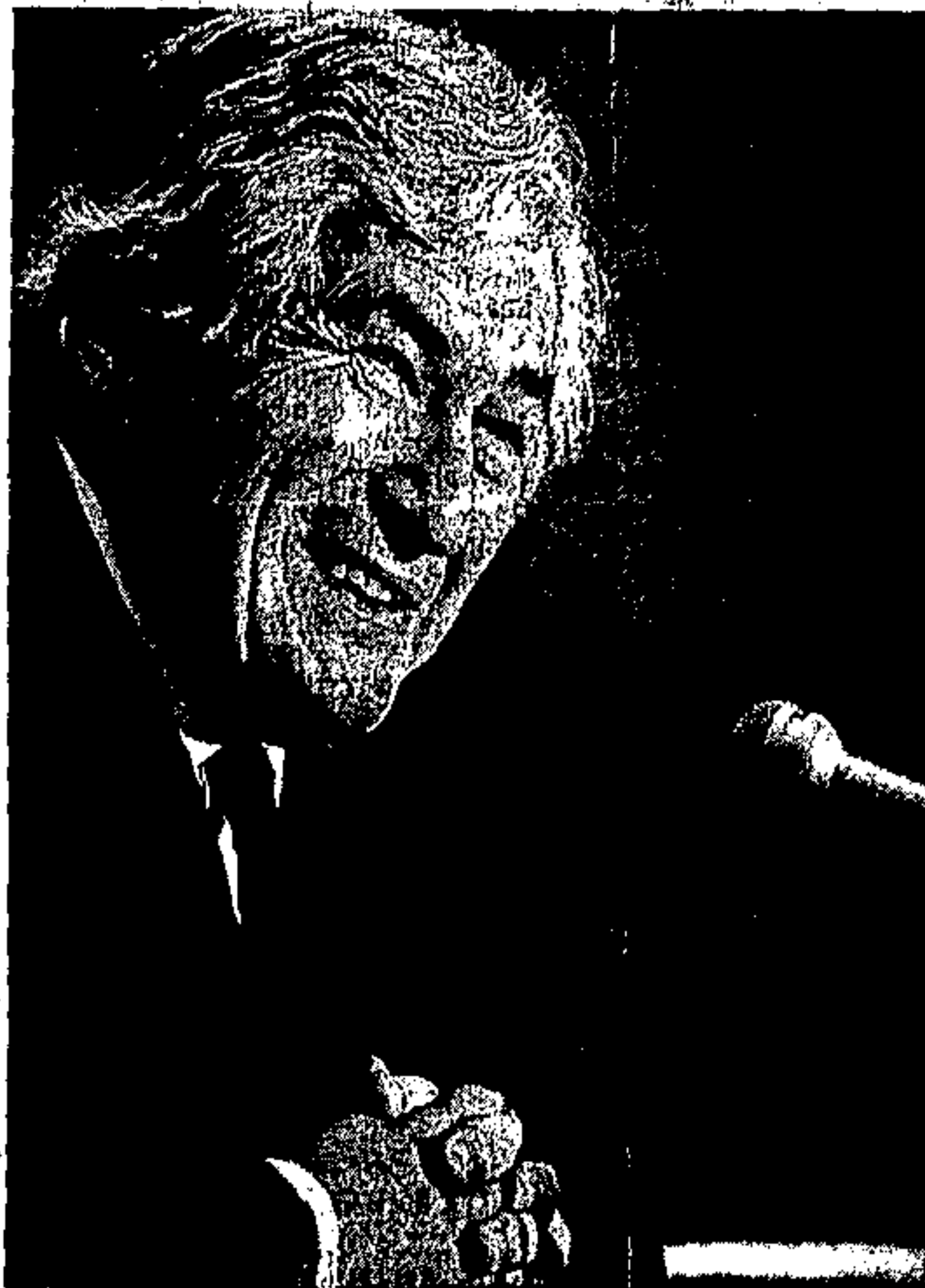
The old approach of an exclusive focus on growth as the elixir for all the world's problems is thus too circumscribed. Such a trickle-down approach ignores the substantial social gains from growth directed towards the poor.

In other words, the quality of economic development — not just its existence — can be important.

Examples abound. In Pakistan, less than a quarter of females are literate, despite a growth rate of almost 6% between 1975 and 1990. In Sri Lanka, on the other hand, per capita gross national product was only \$280 in 1980, but life expectancy, at 68 years, was one of the highest in the developing world.

The FT argues that multiple objectives risk paralysis. To be sure, there is a danger that too many objectives could undermine a sense of priorities: an old proverb states that he who begins much, finishes little.

But the World Bank's development objectives are not so numerous as to produce paralysis. Recognising the complexity of development and the complementarities among policies certainly makes policy making more



The quality of development is also important, contends World Bank president James Wolfensohn, top, and his deputy and chief economist Joseph Stiglitz.

for his keys underneath the street lamp because that's where the light is, even though he knows he lost them in a dark alley.

The dark alley of multifaceted development objectives may be more challenging, and those who enter it may appear to be groping for a difficult target. But who is more likely to produce the desired result, those in the alley or those who insist on remaining near the lamp?

Thus, today, we recognise that we need a comprehensive approach to development. Such a comprehensive approach is necessary even were we to make the mistake of focusing exclusively on growth, thus confusing means with ends.

Indeed, this is one of the lessons to emerge from the recent global financial crisis, as well as the dismal performances of so many of the economies in transition. Economic instability — which not only contributes to poverty but also slows long-term growth — can be caused not just by fiscal imbalances, but by weaknesses in financial institutions; and these weaknesses in turn have been shown to be closely related to financial and capital market liberalisation. This was once thought, on more narrow economic terms, to be important for growth.

To take another example, we now see the centrality of issues of governance, both in the public and private sector. There is a strong body of research documenting how corruption, for instance, adversely affects investment and growth.

Similarly, the adverse effects of privatisations leading to asset stripping rather than wealth creation in the presence of inadequate corporate governance (in the context of the Czech Republic, often referred to as tunnelling), is corroborated in research showing that privatisations in those economies in transition and without strong corporate governance do not lead to faster growth.

We should be clear: while terms such as corruption and good corporate governance might sound fuzzy to some people, we know a great deal about what concrete steps to take to reduce corruption and improve corporate governance.

To be sure, there is much more that we need to know, and research at the bank and elsewhere has provided important insights into these matters.

There are many lessons to be extracted from the experiences of development over the past half-century. Development is possible, but far from inevitable.

The countries that have been most successful in achieving growth (that helps the poor) have taken comprehensive approaches to development. Our challenge will be how to combine this comprehensive approach with a clear sense of the priorities that have to be set for each country and to translate general principles into concrete actions.

The challenges are great, and our ambitions are high, but we have no choice: unless we rise to the challenge the absolute numbers in poverty will continue to rise.

□ Wolfensohn is president of the World Bank. Stiglitz is the bank's chief economist and senior vice-president.

difficult. It does not make it directionless.

Democratic, equitable, and sustainable increases in living standards provide the right focus for policy makers. No one ever said the task was easy. But focusing on growth alone is similar to the old joke about the person who looks



Cape Town 28/9/99

(297)

# Council may cut sports grants where development is lacking

**BUNTY WEST**  
METRO WRITER

THE City of Cape Town will no longer "mollycoddle" sporting bodies that do not set up youth development programmes and will cut their grants-in-aid, given as rates relief, if they do not fall in line.

At an executive committee meeting yesterday, chairperson Saleem Mowzer said golf, hockey, football, tennis, rugby, cricket and softball clubs that used council facilities or land and received large grants-in-aid would have to fork out huge sums in rates unless they could show that the equivalent of the grant was being poured into the upliftment of sport in disadvantaged areas.

Western Province rugby and cricket are the first to be hit. They will have to submit a business plan of how they will provide adequate sports facilities in the townships. In return for compliance, they will receive a 45% grant-in-aid this year.

It was suggested that because the council did not have the manpower or resources to maintain sports fields in the townships, clubs that used council facilities could take over responsibility for the mowing and upkeep of the properties in exchange for a grant-in-aid.

The Western Province Cricket Association and WP Rugby Football Union (WPRFU), with headquarters in Newlands, have not paid rates for four years. The WPRFU will have to pay arrears of R4,7 million and cricket R2,5m, both of which amounts include a 35% grant-in-aid. If the amounts aren't paid, the council will take steps to recover them.

Golf clubs, which receive a 75% grant-in-aid, are next in line to be checked for development programmes. They will be followed by hockey and softball.

All receive large grants-in-aid but do little or nothing to help the disadvantaged.

A new policy on grants-in-aid will be set up so that there is equity in charging for the use of sports facilities in the city.

Grants-in-aid would be reduced dramatically from next year unless sporting bodies accepted that a condition of their receiving these was that they helped disadvantaged communities, Mowzer said.



**FIRM:** Exco head  
Saleem Mowzer

● A council committee's decision last week to grant Ajax Cape Town a reduction in the monthly rental on land the football club wants to use at Athlone Golf Course was overturned by the executive committee yesterday.

After the *Cape Times* broke the story last week, the South African Football Association (Safa) in the Western Cape wrote to the council complaining that Ajax was being given special treatment.

"The deal smacks of favouritism or the currying of favour with a particular team at the expense of all other professional football clubs," Safa Western Cape president Russell Paul wrote.

"It is the worst business decision that the council could have made."

Ajax will have to pay rent of R5 000 a month for the use of the land. The amount is to be increased by 12% a year for the next 25 years.

The club will not be given a "rent holiday" until it takes occupation.

Saleem Mowzer took the committee's chairperson, Yusuf Waggie, to task for attempting to change the rent decision.

The change was contrary to council officials' recommendations. Officials had already granted Ajax a 50% reduction on the land. Ajax must respond in writing by tomorrow, otherwise the land will be used for other purposes.



**M**ORE than 600 delegates from a wide range of organisations from civil society, Government and business gathered in the Northern Province last weekend to evaluate the role of non-government organisations (NGOs) in South Africa.

The primary focus of the annual conference of the South African National NGO Coalition (Sangoco) was the forging of partnerships to challenge the ongoing problems of poverty in Southern Africa.

Deputy President Jacob Zuma, in his keynote address, reminded delegates of the ongoing importance of civil society's contribution to development and delivery under the new Government.

"Government cannot deliver on its own, and partnerships are critical to this process," he said.

"It is important for every sector of the country to look at forging strong links with civil society that will facilitate delivery to the disadvantaged."

Northern Province Premier Mphahlele Ramathodi welcomed the commitment made by Zuma to embark on provincial visits to assess for himself the needs and priorities of the

# NGO conference leaves delegates full of hope

*Laureen 29/07/99*

*Eradicating poverty, empowering the provinces and revitalising the NGO sector was the focus of the South African National NGO Coalition, which held its annual conference in Pietersburg last weekend, reports Laureen Bertin*

country's poor.

The Deputy President also highlighted the importance of South Africans uniting in the fight against HIV/Aids.

"It is clear that we are fighting a war against this disease, and the only way to win it is for the nation to unite as one and support each other in the battle," he said.

This commitment was highlighted later in the conference at the Katlego awards banquet, where the family of the late Lucia Nhlapo was presented with the "Spirit of Hope" award.

The award was presented in recognition of Nhlapo's fight in her community against the stigma of HIV/Aids.

and the importance of community acceptance of HIV/Aids survivors.

Nhlapo was one of the first women to publicly acknowledge her HIV status. She died in August this year.

The cross-sectoral approach to development was explored in depth: this clearly follows on from the approach highlighted by President Thabo Mbeki in his inaugural speech, where he outlined the importance of "cluster delivery".

Forging strong partnerships will go a long way towards avoiding the fragmented delivery experienced in the past and will also begin to provide the integrated infrastructure that is so necessary for long-term, sus-

tainable job creation.

Commitment and input from other parties will also contribute towards revitalising the NGO sector and highlighting the importance of its work.

Recognising the importance of rural participation in the conference, Sangoco and its donors ensured that there was strong representation from every province and sector.

The coalition did this by providing transportation to the conference, a well-equipped child care facility at the venue, and generously subsidising the registration fee, which contributed to a strong attendance from Pietersburg and surrounding communities.

All was not work, however. The

social highlight of the conference was the glittering banquet, attended by conference delegates and local dignitaries.

In her address to the banquet, MEC in the Premier's office Catherine Mabusa highlighted the critical role of women in addressing the issues of poverty and ensuring sustainable development across the board.

The work of many worthy organisations and individuals in the NGO sector was recognised and guests danced the night away under the clear Northern Province skies.

Delegates left the conference with a renewed commitment to forging partnerships between Government, business, the donor community, civil society and labour in the war on poverty.

Sangoco also went forward with a renewed mandate to building its membership, empowering its provincial structures, working to ensure the financial sustainability of the NGO sector, and continuing to provide a platform for the work of civil society organisations.

*(Laureen Bertin is Sangoco's media liaison officer)*



# Workers want alternative to IMF

(297)

ARG 2/10/99

FRANK NXUMALO

LABOUR EDITOR

Johannesburg – The three-day seventh congress of the Organisation of African Trade Union Unity (OATUU), the continental labour federation representing an estimated 20 million African workers, ended in Johannesburg yesterday with a declaration to campaign for an alternative framework to the orthodox International Monetary Fund and World Bank framework for economic growth, employment creation and development.

In this regard, the organisation said it had noted with regret the "dominance of the neo-liberal prescription of the financial institutions to African countries and the rest of the developing world".

These anti-development prescriptions had a devastating effect on workers and the poor, the continental labour organisation said.

The OATUU called on African governments and other

stakeholders to work with it to develop an alternative.

"The interaction between the trade unions and governments should begin at the national level and be taken into every regional economic development structure before being consolidated at the continental level.

"The OATUU and the Organisation for African Unity should lobby the Non-Aligned Movement behind such an alternative framework," Hassan Adenbayo Summonu, the secretary-general said.

But Summonu said the critical role that the private sector could play in development should be recognised and called for a renewal of the spirit of tripartism between trade unions, governments and employer bodies.

"In this regard we shall campaign for genuine tripartite structures in all African countries. Partnership and participation can only take place if there is a conscious effort to em-

power trade unions," he said.

Summonu said his organisation would work for improved co-ordination between African countries on matters of common interest and in engaging institutions such as the World Trade Organisation, the UN and its agencies.

"As part of the above efforts, we commit ourselves to seek participation of labour in all bilateral relationships our governments have with each other.

"We shall seek to build stronger trade union bilateral relationships alongside the inter-governmental relationships so that worker issues are taken on board, we shall further strengthen bilateral and multilateral relationships between OATUU affiliates," he said.

Summonu said the labour organisation dreamt of a new Africa where her children would be free from poverty, deprivation and socio-economic marginalisation as well as inter and intra-state conflict.



# Service delivery in SA goes into top gear

(2222) (297)

**Few people doubted President Thabo Mbeki's pledge 100 days ago to speed up delivery. A number of strategies are already in place to ensure that this happens, writes Geraldine Fraser-Moleketi**

**I**N HIS speech at the opening of Parliament on June 25, President Thabo Mbeki set the tone for accelerated service delivery to all South Africans.

Mbeki emphasised the Government's commitment and determination to ensure that the machinery of state is geared towards serving the people in keeping with the vision of 'Batho Pele'.

Over the last 100 days, the Department of Public Service and Administration has worked hard to meet the challenge outlined by the President.

The department conducted a study on the review of conditions of service, which covered the patterns of spending by level, province, race and gender, and indicative plans on options for reform.

Specifically targeted were elements such as the pay progression system, structure of negotiations and service benefits. The study identified a number of anomalies and developed measures to address these areas.

The department assisted several departments with the implementation of the newly developed job-evaluation system. This is part of the implementation of the new Public Service Management Framework. The system will

increasingly ensure control of personnel costs.

The department played a pivotal role in determining the salaries and conditions of service for public servants, including prosecutors, veterinarians and special advisers. It also completed preparations for the 2000-2001 salary negotiations, due to start soon.

In addition, the department established an integrated implementation programme (IIP) to assist provinces in establishing effective management plans to ensure the acceleration of service delivery and the implementation of the new management framework.

It set up four teams to focus on the Eastern Cape, KwaZulu-Natal and Northern Province. The teams work full-time in the provinces and are working with provincial teams in the development of management plans.

The department will present the first report of the IIP to the Minister of Public Service and Administration shortly and the final report will be presented to Cabinet at the end of November.

The department will present a

report on personnel expenditure in the public service to Cabinet this month.

In order to accelerate and improve the efficiency of service delivery in rural areas, the department has developed a policy framework and guidelines on alternative delivery options.

This is primarily focussed on approaches such as outsourcing, corporatisation and partnerships in service delivery, with benefits of value for money, transference of skills and provision of quality services.

The department has also developed a framework for sectoral reviews to improve the service delivery of the specific sectors within the public service.

This will contribute towards the development of specific service delivery sectoral plans and add value to the integrated service delivery implementation programme.

A draft policy and the sectoral reports will be ready by next month.

The department also concluded a preliminary research report that identifies key occupational strategic to delivering the Government's core public service goals, which are difficult to fill

and whose vacancy rates are underpinning service delivery in national and provincial departments.

It is intended that fast-tracking training be put in place for occupations where the labour market is failing to generate an adequate supply of qualified and competent employees.

Two training programmes are being established to address the management capacity building needs identified by the research. These programmes will seek to strengthen middle management abilities and identify and develop management potential at lower levels.

The department prioritised the establishment of a programme to fast-track skill development for lower-skilled employees through adult basic education and training programmes.

This programme will open the career paths of lower-level employees in order to create career advancement opportunities and to ensure the optimal utilisation of human resource development.

(The writer is the Minister of Public Service and Administration.)



ment for the public service.

After protracted negotiations, the Government implemented wage increases for all public servants from July 1. Educators received a seven per cent salary increase and most public service workers received a 6.3 per cent increase.

The Government committed itself to the collective bargaining process and has called on unions to work with it on the development of a new wage policy that will look at the review of all conditions of service.

The Public Service Commission has:

- Activated an action plan for the implementation of the resolutions of the Anti-Corruption Summit;
- Commenced drafting an accountability agreement form to monitor asset ownership and potential conflicts of interest;
- Conducted workshops on the code of conduct for public servants;
- Established a cross-sectoral task team to create a national coordinating structure with authority to lead, coordinate, monitor and manage the national anti-corruption programme;

(The writer is the Minister of Public Service and Administration.)



# Government split over NGO tax benefits

M+G 1-7/10/99

Barry Streek

(297)

**T**he government continues to send mixed messages on its tax policies and approach to NGOs.

In the National Council of Provinces last week, Minister of Education Kader Asmal expressed strong support for the role of NGOs. But in a memorandum attached to the National Student Financial Aid Scheme Bill, it emerged that the Department of Finance had opposed granting tax incentives to encourage private sector contributions to the scheme.

It said that the department had "resisted" any inclusions of tax benefits in the Bill be-

cause "this may have an eroding effect on the tax basis of the country".

But this very same argument was criticised by the Katz commission, which said much of the "antiquated language" of the tax provisions for NGOs was "derived from old English law with its ancient formulations originating in the Preamble to the Charitable Uses Act of 1601.

"In terms of these archaic Anglo-Saxon formulations, a purpose is considered 'charitable' only if it falls within the spirit and intent of the preamble."

This preamble refers to the relief of the aged, "maintenance of sick and maimed soldiers and mariners, schools of learning, the

repair of bridges and churches and a variety of limited matters, including marriages of poor maids".

In his speech, Asmal stated: "Let me say quite clearly that I embrace enthusiastically the role of NGOs here. We cannot function without that. We talk of partnerships between the provinces and central government, but there is another partnership outside, namely the partnership with NGOs.

"I think it is very important that we should embrace them, because their role is especially significant in the areas where we have not been able to pronounce with great determination, and these are early childhood

education and special education."

Meanwhile, the National Assembly's portfolio committee on finance has set a deadline for written submissions to Parliament on the Katz commission's proposals on tax benefits for NGOs as the committee prepares to hold public hearings on fiscal issues affecting NGOs.

The hearings — arising from the commission's ninth interim report — are scheduled to take place on October 26, but the committee has given notice that individuals and organisations will have to send written submissions by no later than October 1.

The committee also stated that "organisations representing large groups" could make representations to make oral presentations.

*Submissions to the portfolio committee on finance should be sent to André Hermans, at telephone number (021) 403-3776, fax (021) 461-7969 or e-mail [financecom@anc.org.za](mailto:financecom@anc.org.za)*



# UK donates money to uplift provinces

(297) 80 12/10/99

Grant will be used to improve service delivery and generate lessons for all the other regions

## Primarashni Pillay

GOVERNANCE and delivery in the public service is expected to be boosted in three provinces, following the British government's contribution yesterday of more than R25m to government.

Public Service and Administration Minister Geraldine Fraser-Moleketi said the money would be used to improve mechanisms for service delivery to communities in KwaZulu-Natal, the Eastern Cape and the Northern Province. The aid would be used by the Integrated Provincial Support Programme which would look at how to improve service delivery and generate lessons to be used in other provinces.

The intention is to achieve efficiency in the system.

The programme has been designed with input from the national departments of public service and administration, finance, as well as the three provincial administrations. The financial contribution which comes from the UK International Development Department will help with improving the capacity of provincial governments in the office of the premier.

It would also help co-ordinate transformation and help implement provincial growth and development strategies, Fraser-Moleketi said.

This would be done in partnership with poor communities, business and organised labour.

She cited areas that were open to improvement and said this included the Eastern Cape's public works depart-

ment which needed an organisational review in service delivery.

Another example was the Northern Province's public works department, which had outsourced certain functions but retained personnel.

She said this should have resulted in cost-savings.

KwaZulu-Natal, would optimise the potential for strengthening the capacity of the premier's office.

Fraser-Moleketi said the three provinces were among the poorest in SA and the programme would make an important contribution to their transformation and upliftment.

The department is responsible for promoting development and the reduction of poverty throughout the world.

It aims to work towards halving the number of people living in extreme poverty by 2015.

It and SA's development partnership was launched by British Prime Minister Tony Blair and then Deputy President Thabo Mbeki at a UK-SA bilateral forum at the beginning of this year.

The department plans to provide up to \$90m in development assistance to SA in three years.

The department's assistance to SA since last year has exceeded \$26m, the UK body said.

British High Commissioner Maeve Fort said yesterday "strengthening service delivery mechanisms—particularly to the poorest and most disadvantaged communities—is a clear priority for the government of SA as we enter the 21st century."

DEVELOPMENT Wolfensohn speaks out at Durban conference

# Corruption key to ending poverty, says World Bank

(34) (297)

SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban—Voters in developed countries were reluctant to give money to poor countries because of fears that the funds would end up in the offshore bank accounts of corrupt leaders, James Wolfensohn, the president of the World Bank, told delegates at the ninth International Anti-Corruption Conference yesterday.

Wolfensohn said that for the World Bank, which was trying to keep the balance of development assistance flowing, corruption had become a vital issue because of the incidence of poverty.

"We are very worried because poverty is not diminishing. It is increasing and at the core are the issues of equity and corruption."

Wolfensohn pointed out that of about 6 billion people worldwide, 3 billion were living in poverty and surviving on less than a dollar a day. "In the next 25 years we will have another 2 billion people on our planet and we could move ... to 4 billion people living under \$2 a day."

He said a recent World Bank study covering 60 000 people in 60 countries had showed interesting trends. "In country after country, poor women and men spoke of corruption. It took many forms."

Wolfensohn said it was often difficult to decide what an institution like the World Bank could do to make a difference. Three years ago corruption was regarded as a political issue that was out of bounds for bank officials.

The World Bank had recently come up with an initiative that



DIVING IN James Wolfensohn, the World Bank president, speaking at the Anti-Corruption conference in Durban PHOTO: BARRY TUCK

brought together teams from Benin, Ethiopia, Ghana, Kenya, Malawi, Tanzania and Uganda three months ago. He said an action plan was in place and those involved would meet during the

conference to assess progress.

He said the time had come for practical solutions. "The speeches have to end. We in the bank are a support player, but we can help and we are doing those things."

ET(PR) 12/10/99

## 'Bring double standard to an end'

SHIRLEY JONES

Durban—Several African leaders at this week's ninth International Anti-Corruption Conference in Durban issued a strong call yesterday for an end to international double standards when stamping out corruption.

Wangari Maathai, the co-ordinator of the Greenbelt Movement in Kenya, said: "Let the banks and governments, which keep and protect stolen wealth, open their vaults."

"This is blood money. It leaves children dying in hospitals which have no medicine, infrastructures collapsed and water unfit for human consumption."

Robert Wilson, the chairman of Rio Tinto, the international mining company, said good governance was imperative in developing countries. Wilson recalled lost business opportunities in Africa, Asia and the former

Soviet Union because his company had refused to pay bribes.

"Today about five-sixths of investment in developing countries comes from the private sector," he said.

"For too long, and in too many countries, corruption has been an accepted way of life. It has too often been part and parcel of doing business between the private and public sectors and sometimes within the private sector."

Wilson warned that would-be investors were raising their standards and there was a clear correlation between levels of corruption as perceived by investors and levels of investment.

A message from Kofi Annan, the United Nations secretary-general, via Pino Arlacchi, the deputy secretary-general, said corrupt countries with less gross domestic product going into investment registered growth rates of between 0,5 percent and


1 percent less than their more honest counterparts.

"While corruption is a serious worldwide phenomenon, it is especially destructive in developing countries," Annan said. "It has critically hobbled and skewed Africa's development."

Demanding that African governments got tough on corruption, he said the costs were high in lost resources, lost foreign investment, distorted decision making and falling public confidence.

He called on the Organisation of African Unity to devise a uniform African convention on the conduct of public officials and the transparency of public administration by next year.

Maathai, however, said there was more to corruption than dishonest African leadership. "The responsibility to end corruption should be the responsibility of those who borrow as well as those who lend," he said.

<p>SHOWCASE OF <b>CAPE PROPERTIES</b></p>  <p><b>PAM GOLDING PROPERTIES</b> EXHIBITION IN GAUTENG</p>	<p><b>Dates and Venues:</b></p> <p>East Gate Mall 12th and 13th October 1999.</p>
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# World Bank pledges support to SA

STEVEN SWINDELLS

Pretoria - The World Bank would give technical assistance to help South Africa meet its economic and social objectives and to benefit the continent as a whole, James Wolfensohn, the bank's president, said yesterday.

"What happens in South Africa is absolutely pivotal not just for South Africa but for the whole of the continent. We cannot conceive of South Africa not succeeding," Wolfensohn said.

President Thabo Mbeki and Wolfensohn discussed how the bank could provide technical sup-

port for the government's efforts with the bank which could to alleviate social inequality and provide a huge reservoir of rampant poverty.

The Washington-based bank meet its economic growth targets. Wolfensohn said, but it would not offer loans to Pretoria. "We give assistance in economic policy and setting up social projects in areas such as health and education."

"We discussed the situation in general in the region and particularly how the bank can give technical assistance to South Africa," he told reporters.

Trevor Manuel, the finance minister, said South Africa was committed to a "partnership" with the bank.

CT (297) 13/10/99



# Fund launched by UNDP will assist developing nations

SHIRLEY JONES

KWAZULU NATAL EDITOR

CT (BR) 14/10/99 (297)

Durban - The United Nations Development Programme (UNDP) launched a multimillion-dollar Partnership Fund for Transparency at yesterday's Ninth Annual Anti-Corruption Conference in Durban.

Mark Malloch Brown, the executive head of the UNDP, said the fund, which was a joint initiative with Transparency International and a group of still unidentified partner donors, would support anti-corruption initiatives in developing countries.

It aimed at helping civil society organisations and non-governmental organisations (NGOs) design, implement and monitor anti-corruption programmes.

Peter Eigen, the chairman of Transparency International, said the fund was initially a response to the ever growing demand from the World Bank and African Development Bank, among others, for assistance when assessing how corruption would affect large projects they intended funding.

Often, people from local NGOs were employed as consultants but the large salaries compromised their independence and undermined their credibility, he said. Paying these experts from the fund would preserve their autonomy and prevent the cannibalisation of local civic organisations' expertise.

Neither the UNDP nor Transparency International would disclose how large the fund would ultimately be. Malloch Brown said the intention was to respond to needs and grow the fund to the size which would meet those needs.

But the association needed \$1 million



**AUTONOMOUS FUNDING** Mark Malloch Brown announces the launch of the Partnership Fund PHOTO: BARRY TUCK

for the initial phase of operation. Money would not be a problem. As the fund was drawn down, it would be replenished.

He said donors included the private sector, the World Bank and the UNDP itself. Offers had also come in from Scandinavia. The fund would be set up as an international NGO, initially headquartered in Washington, Malloch Brown said.

He said corruption had become a crucial global concern, forcing international institutions and national governments to face up to the fact that public resources and aid money were being stolen or squandered.

He said that, in response to dramatic political and positive change around the world, there had been both a dramatic increase in corruption and a growth in awareness of the problem. But, as the world settled down again, there was the increased possibility of regulating markets with higher ethical standards.



## FOCUS

# Thoughts on poverty relief after visiting the destitute

by *0D 211010199*  
*297*  
 Government is failing to deliver sustainable projects, social security and welfare while trade unions are blocking economic development, writes Tony Leon

SAMUEL Johnson wrote that "poverty... destroys liberty"—a truth recognised in our bill of rights, and sadly evident throughout SA after five years of nominal freedom.

More than half of SA's people live on less than R12 a day. During Parliament's constituency week, I visited some of the most destitute communities to see for myself.

An effective strategy to beat poverty requires two things from government: sustainable social services to cover survival needs — water, sewage, housing, health care and security — and the liberty to uplift oneself, allowing people to draw themselves out of deprivation with education and in an environment of economic freedom.

It was immensely frustrating to witness failure on both counts everywhere I went. Yet the enterprising attitude of people, many living in the most dire circumstances, was inspiring and hopeful.

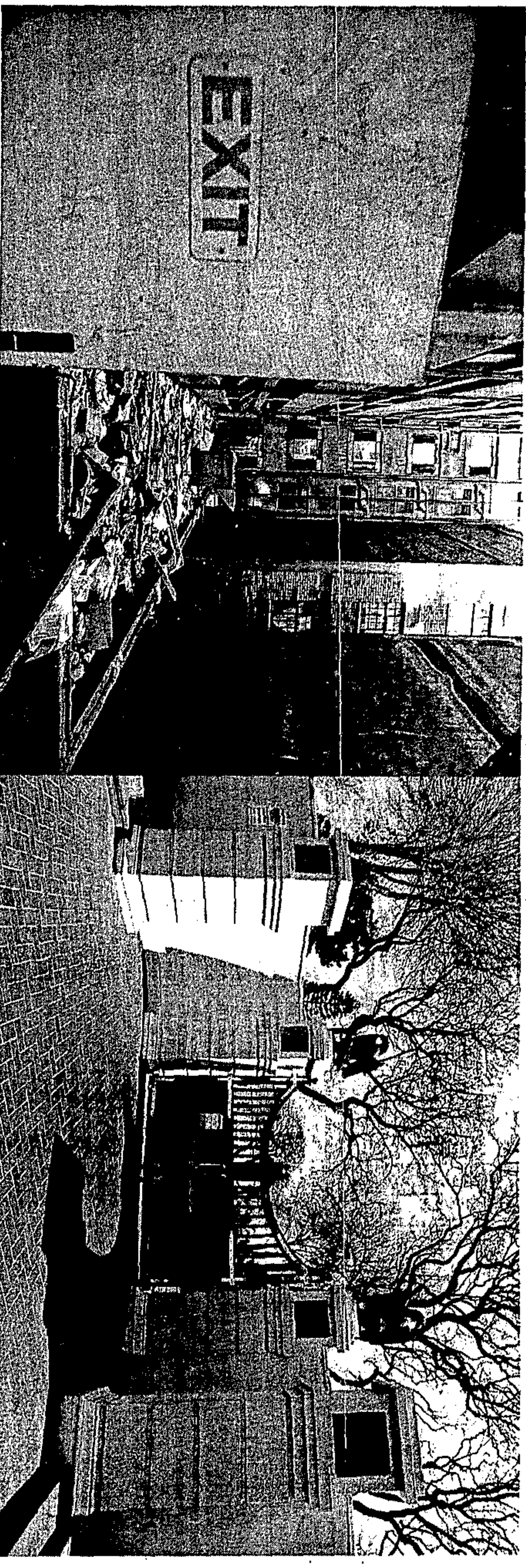
The difference between initial delivery and sustainability of projects is glaringly obvious in rural KwaZulu-Natal. An elderly woman there told me how she walks about 5km every day to a river near Keat's Drift, Masinga to fetch water. After two years, not one of the water pumps installed by government is still working.

This was not the success story of delivery the Government Communication and Information System told us about.

Nor was it the worst problem facing the people of Keat's Drift. Two years ago there was a shoe factory in the area that employed about 700 locals. The community was poor, but marginally self-sufficient, largely due to the factory.

After a protracted strike organised by the Congress of SA Trade Unions, the factory closed down. The empty, locked-up factory stands in grim reproach to current labour practices encouraged by government.

There is also no police sta-



tion in Masinga, while locals estimate that at least 3-4 people are murdered each month.

Unemployment and crime are the twin evils that beset every place where there is poverty.

This was so in the second place I visited, the Eastern Cape, where the African National Congress premier blithely said that crime here is low because there is nothing to steal.

Yet I heard there that poverty seems only to encourage murder, rape and child abuse. At Buffalo Flats, outside East London, Elize Wade cares for 20-30 abused and neglected children

— on a small state grant and her husband's wages as a security guard.

Children welcomed us with a song at the Isiah 58 shelter in Perterville. This home survives on a minute and erratically delivered grant.

Welfare grants and subsidies sustain thousands of people in the Eastern Cape, where unemployment is 49%. But these payouts are unsustainable: for example, the suspension of disability grants in the past two years has devastated the lives of many in this province.

I met one such man at The

*Finding the exit from poverty may be easier than opening the gate to wealth. It can be done, the Democratic Party's Tony Leon argues.*

Workbench in Buffalo Flats — an employment project for disabled people. He earns R7 a week. Clearly disabled, he has been declared "fit for work" by the welfare department and taken on the grant register.

This is in a province that has 16 000 supernumerary bureaucrats paid to do nothing. Almost one in five employed people here is a public servant. Government has chosen to cut the weak and the marginalised — not because it is right, but because it is easier than confronting public service unions.

Government should be commended and encouraged for trying to clear our disability and pension rolls of welfare cheats. But it is the implementation of this laudable policy — and the failure to get private sector companies to drive it — which is compounding the misery of the marginalised.

Skills and business opportunities are the only sustainable route out of poverty. In the Western Cape it was encouraging to visit the Zanele Centre, which trains people for employment, particularly in enterprises supporting tourism.

Western Cape MEC Helen Zille took me back to school to see two needy cases: Klipfontein Methodist Primary School and the Ntshundulo School for the deaf in Khayelitsha.

At 75 pupils per class, teachers at Klipfontein Primary reported that teaching is almost impossible. Based on a needs assessment, Zille's provincial department will now allocate about eight times more funding to this school than to the most privileged school in the province. Finally, I went to Danville — a "poor white" area near Pretoria. If President Thabo Mbeki had

*been with me, he may have been forced to admit that his theses of two nations — one rich and white, the other black and poor — is a fallacy.*

Poor people are poor, they are not stupid and they are not necessarily, in today's SA, just black. They do not need to be told what is good for them, they simply need to be given some basic assistance to get on and ahead with their lives.

Perhaps the biggest slur inflicted on liberalism and its modern-day adherents is to suggest that somehow we are insensitive

to the plight of those struggling in poverty, or that we are indifferent to its consequences.

In truth, we simply do not believe that government has the answer to every problem — or that employing civil servants is the solution to grinding poverty. My recent trip convinced me that the opposite is often the case.

A job, an education, an income that grows when the economy flourishes — these things buy true liberty.

□ *Leon is the leader of the Democratic Party.*



# Loan agency (297) aids rural folk

*Sowetan 21/10/99*

**By Mongwadi Madiseng**

MORE than 7 200 rural women have benefited from the KhulaStart Loan facility since the facility was established by Khula Enterprise Finance more than 18 months ago.

Since its establishment the KhulaStart Loan programme has funded 22 organisations, 13 of which are rurally based.

According to Khula managing director Sizwe Tati KhulaStart's objective is to promote greater access to credit in the rural areas for organisations in need of financing.

He said the programme provided loans from R300 up to R3 500 and that these were disbursed on an incremental basis.

Of the R7.2 million that has been committed to date, R4.32 million was lent to women, while the remaining R2.8 million benefited men.

Tati encouraged rural people to

organise themselves into groups to gain greater access to the programme.

"KhulaStart loans can be used to start or expand any type of business activity. The projects will be established in areas where there is a need for micro credit to assist people to start their own small businesses," Tati added.

Trade and Industry Deputy Minister Lindiwe Hendricks said: "Unlike the Retail Finance Intermediaries, which focus on small and medium enterprises, KhulaStart are geared for the very small and survivalist enterprises in deep rural environments which have no hope of getting loans from the conventional banks."

She added that the criteria established under KhulaStart for group participation was a good beginning for encouraging the formation and growth of cooperative women-driven economic initiatives.

## Sweden gives SA aid pledge

**By Shadrack Mashalaba**

THE Swedish International Development Agency (Sida) will continue with its developmental assistance to South Africa over the next three years.

Addressing a media briefing in Sweden this week, Sida deputy director head of the department for Africa, Lars Ekengren, said after the three years they will discontinue financing South Africa.

Ekengren said: "We cannot confirm the exact date when aid will stop, we will continue with aid where it is a dire need. At Sida we

want to encourage independence.

Our relationship is always asymmetrical - we believe both partners should contribute. We do not want to be seen to be dictating terms."

He said Sida's centre of activity was the transference of skills through partnership and shared values. He hailed the development agency as "a new strategy in Sida's revitalisation strategy towards Africa into the 21st century".

Sida is a development agency owned by the Swedish government to assist in developmental projects around the world. The organisation has a budget of more than R9 bil-

lion which accounts for 0.72 of Swedish gross domestic product.

Less than half of that budget goes to Africa while the rest to Latin America, Europe and Asia.

Ekengren added that further announcements about the relationship between South Africa and Sida will be disclosed in November when Goran Persson, the Swedish prime minister visits South Africa. (297)

The Swedish support to South Africa was started in the early 1970's during the anti-apartheid days. The support intensified between 1985 and 1993.

*Sowetan 21/10/99*



# NPOs endorse Katz proposals

mtc 22-28/10/99(297)

On Tuesday, Parliament's portfolio committee on finance will hear submissions from non-profit organisations on the Katz commission's proposed tax relief. **Barry Streek** reports

In a remarkable display of unity shortly before Tuesday's meeting of the National Assembly's portfolio committee on finance, non-profit organisations (NPOs) from across the spectrum of South African society have endorsed the Katz commission's proposals to extend tax benefits to NPOs.

Some amendments have been proposed, mainly by the Non-Profit Partnership on behalf of the organisations, but these are mostly technical or slightly extend the Katz proposals.

As remarkable as the NPO unity on the issue is the response of the South African Institute of Chartered Accountants, which has strongly endorsed the commission's proposals and has urged the government to introduce legislation to implement the recommendations "sooner rather than later so as to bring certainty to this sector".

The institute says it is clear that the Income Tax Act has not kept abreast with developments in South Africa, particularly in regard to the large number of NPOs created to deal with the upliftment of impoverished communities, and other organisations which do not fall within the current wording of the Act.

The portfolio committee on finance is to sit in Parliament on Tuesday to hear oral submissions on the Katz commission proposals, which calls for a simple definition of tax-exempt organisations and that the narrow definition of tax-exempt donations to "educational, ecclesiastical or charitable institutions of a public character" be replaced by a more general definition of public benefit organisations.

The main report on the proposals from the NGO sector was drafted by a task group, co-ordinated by the Non-Profit Partnership in conjunction with the South African National NGO Coalition, an umbrella body representing 4 000 organisations, the South African Grant-makers Association, the Charities Aid Foun-

dation, the Development Resources Centre and the Legal Resources Centre.

In its submission, the partnership says: "Social and developmental needs cannot be provided by the state alone; international experience shows a high correlation between private giving and tax benefits of non-profit organisations.

"Both South African and international findings show that the non-profit sector is a major contributor to employment, economic growth and gross domestic product.

"South Africa's business sector commits significant financial and other support to social development, but this has been skewed in favour of educational institutions qualifying for Section 18A donor deductions. Greater tax incentives for donors would lower the cost and encourage higher levels of donations to NPOs and direct funding to a broader range of national needs and priorities."

It also said the Katz report supported the view that a more favourable tax regime for NPOs "will, rather than reducing the financial capacity of the fiscus, increase the capacity of civil society to participate in reconstruction and development and reduce demands on the state".

The partnership's proposals have been supported by the 32-member Forum of Northern Donors in South Africa, all foreign funding organisations, which welcomed the Katz proposals and pointed out that the non-profit sector has had to rely on a much-reduced pool of external funding.

The forum says it is concerned about the long-term sustainability of its partners, but the Katz proposals would help provide an enabling environment in which the sector can be sustained.

"A vibrant, active and healthy civil society is vital to the sustenance of South Africa's young democracy. Providing incentives for giving by



Taking the lead: Barbara Hogan, chair of Parliament's portfolio committee on finance. PHOTOGRAPH: ELMOND JIYANE

allowing companies and individuals to make tax deductible donations to organisations involved in poverty alleviation and development, will have the added advantage of encouraging a much-needed tradition of corporate philanthropy and greater involvement by business in the country's reconstruction and development.

"Such incentives would also encourage individuals and families to consider giving to needs and causes of their choice," the forum says.

The Non-Profit Partnerships submission has been endorsed by, among others, the Aids Consortium, the Association for Rural Advancement, the Co-operative for Research and Education, the Institute for Democracy in South Africa, the Joint Education Trust, Kagiso Trust, the National

Association of Democratic Lawyers, the National Children's Rights Committee, the National Land Committee, the National Welfare Social Service and Development Forum, Operation Hunger, Project Literacy, the South African Congress for Early Childhood Development, the South African National Council for Child Welfare, and the Women's National Coalition.

It is indeed a most impressive cross-section of civil society in South Africa, and a very united cross-section at that. It now remains for the Department of Finance to react, and for Parliament, through the portfolio committee on finance, to take the lead that would put the non-profit sector on a much healthier and more sustainable footing.



## EMPLOYEE BENEFITS SURVEY

# Disability payouts 'to increase fourfold'

DD 27/10/99 (92) (297)

### Risk management strategies needed to counter effects of AIDS

DISABILITY payouts, now running at 2% of payroll, are set to increase fourfold amid expectations that AIDS-related deaths should peak between 2005 and 2010.

Ralph Richardson, executive director of Momentum Risk Management Consultancy, says this could put pressure on company profits, employee benefits and ultimately the economy.

Disability payouts are costing the South African economy a measurable R450m annually, but this figure only accounts for direct payments — the real cost is far higher.

Richardson says that if hidden costs, such as absenteeism, loss of production, recruiting and retraining staff are factored in, the cost to the economy could be closer to R2,1bn annually.

"It must also be remembered that disability is not just a case of accident or illness in the work-

place, but an integral part of the social dynamics that make a nation prosperous."

Many employers have already dealt with their first AIDS deaths, but the costs of providing disability and death benefits are likely to rise by almost four times, he says.

"So unless proper health risk management and monitoring strategies are adopted as a matter of urgency, increased and unmanaged claims will result in increased contributions, which will affect profits," Richardson says.

However, there are basic risk management strategies that could help to contain what seems to be a trend towards increasing numbers of injury and illness payouts, while reducing the unnecessary costs to companies, he says.

Risk management is a logical response to the vulnerabilities and complexities of a society such as

SA's, Richardson says.

Managing and monitoring the human element of risk, particularly in the workplace, requires the expertise of various disciplines.

He says management has to realise that each employee needs different plans and risk products.

Risk management has moral and social implications that must be recognised and included in those plans. The process ensures appropriate benefits will be paid to meet the needs of individuals suffering unexpected hardships.

Richardson says part of those implications relate to conditions at work. Such factors as lighting, ventilation, the height and position of a production line, protective gear for use within hazardous environments, or hot or cold environments, should all be assessed by qualified occupational health consultants.



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Both traditional funders and proponents of medical savings accounts have valid and sensible arguments as to why and how they structure their schemes.



# Limited tax relief for NPOs

MTG 29/10-4/11/99 (297)

Barry Streek

**T**he Department of Finance has rejected tax reforms proposed by the Katz commission which could have been a lifeline to the financially troubled non-profit sector, despite support from political parties and the Department of Welfare.

The Katz proposals have been supported by

a wide range of non-profit organisations (NPOs) and the influential South African Institute of Chartered Accountants.

At Tuesday's joint meeting of the National Assembly's portfolio committee on finance and the National Council of Provinces's select committee on finance, the political parties informally indicated their support in principle for the Katz proposals. The head of the NPO di-

rectorate in the Department of Welfare, Saguna Gordhan, also said her department supported the ninth Katz report in principle.

But, despite this extraordinary level of consensus, the Department of Finance and the South African Revenue Service (Sars) refused to budge, offering a number of technical and bureaucratic excuses to block the concessions that would have helped NPOs

achieve greater financial sustainability.

In case the NPOs did not get the message, finance Director General Maria Ramos and other senior financial officials did not attend the afternoon session of the committee when the NPOs made their representations, leaving Sars's Mark Kingon to take the flack. Minister of Finance Trevor Manuel and Deputy Minister Sipho Mphahlela were not present at any stage.

The Katz commission, on the other hand, was represented throughout the day and its members participated in the discussions.

Pierre du Toit, one of the commissioners, urged the department not to "bury the little people under details" and technicalities. He added: "Get on with it and if needs be, phase it in."

Federal Alliance leader Louis Luyt told the department: "You are making the mass of NGOs suffer for a few," while the commission's chair, Michael Katz, told the department: "I hope this is your first shot and that we can renegotiate it."

This view was supported by the National Assembly's portfolio committee on finance chair, Barbara Hogan, who said she was "uncomfortable" with the department's proposal that tax deductibility status be limited to education, including schools which, she pointed out, were not even NPOs.

Later, Katz pleaded: "Our great plea to this body is to get it going. It can be refined over time."

As Hogan explained, the process now will be for a task team to draft a report after the hearings, and for this to be adopted by both the committee and the National Assembly. It would then be up to the Department of Finance to consider their views.

Judging by Tuesday's evidence, it would be something of a surprise if the department changed its position — unless a political decision is taken to implement the Katz proposals.

Indeed, Ramos admitted that in the end it comes back to policy and "making policy choices". Policy positions had to be taken and "education is such a clear policy direction".

But when the Democratic Party's Ken Andrew asked why pre-primary schools, the only education sector that does not receive direct government support, were not included in the list of educational bodies that could receive tax-deductible donations, Kingon said this would be problematic because many pre-primary schools were run by the teachers themselves.

So, the area of greatest need in education will not, it seems, get this benefit. The only significant Katz proposal that was accepted by the Department of Finance and Sars was for the definition of tax-exempt status to be extended to include the non-profit sector.

Even then, there was a sting in the tail — these exempt bodies will not be able to engage in any trading activities and they can only invest in registered financial institutions and listed securities.

The department and Sars rejected Katz proposals for donations to NPOs to have tax-exempt status, for income tax deductibility of donations, and for estate duty rebates on bequests.

They refused to support the extension of Section 18A, which provides for tax deductibility for donations to educational institutions, to all NPOs on the grounds that this would be "an indirect subsidy" and because "the government had to prioritise its expenditure programmes".

Ignoring submissions and evidence to the committee that such a concession to NPOs was estimated to be less than 1% of government income and ignoring the Katz commission assessments, the department and Sars simply said: "The fiscus can't afford an infinite number of public benefit organisations, which enjoy significant tax preferences."

Katz proposals on what registered NPOs could invest in and their trading activities were also largely rejected.

On Tuesday afternoon, the NPOs gave evidence, with Eugene Saldanah of Non-Profit Partners pleading to the government and the committee "to create an environment in which non-profit organisations can flourish". Christa Kuljian of the Forum of Northern Donors called for the creation of "a culture of giving".

In the end, Zane Dangor of the Development Resource Centre summed it up by telling the committee: "I think it comes down to the issue of political will. We are handing the baton over to you."

UNITED REPUBLIC OF TANZANIA

Ministry of Natural Resources and Tourism



JOHN FRASER

# EU to cut SA aid by R80m

Johannesburg – The European Union (EU) intended cutting its aid budget for South Africa to free up extra resources to pay for the reconstruction of Kosovo, diplomats in Brussels said yesterday.

They said the original R800 million EU aid programme for next year would fall by R80 million because of the need for extra cash for Kosovo, where the EU was the largest aid donor.

At the same time, approval for a six-year aid programme for South Africa, which would be worth millions of rand a year even after the planned cuts, was under threat. Some protectionist EU governments warned they might block the aid programme as a way of putting pressure on South Africa to make fresh

concessions in the long-running row over the use of traditional expressions on the labels of wines and spirits.

"Aid to South Africa is just one of several budget headings which have been pruned by 10 percent," an EU diplomat said yesterday.

"These decisions on spending, which were taken by the 15 EU governments, relate to next year's budget and also to the year 2001.

"These decisions are not hard to understand. Kosovo is part of Europe and the EU feels directly responsible for its reconstruction, whereas South Africa seems very far away."

However, the diplomat added that the European Parliament, which has an important voice in EU spending decisions, was trying to reverse the cut and restore EU aid to South Africa to

traditional levels.

"Traditionally, the European Parliament has, wherever possible, boosted spending for South Africa; and there is deep unhappiness in the assembly about the way this issue is being handled," added the diplomat.

Another EU diplomat suggested it would be "outrageous if Brussels were to slash its spending in South Africa's townships because Nato had decided to bomb the Serbs into submission."

There is a separate dispute between EU governments and the European Parliament... The parliament argues the EU should be given more power to approve individual projects, while governments insist virtually every spending proposal should be vetoed by the Brussels-based structure of committees.

## Govt, private sector 'will fail to limit poverty'

Simplwe Xako (297)

NEITHER government nor the private sector would be able to increase the number of jobs and limit poverty in SA in the next 10 years, a Centre for Policy Studies seminar heard yesterday.

Anglo American's Clem Sunter said governments worldwide were streamlining public services and SA planned to shed about 300 000 jobs in the next five years, as required by government's growth, employment and redistribution strategy.

Similarly, the private sector was downsizing its workforce, under pressure exerted by globalisation and new technology.

Sunter argued the possible alternative was the strengthening and development of small, medium and micro enterprises and promotion of entrepreneurship.

Sunter said four conditions needed were easier access to capital in loan and equity financing; amending the tax code to stimulate small businesses; reducing the number of conditions and permits needed to open a business; and an environment encouraging entrepreneurship.

BD 311199



By Ido Lekota

**E**FFICIENT management, cutting edge technology and a commitment to social responsibility are some of the key requirements to successfully run a national lottery – a form of gambling which is to be launched in South Africa early next year.

This became apparent on a five-day tour to London during which a group of South African journalists visited Camelot and G-Tech, two London-based companies running the lottery in Britain.

Sponsored by Uthingo Management – a black economic empowerment company granted the licence to run the first national lottery in South Africa – the trip was aimed at informing the media on the nitty-gritty of running a lottery.

Camelot and G-Tech each have a 10 percent shareholding in Uthingo.

In 1998, for the third time, the UK lottery run by Camelot was recognised by international lottery experts as the largest and most efficient lottery in the world.

G-Tech is a supplier of the technology that dominates the lottery industry. It supplies equipment or wholly manages facilities for 80 of the 128 on-line lotteries around the world.

Due to its advanced technological expertise, a lottery player can walk into any lottery ticket selling outlet, buy a ticket from an on-line terminal and within five seconds the ticket comes out with a secret barcode which has been scanned through the lottery central data bank.

G-Tech chief executive officer William O'Connor said one of the reasons why such a high proportion of money was given for public benefit was because Camelot and G-Tech kept their own costs to a minimum.

"Of each pound spent on a lottery ticket, just three pence is needed to cover the lottery's operating costs – running a network of computer systems, marketing expenses, player and retailer support services, staff and administration costs," O'Connor said.

Some of these support services include the training of retailers, who sell tickets from terminals located in their outlets and maintain these terminals.

Since Camelot started running the British national lottery in November 1994, the number of retailer outlets increased from 10 000 to more than 36 000.

O'Connor also pointed out that the income structure of the lottery showed it was more people-centred than profit-driven, with Camelot as an operator receiving the least stake.

In terms of the structure, 50 percent of the ticket sales goes to the winners; 28 percent to social responsibility projects (called "good causes" in Britain); five percent to retailers' commission; three percent covers running costs

# South Africa on a winning ticket

(297)

Sowetan 5/11/99

(including salaries); 13 percent is paid to the government in taxes; and Camelot, as the operator, retains only one percent.

Camelot also has an in-house service to counsel people who win big lottery prizes of up to a million British pounds (about R10 million). Such a sudden change in lifestyle for some of the big winners can be traumatic.

Other services provided include financial advice and a continuous relationship with the winner.

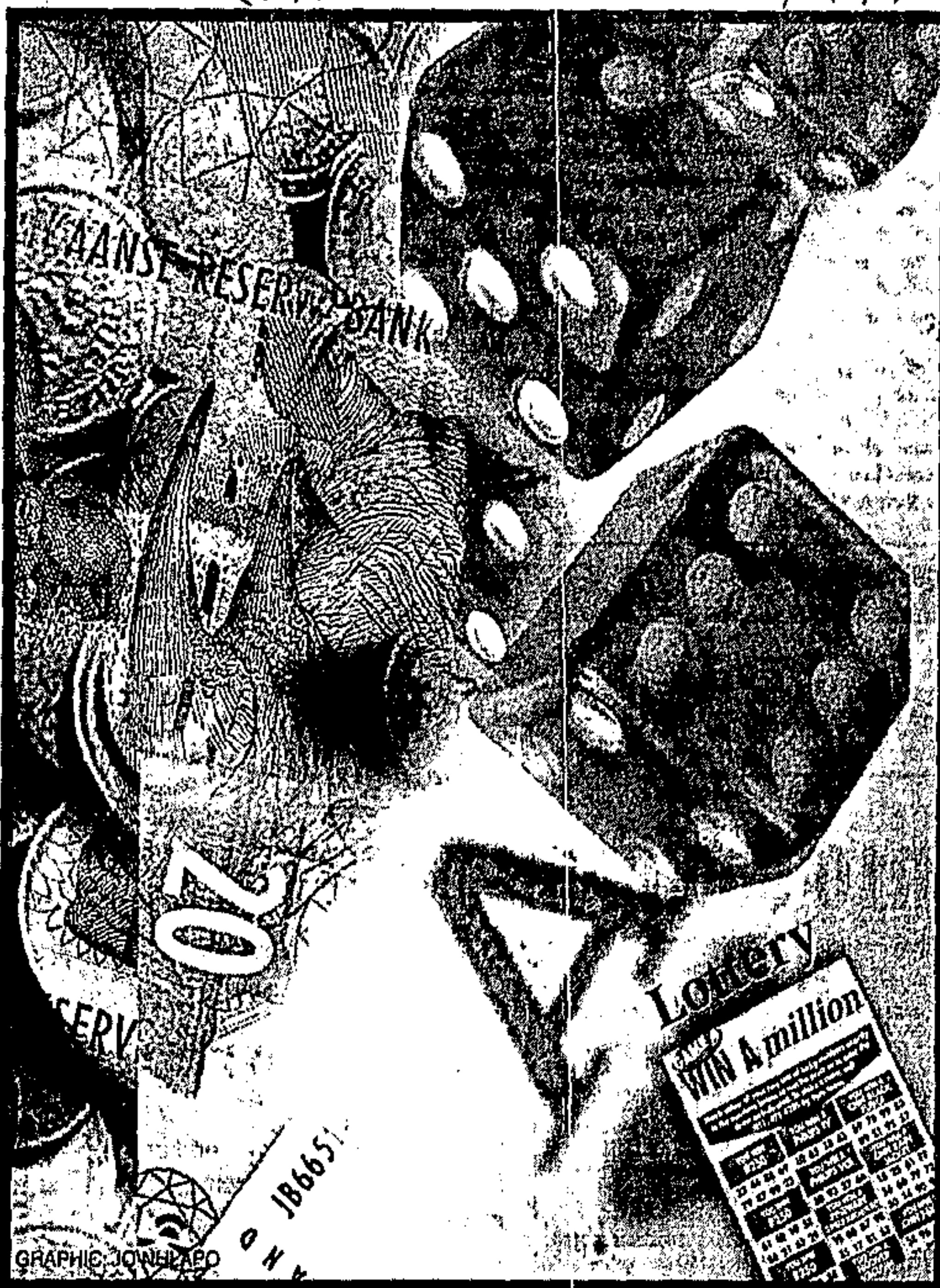
The company also has a programme named "gamplan", which is aimed at providing support and rehabilitation services for people with gambling addiction problems.

Camelot claims that since its inception, the lottery has created at least 500 millionaires.

Uthingo chief executive officer Humphrey Khoza is confident his company – South Africa's only operator – has the capacity to satisfy the stringent requirements.

During a briefing session before the journalists left for London, Khoza said: "We have the technology, skills and global experience necessary to operate the South African lottery successfully and reliably."

"And in doing so, we pledge ourselves to advance community empowerment through equity ownership, job creation and skills transfer."



expected to have weekly sales tickets exceeding R60 million in the first months of the launch.

Each week, more than half a million players will win prizes ranging from a few rands to several millions. More than R1.5 billion in prizes will be paid over the first 12 months.

Khoza also said he expected that within the same period local suppliers of goods and services will have earned around R500 million and most of the retailers will have earned over R30 000 in commission.

"Most important, over the seven-year licence term the lottery will raise well over a billion rands each year for national beneficiaries," Khoza said.

Projects expected to be funded include reconstruction and development projects; charity organisations; sports and recreation organisations as well as arts, culture and national heritage projects.

Uthingo's income is also structured in such a way that the company retains only one percent for return on investment for its local and international shareholdings.

Uthingo's local shareholders include the Black Management Forum Investment Co (10 percent); Disability Employment Concerns Trust (five percent); Motswedi Technology Group (10 percent); Nafco Investment Holdings (five percent); National Empowerment Fund (five percent); the South African Post Office (15 percent) and Tattersall's Investment (SA), the South African subsidiary of Tattersall Austria (10 percent).

● To play the weekly lottery draw, a player can buy a R2.50 ticket in terms of which he or she chooses six numbers as a possible winning sequence.

The draw will be screened live on SABC TV.

As part of Uthingo's commitment to the transfer of skills, Khoza pointed out that 13 expatriate senior managers will ensure that they train their South African replacements within one to two years.

Twenty eight lottery specialists will work alongside the South African management team for up to six months and

more than 15 000 retailers will receive training on lottery products and equipment as well as broader business skills.

These are the retailers who will be selling lottery tickets from their outlets using on-line terminals linked to the national lotto central data bank.

Khoza also revealed that Uthingo

## EU helps community-based projects

Nicola Jenvey (297)

BD 5/11/99

**DURBAN**—The European Programme for Reconstruction and Development has injected R275m directly into community-based projects in KwaZulu-Natal. Funding granted to national programmes effectively doubles this figure, says European Union (EU) ambassador to SA Michael Laidler.

The programme is the largest development project in SA and has committed more than R4.2bn here since 1994. The programme assists the government in addressing a range of socioeconomic challenges resulting from apartheid.

Nearly 60% of the funds to the projects tackle basic social service requirements including water supply, sanitation, health, education, training and local economic development.

Yesterday Laidler said the programme had seven main projects in KwaZulu-Natal. The main ones are the Cato Manor development programme (R159m), Mvula Trust rural water supply (R121m) and Khuphuka skills training and employment (R53.3m).

Smaller projects include the Technical and Business Education in SA programme (R55.25m), Young

Doctors for SA (R4.9m), support to the Institute for Democracy in SA (R12.4m) and the Urban Sector Network (R38.4m).

Laidler said 55% of the aid allocated to the national programmes is concentrated in KwaZulu-Natal, Eastern Cape, Mpumalanga, Northern Province and Gauteng. KwaZulu-Natal also receives another 8% of the remaining 45% aid funding.

Laidler said Europeans had worried that apartheid would end in "a civil war and holocaust" and there was a genuine desire in Europe to ensure the country's economic success.

The programme, which grants SA R850m a year in aid funding, is the mechanism for promoting this.

Grant funding from individual member states brings the amount to R4bn.

Laidler said the programme had more than R1bn allocated to education programmes that had not been spent and the decision had been taken to use this money before making further grants to this sector.

Cato Manor Development Programme director Olive Forster said working with the EU was "a value-added experience" that came without the manipulation often associated with donor funding.

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# Machel calls on NGOs to cooperate

By Sharon Chetty

FORMER Mozambican first lady Graça Machel challenged civil society organisations yesterday to improve communication with the Government and to improve cooperation with each other.

Speaking at the conclusion of the Third Commonwealth Non-Governmental Organisations Forum in Durban, Machel lamented the lack of coordination in the sector and said it was time to stop complaining and to build a mechanism of interaction, especially with the Government.

"Our weakness is that we don't have a strong movement of civil society to let us connect all the efforts to build one," she said, pointing that already this year there had been two other major gatherings

of NGOs in the Hague and Manila to discuss similar issues but without linking with each other.

Machel said there was a need for NGOs to set a common agenda and to work towards it.

"They could make governments more accountable to citizens if they worked out the means to do so," she said. "Connectness, visibility and a loud voice will make us to be strong," she said.

At the end of the three-day gathering, a communiqué calling on governments to ensure more participation of their citizens in governance was adopted by the more than 200 delegates from 53 countries.

It will be handed over to the Commonwealth Heads of Government Meeting which takes place this weekend.

Machel urged the participants to commit themselves to the recommendations beyond the conference and to ensure the resolutions were translated into action. "The next time we meet we must know what progress we have made."

She singled out the anti-land-mines project, which after concerted lobbying from civil society, several governments eventually signed a pact pledging not to manufacture or use them, as an example of joint action.

Another was the global campaign to have poor countries' debts cancelled.

Despite the existing knowledge, capital and sophisticated means of communication, children were still dying and poverty was rife, even in developed countries, she said.



# Delivery organisations queue up to receive their rewards

*A whopping R700 000 is on offer for organisations which deliver innovative poverty reduction programmes, writes Barry Streek*

MTG 12-18/11/89

(297) (241)

**A** programme to recognise and reward innovative poverty reduction projects for government delivery programmes with R700 000 to 15 different projects has provoked huge interest from both the government and NGOs.

In a rush to clinch these lucrative awards, 175 entries have been received which have now been "narrowed" down to a shortlist of 100 projects.

The entries for the Impumelelo Innovations Award reflect community priorities and are dominated by projects dealing with job creation, education, health and crime fighting among others, according to the programme's director, Rhoda Kadalie.

The aim of the programme is to recognise public service delivery by rewarding innovative poverty reduction projects.

Kadalie said the projects had to involve government projects (national, provincial or local) but they could also include those run in partnership with NGOs and the private sector.

In fact, a rough calculation shows 67 of the entries are administered by government and 95 by NGOs or the private sector.

The category of entries reveal a wide cross-section of projects. They include five for the aged with children and homeless having four entries and

nine for the agricultural sector. Community development projects boast 14 entries, criminal justice has 22, and curriculum development four. Other entries include an array of projects concerning disability education/pre-school, environment, finance, health, AIDS, housing, job creation, land restitution and development, literacy, skills development and water.

The government departments also reveal a wide cross-section of entries like agriculture, correctional services, defence, education, finance, trade and industry.

Impumelelo, which is the isiXhosa and Zulu word for success through working together, was launched in June at a function addressed by Minister of Finance Trevor Manuel.

At the awards ceremony on December 8 in Parliament, 10 awards of R60 000 each and five of R20 000 will be given.

Most of the projects — 46 of them — came from Gauteng, while the Western Cape follows with 34, and 31 from KwaZulu-Natal. There were also 24 from the Eastern Cape and 17 entries from the Free State, while Mpumalanga, North-West and the Northern Cape each posted four entries. The Northern Province has chalked up 10 projects for the award.

The 100 shortlisted projects range from the Stepping Stones One Stop

Youth Justice Centre in the Eastern Cape, to the Bekkersdal Flagship job creation programme in Beaufort West, to the Mapla Hydroponics Community Co-op in the Northern Province.

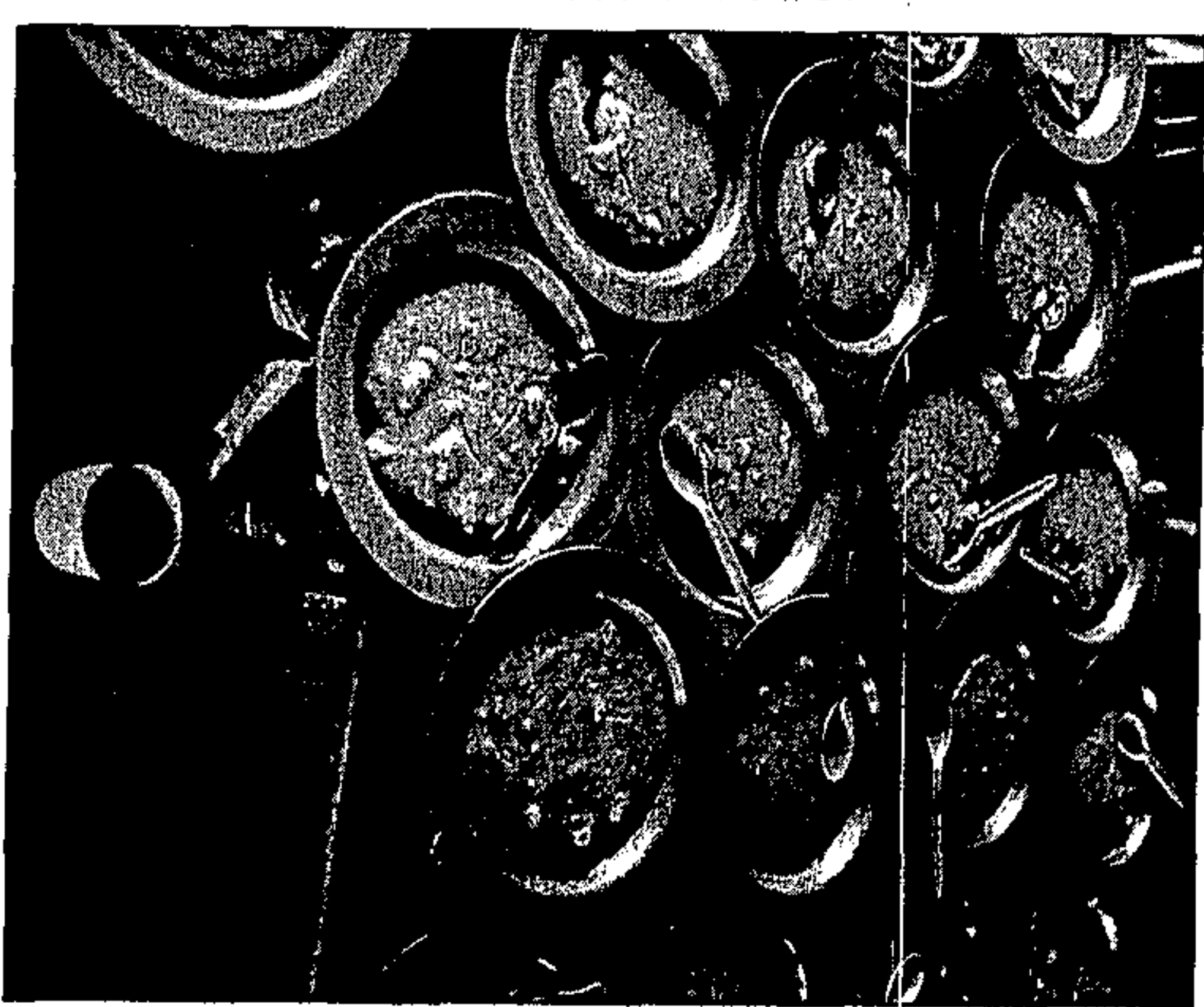
The Stepping Stones project, for instance, in a former coloured area in Port Elizabeth consists of a police station, youth court and counselling services in one location. It aims to confront the problem of "youth at risk" by diverting delinquent youth from prison, if possible, and counselling them. Courts are open at weekends and social workers are on call 24 hours a day.

The Mapla Community Co-operative was started by a diesel mechanic in the Vanda region, who persuaded landholders in his community to consolidate their land to start an intensive farming project which provides jobs and income to villagers, mainly women.

The initiator, Mavhungu Mukweyho, did not just start a simple food garden, but introduced advanced cultivation methods (hydroponics) producing strawberries for export and vegetables for local markets, including sales to Woolworths.

Says Kadalie: "Across the country, the nature of innovative government-funded community projects reflects the massive challenges facing South Africa's poor. It is heartening to know that the government is working together with ordinary South Africans to find creative solutions.

"The focus is particularly on the reduction of poverty in South Africa



Reaping the rewards: Programmes such as feeding schemes are in line for the Impumelelo awards. PHOTOGRAPH: STEVE HILTON-BARNER

and on best practices that improve the quality of life of the poor. We seek to identify creative problem-solving projects, which exist in partnership with the government, and to document, broadcast and celebrate these projects in order to share elements of their success nationwide."

Impumelelo is based on similar programmes in the United States, Brazil and the Philippines, and in-

tends establishing an accessible database of development programmes. It is funded by the Ford Foundation, the Open Society Foundation, the Netherlands government and the Human Sciences Research Council. The projects on the shortlist are currently being evaluated by developmental experts.

The awards will be the first Impumelelo has made.



# Checking on progress

**T**HE "unofficial Commonwealth" – that is non-governmental organisations – has come into its own in the run-up to this year's pre-Commonwealth Heads of Government Meeting (CHOGM).

With representatives of 53 of the 54 member states present in Durban (only Brunei Darussalam is not there), there has been a hectic round of conferences, discussions and networking over the past week.

The Commonwealth may be seen as a huge, diverse grouping but despite the plurality within member countries, there is a lot that binds people together. Unfortunately there are also similar problems, as a recent survey of people in Commonwealth has shown.

Almost without fail, all the youth portrayed in a video depiction of a report titled "Citizens and governance: Civil society in the new millennium" – whether in the Caribbean, Africa or Asia – were wearing global brand names like Nike or popular logos like NYC.

But the most binding factor was the marginalisation and poverty they suffered. Therefore, the role civil society can play in addressing the numerous social ills was discussed at length at the Durban gathering.

And, as is customary, the Third NGO Forum ended on Monday with a communique which will be presented to the CHOGM.

As usual there was much discussion about inequalities in the world, the growing number of poverty-stricken and the need to reign in the "unregulated, unfettered capitalist system".

This year's communique emphasised good governance but stated clearly that such a task was too important to be left to elected officials alone and that enlightened governments would make an effort to work more closely with NGOs.

Partnerships between government, the private sector and civil society was another theme and there was much emphasis on the need for business to get more involved in development, not only because they have the money and human and other resources but "because it is in their long-term interest".

The negative effects of globalisation also captured much of the debate.

A reading of the other two communiqués shows the kind of slow progress taking place within the Commonwealth.

In 1991, when the first NGO Forum was held in Harare, it was the first official acknowledgment of the complementary roles of the two.

The Harare communique was wide-ranging and idealistic – it embraces everything from the need for sustainable environmental development to human rights.

This kind of enthusiasm can perhaps be understood since it was the first such gathering aligned to the CHOGM, the Cold War had just ended and

NGO's are beginning to play an ever-increasing role in implementing and monitoring resolutions of the CHOGM. **Sharon Chetty** explains why

(297) Sowetan 11/11/99



**Police escort high profile delegates who arrived yesterday for the Commonwealth Heads of Government meeting which starts at Durban's International Convention Centre tomorrow.**

PHOTO MASTER MOSUNKUTU

a new world order was taking shape.

In New Zealand in 1995, poverty was the main focus. The value of such grand statements can be questioned since poverty all over the world has actually grown despite an overall increase in global wealth through stockmarket growth in the past four years.

The big question is: how much of the resolutions actually get translated into action, and is enough attention paid by the governments to what the NGOs say? There does not appear to be an evaluation or checklist between the four years when the Forum meets. If there is such a process, it is not reflected in the communique.

"This year, however, there seems to be new impetus towards getting results.

Humayan Khan, outgoing director of the Commonwealth Foundation, which is the NGO division of the Commonwealth, says that a programme of action will be devised.

The different countries will be expected to participate and by 2001 the work will be monitored and checked "to see if progress has been made on the ground".

Kumi Naidoo, the general secretary of Civicus, an international umbrella organisation of NGOs, says that "while the problems are still there, it does not mean NGOs are not making inroads. Rather, their work is being cancelled out by the negatives, especially of globalisation". He said that the Commonwealth Foundation "has done quite well in implementing decisions taken in 1995".

There had been a call for guidelines to be developed for the NGO sector and practical workshops were held in different regions for both governments and NGOs on this.

The process was such a success that countries outside the Commonwealth "began to draw on this work", said Naidoo.

Assuming that governments do actively support the NGO Forum, Naidoo says there is likely to be much progress.

Civicus and the Commonwealth Foundation are due to start a civil society monitoring project which will "measure the impact of civil society and their state of wellbeing" in each country.

Another major project will be to "engage civil society organisations to become more involved in participatory democracy".

The Commonwealth People's Centre, which showcases the work of NGOs, is also another recent addition. It was first assembled in Edinburgh in 1997 and has grown in size for this CHOGM.

Everything from arts and crafts to models of low-cost houses and information on human rights, land restitution and HIV-Aids is available.

It is easy to be sceptical of gatherings like the Commonwealth as they often merely represent talkshops, since the actual work gets done far away from the public eye in rural African or Asian villages, for example.

Perhaps the comment from one British participant captures some of the progress made at the CHOGM in half a century.

Enthusiasing about the "energy and vibrancy" around the NGO-Forum and People's centre, he said: "If you consider that not so long ago, the men would get together, sit around a fire at Whitehall, smoke a few cigars, exchange news of their families and maybe discuss some government business ... now people are being heard. That's an improvement."



## R100m committed to public private partnerships

### BONITE HEADRUSH

Johannesburg - The department of trade and industry said yesterday it had established southern Africa's first community public private partnership (CPPP), with more than R100 million worth of funding committed to the programme.

Paul Jourdan, the department's special projects co-ordinator, said

the programme, which would facilitate the formation of partnerships between most rural communities, the private sector and the public sector, would focus primarily on partnerships in the commercial sectors, including tourism, forestry and agro-processing.

"Several funding commitments were made towards the CPPP programme including a revolving

R3.5 million Investment Project Preparation Fund (IPPF) made by both the department and the Development Bank of Southern Africa."

Jourdan said the IPPF would be used to help rural communities package their assets, including land and cultural villages, for deals with the private sector.

He said the government would also help to facilitate such deals.

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that he is a "nice guy" mechanic in his father's haulage business, and former employer of thousands of people. His detractors call

## Community programme kicks off with R100m

### Patrick Madala

SOUTHERN Africa's first community public private partnership programme was launched this week with more than R100m worth of funding committed to uplifting rural communities.

An initiative of the trade and

industry department, the scheme falls within Deputy President Jacob Zuma's rural development programme.

The partnership was launched during a conference this week to establish a framework to stimulate sustainable growth and job creation in the rural community.

A revolving R3.5m investment project preparation fund was committed by the Development Bank of Southern Africa for the partnership's pilot projects.

The Land Bank will also contribute to the R260m available for development-project unit funding.

UK's department of international development has also committed R1.6m to help SA's water and forestry department to facilitate community partnerships in forestry in the Eastern Cape.

Zuma appealed to aid agencies and the private sector to support the fund.



700-MEMBER MISSION

# Sweden set to phase out direct aid to SA

INDEPENDENT FOREIGN SERVICE  
STOCKHOLM

SWEDISH Prime Minister Goran Persson arrived in Cape Town yesterday, leading a 700-member mission to redesign relations between the two countries after Sweden decided earlier this year to drop direct aid to South Africa in January 2000.

In order to move money to African countries where Sweden believes there is a greater need for it, the Swedish International Development Agency has begun to phase out aid to South Africa and SA organisations which by 1995 had reached more than R1 billion.

This aid will be replaced by mechanisms to facilitate trade exchange between South Africa and Sweden, and co-operation in a number of other fields, such as culture, legal training, mass housing and education.

Persson's visit coincides with "South African-Swedish Co-operation Week" — aimed at re-inventing economic, scientific, cultural and sports relations between the two countries.

There is some controversy over his eight-day tour, which will also include Mozambique, as two Swedish political parties declined to participate in the mission in protest at using aid money to fund a huge trade and industry expo to be opened on

Wednesday at Gallagher Estate.

The Left Party in Sweden and the Conservatives have both decided not to participate. Representatives of the Centre Party will be joining the visit but will be paying their own costs.

"According to the information we received it was not aid money but Swedish trade and industrial funds which would have been used," said Peter Bloch, the press secretary of the Swedish Left Party. They only found out later that it was development aid money.

The Conservative Party claims that aid money should be used to eliminate poverty in the world. "To use aid money for promotional activities is wrong," said Per Unckel, group leader of the party. Their protest followed that by Diakonia, the Swedish ecumenical organisation.

Magnus Walan, aid secretary at Diakonia here, charges that the R4 million to be spent on the trade expo alone "will promote Swedish industry in South Africa. It cannot be right that aid budgets should be used to promote Swedish industry."

Diakonia, says Walan, has highlighted the fact that the efforts of aid campaigns and donor companies often clash with trade policies of governments and the actions of private companies. The agricultural policies of the European Union (EU) has meant that it

is no longer profitable for farmers in, for instance, Burkina Faso to produce food for use and sale in their own country. Foodstuffs from Europe have become so cheap with EU subsidies that the local farmers cannot compete.

In the case of South Africa, Walan adds, "South African exports are struggling with difficult customs regulations in order to export their goods to the EU, while the EU hands out agricultural subsidies and helps companies in Europe selling goods to South Africa, such as meat, for instance.

"The result is that South African meat producers are facing and fighting cheap imports of meat from Europe which has been backed by EU government money.

"If the purpose of the Swedish aid was to help South African industry, this money would have been better spent trying to change the ruling at the parliament of the EU, making it easier for South African companies to export goods into the European countries instead."

Shortly after arriving in Cape Town, Persson flew to Robben Island to visit the prison where former president Nelson Mandela spent 18 of his 27 years in apartheid jails.

Persson met Deputy President Jacob Zuma for bilateral talks yesterday and is to hold talks with President Thabo Mbeki tomorrow.

## BLACK EYE



MATHATHA TSEDU

LAST week officials of the Development Bank of Southern Africa (DBSA) were in Parliament to brief the National Council of Provinces on their plans, and their work. The bank was instituted in 1983 to fund development projects in the country. It was interesting to hear chief executive Ian Goldin say that a new fund may be established to fund rural projects and that this may become the main growth area for the bank. This is interesting because the rural outbacks of South Africa are the ones with the major backlogs of infrastructure.

If it is only now that the bank is thinking of establishing a rural fund, what has been the attention given to the rural areas so far? A look at the bank's annual report for 1999 is revealing indeed. Of the R2,1 billion loans approved for development, the biggest share, 32%, goes to countries in the region other than South Africa. The Western Cape gets the lion's share of local spend at 29%, followed by Gauteng at 13%. The two poorest provinces, Eastern Cape and Northern Province, get 4% and 2% respectively, with the Northern Cape only earmarked for 0,3%.

The bank says in its corporate strategy and business plan that the bias towards Western Cape, Gauteng and KwaZulu-Natal, which got a mere 7%, was because they were "areas of greatest economic activity and infrastructure backlogs". I have no scientific data at my disposal, but anyone who tries to convince me that the Western Cape and Gauteng, with their well developed and maintained roads, have more serious infrastructural backlogs than the Eastern Cape and Northern Province, would be lying.

What is in fact happening is that the urban areas have skilled human resources who know how to access the funds and the bank is merely responding to a need as measured through loan applications. Rural local government structures lack this expertise and the DBSA, which prides itself as the highest skill concentration in Southern Africa, should be seeing this skills bias and working at correcting it.

Instead of saying "the lack of borrowing capacity in the Eastern Cape and Northern Province prevented the DBSA from addressing the needs of these more rural areas", the bank should be going out there to ensure that the "borrowing capacity" is developed, because its absence is not an indication of an absence of need but lack of skills.

We are as a nation faced with a situation in which more than 50% of local government structures face collapse or have collapsed due to lack of resources, management skills, and other factors. What has been the role of DBSA in such situations? Butterworth in the Eastern Cape is ruined, while the bank argues that "borrowing capacity" is absent.

The DBSA is owned solely by the government. It continues to be funded indirectly by government, and therefore by taxpayers, through the interest accruing from the bonds issued to offset bantustan debts. Government's development plans have identified the creation of infrastructure in rural areas as one of the critical factors to deal with poverty alleviation through job creation. And yet the development arm of the same government thinks that urban development is the craze to follow, a move which in turn makes urban areas attractive to rural people who then flock to the cities, creating a need for more infrastructural development there. This vicious cycle means that rural areas will never get a hearing.

But above all, how does the DBSA justify spending over one-third of the total loan amount developing other countries as if we do not have collapsing infrastructure here at home? Charity always begins at home. It is known that DBSA staff travel to neighbouring countries to solicit loan proposals and then assist parastatals there in preparing loan proposals, which the same officials then sit and approve. This is really taking the theme of the African Renaissance too far.

And yet for the local rural areas, such assistance is not provided except where the locals request it. This raises a serious question about how South Africans committed to the real development of this country can go around doing all these things in the name of development. The DBSA was at some stage a centre designed to ensure the perpetuation of apartheid. How much has changed since?

Is it not time for the minister of finance and Parliament to look into this bank's activities more closely, and see whether it is operating in line — and not in conflict — with government policy? The DBSA is a national resource and should not be allowed to overlook crucial rural needs in favour of equity investments because it makes for beautiful graphs of surplus/profit at the end of the year. Otherwise how does one explain the DBSA being proud at not having used a R509 million surplus last year while the country cries out for help?

● Tomorrow: "Off the Beat" with Kole Omatoso



# Denying the disabled a voice

(297) m+G 19-25/11/99

*Planned public hearings into the Department of Welfare's re-registration drive for grant beneficiaries have been called off. Peter Dickson reports*

**H**uman rights campaigners in the Eastern Cape are up in arms over a decision by two provincial legislature committees on Tuesday to deny the disabled a voice by calling off planned public hearings into the Department of Welfare's controversial third re-registration drive, which started in five pilot areas this week.

The Freedom of Expression Institute says the decision by Bisho's welfare standing committee and the public participation and petitions standing committee has decreased transparency, while a "disappointed" Human Rights Commission (HRC) says it has robbed people of a platform to express their views on a process that has already hurt many.

As the re-registration drive got under way

on Monday, a leading Eastern Cape campaigner for the disabled, Karin Claydon, who blames poor administration and communication by the department as well as a flawed government policy for causing the welfare crisis, said: "These people are starving to death — they don't want another academic policy."

On Tuesday, Bisho welfare standing committee chair Mike Basopu said that in the light of the start of the re-registration drive, public hearings into the matter would only "confuse people".

Since the department was informing people about re-registration, there was no need for a public hearing. Infuriating Claydon, who earlier this year was asked by Eastern Cape MEC for Welfare Ncumisa Kondlo

to help draw up payment guidelines for the disabled, Basopu said "Incorrect recommendations" by the public participation and petitions committee after a request by Claydon had initially led the speaker to agree to

The HRC's Frankie Jenkins says the number of people "grovelling" for grants proves serious issues need to be addressed and that the department has to answer for the "atrocious welfare record of the Eastern Cape" and justify re-registration.

Jenkins says: "The government and the Eastern Cape legislature is answerable to the public, that's how democracy works."

"Just by looking at the human side of the situation, not even considering corruption, there is enough evidence for an investigation. The right to life is the sanctity of the Constitution."

Kondlo has angered beneficiaries with her own justification for the re-registration process — that 100 000 people, at an annual cost of R360-million, are allegedly receiving grants illegally.

Once again, as in re-registration drives over the last two years, Bisho is crying gov-

ernment corruption to whittle down the number of beneficiaries, they say.

Beneficiaries argue that if Kondlo knows this figure, there is no need for a costly and time-consuming re-registration process.

of the 100 000, a specific number have died, 985 are civil servants who illegally drew a pension each month on top of their salaries, and these employees totalled eight in its own department, 176 in health, 346 in education and 115 in public works.

This suggests the department knows exactly who is involved. The department says these illegal payments have been stopped and that it has "started" the process

**Once again, Bisho is crying government corruption to whittle down the number of beneficiaries**

of recovery.

The 985 fraud artists, however, have not been disciplined or charged, despite Kondlo saying last week that such people stealing public funds earmarked for the aged, disabled, indigent and children would face "zero tolerance".

For grant beneficiaries in the Eastern Cape, however, for the second year in a row, Christmas looks set to bring cold comfort.

## Bisho ready to get some teeth

**Peter Dickson**

**T**he Eastern Cape government's sorry saga of in-house corruption and "creative bookkeeping" amid a legacy of poverty and neglect has been the butt of post-apartheid political satire for much of the last five years.

This week, for the first time since 1994 and amid growing public outrage and open scorn at Bisho's limp-wristed response to thieving civil servants siphoning off millions, the province stages a two-day summit in East London that is designed to produce a strategic anti-corruption plan.

The conference — appropriately entitled

*Putting Words into Action: A Framework for Change* — follows a Department of Safety, Liaison and Transport task team report to the provincial executive council that Premier Makhenkesi Stofile requested be discussed in a broader forum.

Provincial Deputy Director General Peter Mayende, who is co-ordinating the summit, is adamant that "this will not be a talk shop".

Mayende says Bisho sees the conference as "a departure from the current trend in anti-corruption conferences which tend to dwell on analysing aspects of the problem without presenting practical solutions".

Bisho has come under fire this week for

its policy of "zero tolerance", which has been described as having no teeth.

MEC for Welfare Ncumisa Kondlo said action by Bisho included the dismissal of seven officials for stealing R2,5-million three years ago, the dismissal for negligence of two officials, and the arrest of three others, who were later charged, after a Lady Frere pension office break-in and the theft of R1,8-million. But she admitted that this was a drop in the ocean and more visible action was needed.

Kondlo's department began a controversial re-registration of grant beneficiaries this week which is designed to weed out corruption that includes hundreds of

civil servants who have not even been suspended, but merely asked to pay back stolen public money.

Mayende says that corruption has been a "major hindrance" to Bisho, frequently derailing the provincial administration and "preventing good governance".

"Serious and concerted efforts have been made in various fields such as cheque fraud, pensions, and theft and abuse of government property," he says, "but corruption continues to raise its ugly head."

The conference has drawn 150 delegates, including special investigative unit head Judge Willem Heath, the provincial Auditor General, Singa Ngqwala, and the National Intelligence Agency.

Academics, bankers, district councils, traditional leaders, government department heads, the Public Service Commission, organised labour, churches and NGOs will also attend the summit.





Above: Many development projects are being undertaken in Orange Farm, including initiatives to establish a community radio station. Right: Olga Lutu surveys Plot 53 Rietfontein, the 441ha farm run by a group of Orange Farm women. PHOTOGRAPHS: JACQUI PILE

# Women get growing in Orange Farm

**Jubie Matlou spoke to Olga Lutu, a Black Sash fieldworker who is helping women in Orange Farm run a hydroponics installation**

Olga Lutu starts her day at six in the morning, clutches her crutches and walks around Plot 53 Rietfontein to survey if everything is still intact on the 441ha farm run by a group of Orange Farm women.

It's a far cry for Lutu from the days of the influx control, when as a Black Sash fieldworker she ran an advice office for farm labourers evicted from the stretch of farms lying between Soweto and the Vaal Triangle.

Lutu epitomises the story of Orange Farm — where its people come from, where they want to get to, in terms of improving their lot through community development projects.

Lutu is a trendsetter in her own way. She manages a high-tech hydroponics project in a province renowned not for its agricultural output but for mining and manufacturing.

Hydroponics is the art of growing plants using sand or concrete crash stones containing water impregnated with nutrients. The technique is used widely in Israel, where, in the words of a marketer of hydroponics produce, George Georgiou, there are scores of troughs liping the open barren land resembling a "garden in the desert".

This hydroponics installation in Orange Farm is managed by Women's Voice Incorporated (WVI), a non-profit company that seeks to alleviate poverty by imparting skills and empowering women to venture into a variety of activities that include health and welfare, arts and culture, communications, information, finance and housing.

Lutu is WVI's director of agriculture. The project is a beneficiary of the Gauteng Department of Welfare poverty alleviation programme.

The department provided the initial capital injection to the tune of R1.7-million to procure equipment and units, and to fund the training of people in hydroponics farming.

WVI, on the other hand, raised a loan of R50 000 to pay for the installation of electricity, a bore and an irrigation system.

"Six hydroponics units have been erected, and each unit consists of 40 troughs worked by 10 people under a supervisor. About 1 500 plants can be planted in one trough.

"All in all, the six units can yield more than 360 000 crops at one given time once the project is fully functional," Lutu said.

"Our target is to plant every afternoon and harvest every morning. The project employs 66 people, each paid R150 a week, and this includes pension and funeral cover schemes."

Lutu — temporarily hobbled by a broken ankle — explained that the hydroponics units would produce leafy vegetables such as lettuce, spinach and cabbages for household consumption for members of WVI's agricultural department, and the rest of the produce would be sold at the fresh produce market in Johannesburg.

WVI's agricultural department consists of 96 women who came together to share skills and expertise with the purpose of supplementing household needs and to start a small entrepreneurial venture. The group then applied to the Gauteng government's farmer settlement programme, which allocates farmland to community groups.

Lutu has come a long way with the people of Orange Farm since the early 1980s.

The story of the settlement began with the eviction of farm labourers from farms further south of Johannesburg. Lutu was touched by the plight of people who found themselves harassed by the police and thrown in jail for not having the required official documents to live or work in the urban areas.

According to Geoff Budlender, the evicted farm labourers had nowhere to go, and one farmer, with the surname Weiler, offered his farm to accommodate them on a rental basis. In the early 1980s Budlender acted as attorney for the Weiler's farm community.

"Initially, the number of the displaced was about 40 to 50, but as the numbers grew, Weiler lost control of the situation.

"The Transvaal Provincial Administration decided not to service the land, as a way to pressure the

**'Our target is to plant every afternoon and harvest every morning. The project employs 66 people, each paid R150 a week'**

relocation of the community to Orange Farm.

"While these things happened, the police and the South Africa Defence Force assaulted people for their refusal to move," Budlender said.

Lutu was there; she had quietly set up a Black Sash advice office, without asking the farmer's permission. "In 1986 Weiler's farm was declared a transit camp, seething with about 3 000 people.

"More and more farm labourers came to Weiler's farm after they were evicted from farms as far as Heidelberg and Meyerton.

"At that time, I was already working full-time on Weiler's farm, and later allocated a farm house on the

pretext of starting a school on the farm," Lutu explained.

"The Black Sash advice office provided assistance on a variety of problems that included applications for pension payments for the elderly and other routine social welfare assistance.

"It was not long before I embarked on a rent boycott in protest of the squalid conditions in which the farm labourers and their families were living. The 3 000-strong community also joined in the non-payment of rentals," Lutu explained.

Despite those difficult conditions, Lutu went on to co-ordinate the establishment of a school for the children of Weiler's farm. "Parents with the old junior certificate education volunteered as teachers for the school. Money received from donations was used to be shared as salaries for the teachers.

"We received support from various organisations, the Catholic Bishops Conference and the Get Ahead Foundation," Lutu said.

A 1988 Pretoria Supreme Court ruling served as a blessing for development in Weiler's farm — it granted the community semi-permanent rights to live on the farm until a permanent settlement was allocated to them.

A committee was established to lobby support and advocate for the interests of the Weiler's farm community — and Lutu was elected chair.

Lutu explained that progress and support for the school project prompted the Weiler's farm community to engage education authorities to register the school. This was refused because Weiler's farm was a transit camp, and not a formal residential area.

"Ironically, it was the issue of the school's registration that made the Weiler's farm community accept a Transvaal Provincial Administration relocation proposal to Orange Farm," Lutu said.

On their arrival in Orange Farm

Extension 1 the Weiler's farm community was greeted by bare amenities — an allocated site and a communal water tap meant to serve several homesteads.

Lutu explained that people were expected to bring along their own building materials. Many of these consisted of corrugated iron shacks.

"The allocation of stands constituted a milestone achievement. At least people were allocated a piece of land for the first time in their lifetime, a definite break with a past that was characterised by harassment for trespass and other pass laws," Lutu said.

Today the township is home to some 250 000 people, from Weiler's farm, backyard rooms in Soweto and the Vaal townships. A township registration process is under way and title deeds will be awarded to the residents.

A plethora of community-driven development projects marks the profile of Orange Farm. Other projects include initiatives to establish community radio stations, health care institutions and housing.

Driving around Orange Farm may not be as pleasant as in Soweto or some newly built suburbs south of Johannesburg.

The main roads crossing the township are the only tarred roads; electricity and sanitation have been installed in some areas, while others have to wait their turn.

Development in Orange Farm, it appears — like dynamite — comes in packages.

Lutu's community-development contributions were recognised by the Sowetan's Nation Building project when she was voted the 1991 Eskom/Sowetan Woman of the Year.

Asked about the source of her inspiration to initiate community-development projects, Lutu quipped: "There is no single orange fruit tree in Orange Farm, so as women we have to initiate projects that would uplift ourselves and our communities."





# Keeping an eye on rural development

Barry Steek

**T**he government has given public notice that it is going to monitor delivery and implementation of developmental projects in the rural areas more effectively "to ensure targets are met and time frames adhered to".

In his address to the National Council of Provinces (NCOP), Deputy President Jacob Zuma made it clear that while the role of traditional leaders was important in nation-building, the government's view was that "traditional structures should dovetail into the structures of the new dispensation".

Zuma said steps are being taken to begin the process of kick-starting the integrated sustainable rural development strategy.

The process is being initiated through

pilot projects in the Eastern Cape, KwaZulu-Natal and the Northern Province. He said this is not the sole focus of the rural development strategy and the aim is to ensure that existing delivery projects in rural areas are implemented in a co-ordinated fashion.

"We will be examining projects in all provinces to ensure that this is happening. In some provinces, we may feel that the main issue is to overcome blockages, while in others additional projects may be needed," Zuma said.

Both President Thabo Mbeki and Zuma have continually emphasised the importance of delivery since they took office in June, particularly stressing the importance of the NCOP in monitoring the implementation of projects in the rural areas.

Zuma said the NCOP was the only constitutional structure that brought all three spheres

of government under one roof. "It is through the NCOP that the provincial and local spheres of government have the opportunity to participate in the national legislative process and to co-operate on other areas with the national sphere of government."

He also said the government would continue to work towards reducing the tensions that sometimes existed between the traditional authorities and elected organs of government.

He had already met with the National House of Traditional Leaders and had commenced meetings with other groups.

In these meetings, the traditional leaders had expressed their support for the democratic institutions of government, but they had also expressed reservations regarding the interaction between themselves and provincial and local structures.

Zuma said the traditional leaders are asking "to be part of co-operative governance. For example, concerns are being raised by traditional leaders regarding the process of demarcating local government boundaries. I believe that these concerns can best be addressed by local and provincial government interacting more effectively with traditional leaders."

He said he would interact with traditional leaders to strengthen relationships and to make sure there was a common understanding about areas of co-operation.

Traditional leaders should continue promoting rural and cultural development but "we should also remain vigilant that we do not encourage a retrogressive ethnicity and the reinvigoration of backward customs and habits."

Zuma's overall message is clear: the government is going to be more active in monitoring delivery of projects in the rural areas and it will co-operate with traditional leaders as long as they, in turn, co-operate with the elected levels of government as provided in the Constitution.

(297) MHG 26/11 - 2/12/99



# Lottery to hit welfare groups for a loop

## New law could severely limit non-profit charity organisations' ability to raise funds

JEAN LE MAY

**W**elfare organisations in the Western Cape will have to cut back or even suspend many of their humanitarian activities next year because of the new law on lotteries.

The South African Red Cross Society, the Community Chest and St Luke's Hospice are among the organisations that stand to lose millions of rands.

Regulations were published recently to control promotional competitions, private lotteries and society lotteries. All charities and welfare organisa-

tions will have to re-register, however small they are.

Tickets may not be sold for more than R5 and no organisation will be allowed to draw more than R1-million a year from the public, ostensibly so as to avoid competing with the national lottery.

The Red Cross Society said that substantial income was needed to fund community-based organisations.

"Without this, the future will be very bleak for everybody, especially in the poor communities."

St Luke's Hospice, which has spent years developing successful fund-raising methods, may have to

cut back or even suspend a new project for Aids patients in Khayelitsha, said hospice administrator Ed West.

St Luke's made a yearly profit of R3.6-million from its 2000 Club car competitions, said Mr West.

"If we are allowed to take in only R1-million a year, we'll lose R2.6-million.

"It is ridiculous to limit the tickets to R5. Thousands of members of our 2000 Clubs are happy to give R50 a month."

Mr West said that welfare organisations in South Africa had a fine record of public service, looking after people in need of care in areas where the government did little or

nothing.

"There are organisations devoted to looking after people with cancer or TB or epilepsy, the disabled, children and old people."

Mr West said that St Luke's had not been consulted about the new law. Insufficient time was allowed to comment on the regulations, he said.

They were gazetted on November 5 and comment was required by November 26.

Some of the conditions laid down in regulations were "ridiculous", he added.

For example, tickets may not be sold to unrehabilitated insolvents, people with legal disabilities or

juristic persons.

"Does this mean that ticket sellers must question people about their financial standing?" he asked.

Leon Isaacson, of the Community Chest of the Western Cape, said scratch cards run by the chest would be stopped as soon as the Lotteries Act became law, possibly in March.

The chest would lose both the R2.2-million a year it made from scratch cards as well as the R2-million it made annually from its competitions.

The Act provides for payment from the national lottery distribution trust fund to the reconstruction and development programme,

sports development, charitable bodies, environmental and cultural bodies and "miscellaneous" bodies.

Mr Isaacson said it was unlikely that funds from the fund would make up for the expected shortfall. About R600-million would be available every year, he said, but no structure was yet in place to distribute the money.

"I foresee a mountain of money accumulating, with no way of distributing it to those in dire need of it," he said.

The South African Red Cross Society said that welfare organisations were already suffering from the withdrawal or lowering of govern-

ment subsidies, which placed greater emphasis on self-reliance.

It admitted there was a need to regulate society lotteries in general, but "not at the expense of long-established community welfare bodies".

Those organisations striving to meet the needs of a growing indigent population were being restricted even more in carrying out their humanitarian objectives, it said.

"With increasing pressure on the business sector, there is a down-turn in support for community welfare," said the society.

"The national lottery could lead to further withdrawal of support, as happened in Britain," it said.



# Juggling profit and development

Industrial Development Corporation restructures to fulfil government's vision, writes Sibonelo Radebe

IN THIS highly competitive environment, imagine the task of appeasing your only shareholder — government — while remaining profitable as a business.

It should be a nightmare. But this is precisely what is expected of the state-owned Industrial Development Corporation (IDC), established 60 years ago to encourage industrial development. Before 1994 the IDC's task was simpler because its activities were meant to benefit a minority of the population.

However, apartheid's demise brought new challenges to the IDC to invest in a way that benefits everyone — primarily by creating employment opportunities — while remaining profitable and competitive.

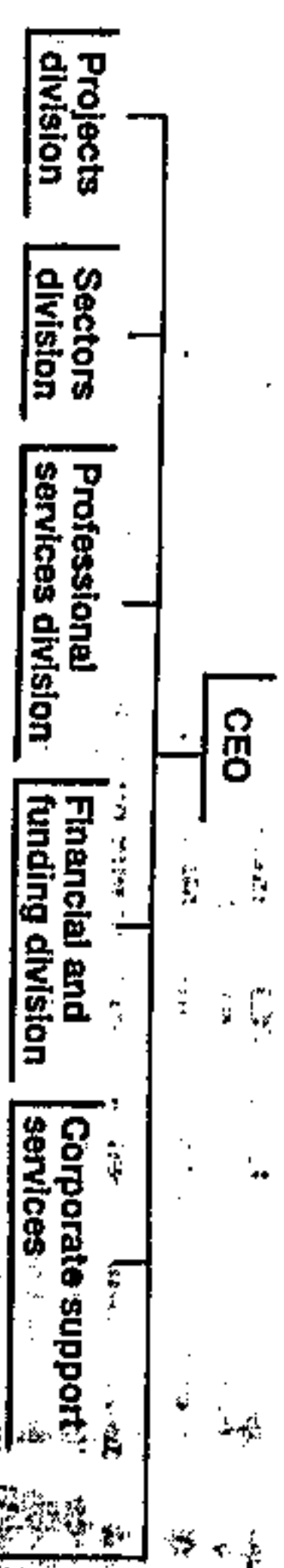
These are some of the reasons behind the recent restructuring of the corporation.

Khaya Ngqula, CEO of the IDC, says the primary vision of the corporation is to be a driving force of commercial, sustainable industrial development and innovation to the benefit of SA and the entire region.

Ngqula is on a road show to explain the IDC's new structure and way of operation to its business partners. He made a presentation to clients in the Northern Province on Monday where he stressed the IDC's expansion of activities to neighbouring countries and presented the new structure and mission.

Ngqula reported that there was general agreement among all those with an interest in the

## The restructured IDC



Graphic: RUBEN DAVID Source: IDC

IDC that transformation was required for the corporation to achieve its vision and make it more responsive to the needs of the market.

"We needed to enhance our image with a client orientation as its focal point and restructure our business in a manner that would enable us to work smarter and more effectively."

Restructuring had delivered a flat structure, more focused but flexible organisation, said Ngqula.

The IDC has been restructured into five focused divisions that report directly to Ngqula.

The divisions are projects, sectors, professional services, financial and funding, and corporate support services.

The sectors division is where most of the corporation's business takes place and consists of seven independently managed

sectors: agro industries; tourism, which has been declared as the group's new focus; chemicals; metals; textiles; wood and paper; and new business, which includes small-scale mining and quarrying and property development.

The restructuring has brought with it a new set of strategic goals.

These are provision of risk capital to the widest range of industrial projects with economic merit; strengthening the financial independence of the IDC; identifying and supporting developmental opportunities not adequately addressed by the market; investing in human capital; and establishing local and international partnerships.

Ngqula stressed the need for the IDC to maintain viable financing criteria to survive. The framework's key points are: eco-

nomic merit; new and expansive business; reasonable financial contribution from clients; security and developmental impact; exports; and empowerment.

The corporation would focus on medium-sized businesses requiring loans of between R1m and R120m. However, the IDC did not have plans to enter the micro-lending market.

The success of the corporation so far should not fool people into believing that it could succeed in the micro-lending business, Ngqula said.

The IDC did not have the required infrastructure to serve the micro-lending market.

Instead, the IDC should focus on growing within its areas of strength and not venture into unknown markets.

Ngqula reported that the IDC would also give the tourism industry more attention as it be-

lieved the sector had an enormous potential to bolster the economy. In IDC's view, tourism had been neglected by financial institutions.

The corporation had therefore more than doubled the term of tourism loans to 15 years with interest payments waived in the first two years. A moratorium would be placed on capital payments in the first five years of these loans.

Out of the total budget of R1.5bn for the sectors division in the current financial year, about R200m had been earmarked for tourism investment.

Ngqula said the new IDC was well positioned to fulfil government's vision for the future as captured in the spirit of the Reconstruction and Development Programme and quantified in the Growth Employment and Redistribution strategy.





# R60 000 vans for E Cape police

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(297)

## Evidence wa ka Ngobeni

**P**olice in the Eastern Cape are incapable of reaching crime-ridden villages because of bad roads in the impoverished province. Serious crimes like rape go unreported because communities are unable to get to police stations, which are mostly situated kilometres away from the remote areas.

But this situation is expected to change with the introduction of a multimillion-rand project sponsored by the European Commission, South Africa's largest foreign donor and trading partner.

The Eastern Cape police and other policing partners have welcomed the project, which involves new police vans designed to travel on bad roads.

The commission believes the new police vans, equipped with flexible bodies, will help to improve policing, enhance the investigation and reporting of crimes, and increase the visible presence of police officers in villages.

The police say the new vans, which each cost more than R60 000, will be able to help them reach remote areas even in the event of bad weather.

Dieter Kehler, policing co-ordinator in the Eastern Cape, says the cars currently used by the police are not suitable to face steep hills and rough, stony

roads in the villages. "A normal car cannot make it there, even a tractor. So these new vehicles will help the police to reach places which were previously inaccessible to them," he said.

The policing project, also sponsored by the British Department of International Development, is just one of many initiatives in the Eastern Cape funded by the European Commission.

This week commission ambassador Michael Laidler visited various development projects sponsored by his organisation to "reaffirm the commission's commitment to development in the Eastern Cape."

One of the projects, a community resources centre in Mooiplaas, about 45km outside East London, was hailed as a success story since the community settled there more than 30 years ago.

The centre, which received more than R650 000 through the European Commission's micro-projects programme, will offer small business training and adult basic education to the people of Mooiplaas.

The centre will host a library, seminar rooms, offices and a computer laboratory. Telkom has already offered about 60 computers to the project and additional funding from government.

According to project organisers, community members will also be trained in juice making, baking,

sewing, crop farming, poultry and sheep farming.

Welcome Mdlungu (53), a resident of Mooiplaas, said: "We only dreamt of these. We never thought we would have it".

Mooiplaas has only two schools catering for more than 80 000 people. Mdlungu, who does piece work for a living, believes the centre is a sign of hope for the impoverished community.

"Our children have passed matric, but they cannot get a job and we do not have money to support them. So this centre will provide jobs for our children and help to develop our community," he said.

Laidler said: "The European Union has contributed about R4-billion to reconstruction and development projects in South Africa since 1994."

Although all the country's provinces are benefiting from the commission's aid, Laidler said the Eastern Cape has been identified as a "priority province" for the next six years.

Laidler said the commission is currently implementing projects worth R460-million in the Eastern Cape through the European Programme for Reconstruction and Development.

The commission also funds construction of schools in the Eastern Cape. The project is aimed at building 55 schools with 396 classrooms in remote areas of the province.

Laidler added that the schools project would cover the upgrading of ex-

isting educational infrastructure in the province. Sixty-five million rand has been allocated for the project.

Other projects funded by the European programme include:

- The Water Development Programme which aims at providing water supply and sanitation infrastructure in the rural areas. The water programme has received R119-million.

- The Urban Sector Network, a national network of eight NGOs providing development expertise and support to the urban poor. The network received R15-million.

- The Rural Development Services Network, aimed at providing skills and technology to rural communities; R4,8-million was allocated for this.

- The Non-Grid Electrification of Rural Schools project, aimed at improving educational standards and facilities in the remote areas of the province. The programme will supply non-grid electricity equipment — solar panels, batteries, wiring control circuitry lights, televisions, video recorders and overhead projectors — to 16 400 schools by next year. Funding for this project amounts to R47-million.

- Another project, the Support to Spatial Development Initiative, is to be approved by the end of this year. The project, aimed at boosting economic and social development in the Eastern Cape, will receive more than R80-million from the commission. Laidler said the project will focus on developing tourism.



*The bank expects to repeat last year's surplus of more than R500m*

# DBSA finances are 'highly positive'

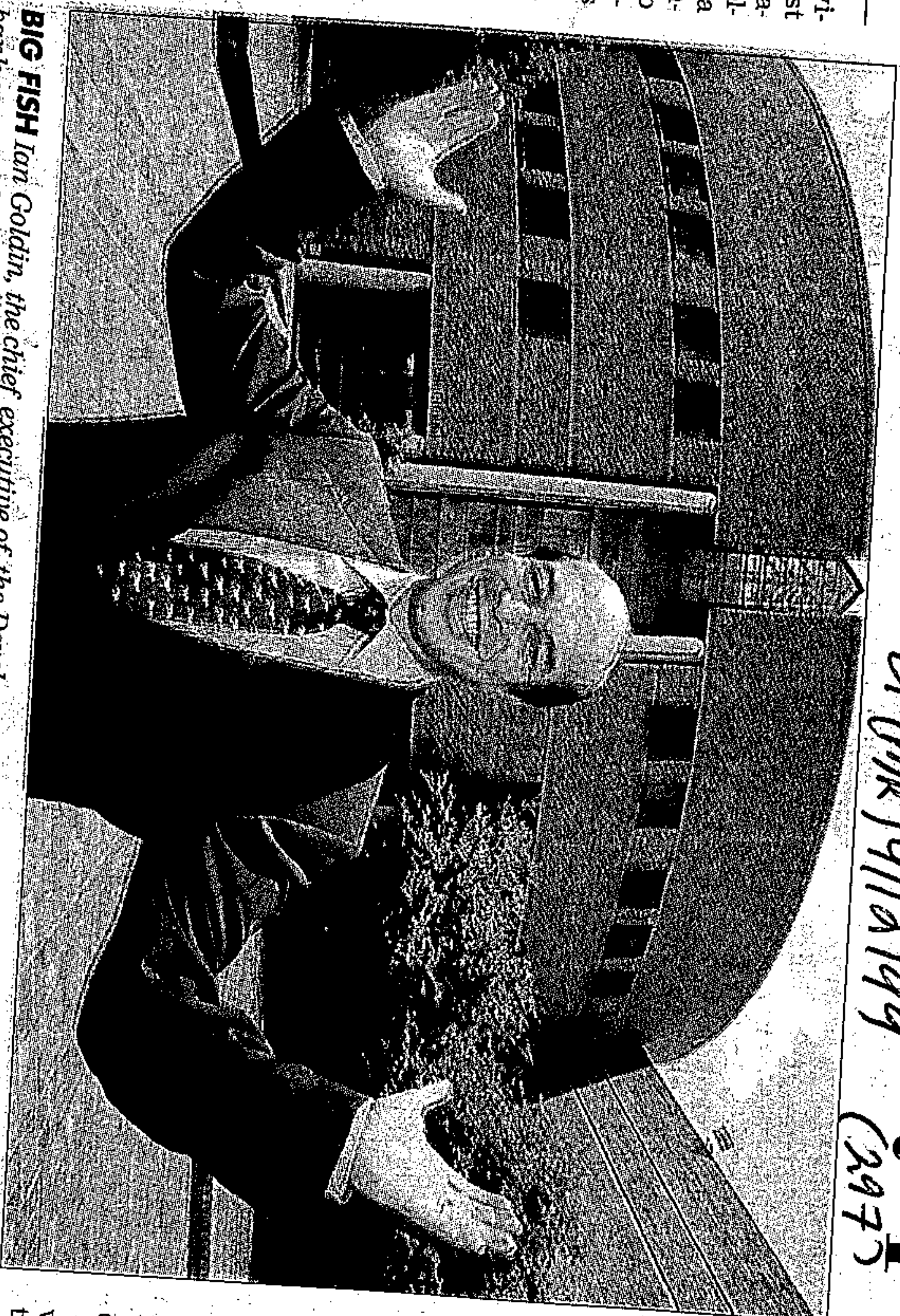
CATHY POWERS

Johannesburg - Continued evidence of a recovery from last year's financial crisis and operational efficiency helped the Development Bank of Southern Africa (DBSA), the state-owned infrastructure finance institution, to keep its finances on a "highly positive trend", Ian Goldin, the bank's chief executive, said yesterday.

The DBSA posted a healthy surplus of R243,1 million for the six months ended September, up 37,2 percent from R177,1 million for the comparable six month period last year. However, this excluded an abnormal profit of R15,7 million. Goldin said the bank continued to boost its development impact and consolidate its activities.

The bank was on track to reach a surplus similar to that of last year's R509 million and was on the way to reaching record levels of approvals and disbursements for the current year, Goldin said.

The DBSA disbursed R921 million and approved new loans of R1,044 billion. Just less than half of the loans approved, or R510 million, were for local government. Despite the finan-



**BIG FISH** Ian Goldin, the chief executive of the Development Bank of Southern Africa, said the bank approved R1,044bn in new loans and disbursed R921m this year

cial woes of local authorities, Goldin said: "There have been no write offs and we don't anticipate any. We work very closely with

the local authorities and help them to overcome problems." Private sector partnerships, including projects such as the N3

toll road amounted to R399 million, some 38 percent of the total loans approved, said Goldin. The DBSA had committed R160 mil-

lion or 10 percent for development in other Southern African Development Community countries.

Looking to the future, Goldin said the DBSA would pursue infrastructure development in the major growth areas of tourism and public private partnerships. The bank also planned to introduce new instruments which would encourage investment in infrastructure such as a range of guarantee products, equity and venture funds and dedicated development and capacity building funds.

Goldin said that the DBSA would not pay taxes next year, in agreement with the department of finance, but it would pay taxes from the year 2001. "We do in principle believe that over time we should pay taxes and dividends."

The DBSA had, in discussions with the Parliamentary Committee on Finance and other key players, proposed that its dividends payable to government be allocated to a rural development and capacity building fund. This proposal would be forwarded to the government and presented to the DBSA board in February, Goldin said.

PHOTO: SEWUN TATI



# Hermanus water project wins poverty-relief award

MICHAEL MORRIS  
SPECIAL WRITER

ARG 10/12/99  
Fifteen government projects have earned R700 000 in a new scheme awarding innovation in showing the way to alleviating poverty.

The Greater Hermanus Water Conservation Programme is one of 10 projects to receive R60 000 from the scheme, the Impumelelo Innovations Award Programme.

Others in the country – five of which won R20 000 each – range from youth and anti-crime initiatives to solid waste management and hydroponic farming projects.

The prize money is to be spent on showing other departments and project developers how to find practicable and imaginative solutions to poverty.

Impumelelo, under the directorship of Rhoda Kadalie, functions in partnership with the Ford Foundation, the Human Sciences Research Council, the Open Society Foundation and the Dutch government.

It focuses on boosting and encouraging innovation in government departments, the agencies chiefly responsible for delivery in the campaign against poverty.

The programme is modelled on a similar scheme in the United States.

A total 176 programmes were

entered, and the winners were:

■ The Greater Hermanus Water Conservation Programme.

■ The Integrated Livestock and Crop Farming Project in Middelburg.

■ The Durban Solid Waste: Waste Collection programme.

■ The Working for Water Programme.

■ The Mapila Hydroponics Community Co-operative.

■ The Stepping Stones – Reclaiming Youth at Risk in Port Elizabeth.

■ The PMB-Umsunduzi Anti-Crime Network in KwaZulu-Natal.

■ The Missionvale Community Housing Initiative in Port Elizabeth.

■ The Durban Metro Housing Canaan/Quarry Heights Relocation Project.

■ The Lubisi Dam Development Project in the Eastern Cape.

The five R20 000 winners were:

■ Salvagers Waste Management in the Odi Moretele Region, North West Province.

■ Outreach Services in Kimberley, Northern Cape.

■ Mosvold Sanitation, Nutrition and Health Worker Education Project in Ingwavuma, Northern Zululand.

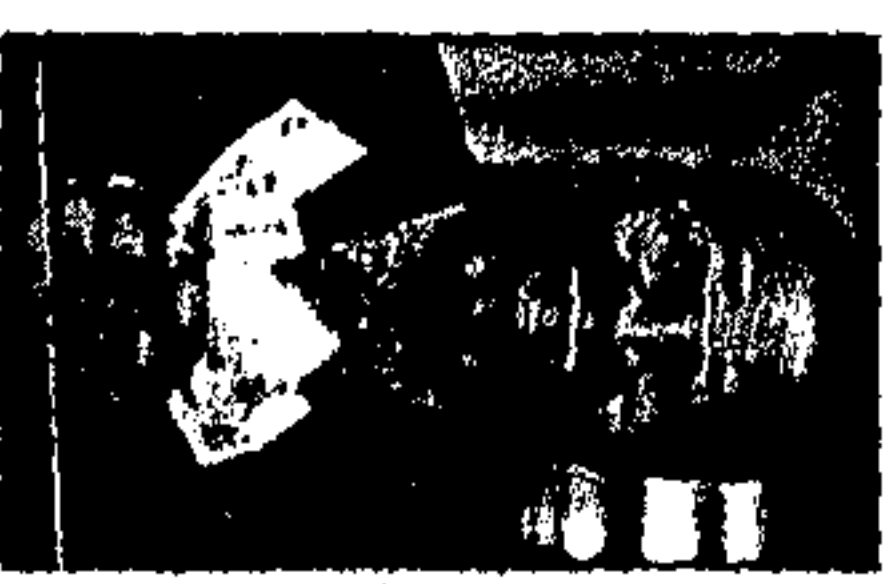
■ Pascap after-School Initiative in Southfield, Cape Town.

■ The Road to Sithebe Komkulu in the Eastern Cape.



ST 12/12/93  
How to make  
a lotto money  
(24)  
for SA's poor

HUMPHREY KHOZA explains how a national lottery will benefit all



LET THEM BEGIN:  
Humphrey Khoza says the aim of the games is to help government  
Picture: ELIZABETH SEJAKE

FACTS ABOUT THE LOTTERY

- South Africa's National Lottery begins operating in March 2000.
- Anyone over the age of 18 will be entitled to buy tickets costing R2,50 from more than 5 000 outlets covering every magisterial district in South Africa.
- Each ticket will feature six numbers between 1 and 49, either chosen by the participant or randomly generated by computer.
- The draw of the six winning numbers will take place live on television.
- Each week an estimated 500 000 players will win prizes ranging from a few rand to several million.
- The contract to operate the lottery was awarded by the government to Uthingo, an empowerment company, in July this year.
- The lottery will raise more than R1-billion each year for a variety of "good causes".

**A**FTER attending the 10th biennial congress of the African Association of State Lotteries in Ghana recently, our belief in the efficacy and credibility of a privately operated national lottery has more than doubled.

South Africa is the 25th and newest member of the association, which was formed 18 years ago in Senegal by eight countries. Its role is to achieve mutual assistance and information-sharing about lottery management, operational systems and technology, among lottery establishments in Africa.

The congress investigated the theme "What kind of lottery for Africa in the third millennium?". The main focus of deliberations centred on whether member states should privatise their national lotteries or retain the status quo instead. Most lotteries on the continent are owned and managed by government. The pervasive view among delegates was that lotteries generate substantial resources and, if completely privatised, operators could abuse public trust at the expense of national development and poverty alleviation.

However, our delegation, which comprised Joe Foster, the chairman of South Africa's National Lotteries Board and myself as the representative of the recently licensed operator, Uthingo, held a different view.

Foster submitted that South Africa opted for a licence operated by the private sector to optimise social development without having to dig into the public purse and to ensure transparency, efficiency and accountability, within the broad framework of the country's macroeconomic strategy. There were already several lottery-type activities at the time of the conception of the national lottery.

The problem with these is that although people won prizes, their operations were not transparent, as the government could not monitor the actual sales. But the major weakness was that these games did not have a pre-conceived social development agenda, a commitment which will characterise South Africa's new national lottery when the games begin.

Because of the moral obligation on the country's new democratic order to address the goals of transformation, development and empowerment, the government took the initiative to introduce an on-line lottery, which is much more socially accountable as well as easier to control. This decision was arrived at following extensive case studies of a number of effective lotteries around the world.

Subsequently, Parliament passed the National Lotteries Act of 1997, followed by the appointment of the National

Lotteries Board as the statutory body charged with regulating the operation of the national lottery, and which in turn invited bids to which companies like Uthingo, a diverse black empowerment consortium, responded.

The purpose of the SA National Lottery is to assist the government in meeting the priorities of transformation and national development, by generating substantial resources while providing entertainment value in a manner consistent with our core values—probity, patriotism, integrity, equity, accountability, efficiency and effectiveness.

The government is an important stakeholder in the national lottery. The SA Post Office holds 15 percent of the shares, and the National Empowerment Fund, created and funded by the government to champion the economic cause of the historically disadvantaged, holds five percent. Half of Uthingo's shareholding structure comprises local black companies, namely, the Black Management Forum, Disability Employment Concerns Trust, Motsiwele Technology, Nalco, Women's Development Bank and Numsa. Our three international partners, Camelot, Tattersall's

and GTECH, hold 30 percent.

The fundamental distinction between a consortium of such diverse backgrounds and a monopolistic lottery operator such as the state is that it enhances the best possible use of knowledge. Apart from injecting vital resources, Uthingo's international partners will help transfer lottery management skills and expertise over the first two years of the life of the national lottery. Over the next seven years, the national lottery is expected to generate more than R13-billion, which will be distributed exclusively by the National Lotteries Distribution Trust Fund, as stipulated in the Act.

On average over the licence term, 30 percent of turnover will go to good causes, which the Act identifies as including the Reconstruction and Development Programme, Arts and Culture, sports and recreation and charities. Fifty percent will go directly back to players in the form of prizes on a weekly basis, and 12 percent will be spent on the acquisition of goods and services.

National lottery retailers, the majority of whom are from historically disadvantaged backgrounds, will earn

five percent of total turnover, and two percent will be spent on overheads. Only one percent will be divided among shareholders as profit.

South Africa's national lottery will be operated along conventional business lines. Our principal focus will be to maximise sales of national lottery tickets to amplify turnover and therefore ensure higher levels of revenue for distribution to good causes.

State-run lotteries, on the other hand, are not profit-driven. The level of incentive is lower than that enjoyed by private operators. Government-run lotteries provide a public service, whereas privately run national lotteries contribute to national development and operate a business.

South Africa's other advantage is that because the licence to operate the national lottery is valid for seven years, the government, through the National Lotteries Board, retains the right to select the best competitor, thus ensuring continued service excellence and delivery. The minister of Trade and Industry may revoke the licence at any time before expiry of the seven-year period, should the operator contravene its commitments, conditions and obligations.

Thanks to South Africa's advanced telecommunications technology, Uthingo will be able to introduce Africa's first on-line lottery, beginning with the internationally successful Lotto. Other games will be introduced in response to market demands.

If, indeed, the third millennium is to become the African Century, then the African Association of State Lotteries is an important instrument of that renaissance. The organisation must enhance Africa's collective potential to marshal the finest resources to meet the urgent challenges in the fight against poverty.

● Khoza is the CEO of Uthingo