

Johannesburg

26 September 2012

### **CALL TO SUPPORT THE WORLD WITHOUT CORRUPTION PROGRAMME**

CGF Research Institute (Pty) Ltd (CGF) jumped at the opportunity to actively participate in the ***World Without Corruption Programme*** when our company was approached by the Vice President of the World Without Corruption Programme International Association Foundation, who are based in Brussels, Belgium.

Since CGF's establishment in 2004, which specialises in corporate governance reporting and consultative services, the topic of crime, corruption and non-compliance with various laws and regulations crops up daily. Many organisations still pay 'lip service' to good governance practices and more often than not, these organisations *claim* to be practicing good governance, but the reality is that many of their directors and senior management show scant regard for this imperative subject. In other cases organisations are only concerned about looking good on paper -- irrespective of how it achieves this -- rather than taking a good and hard look at the real issues associated to the poor governance they practice, let alone the criminal nature attached to some of their shady transactions. Regrettably, there are few organisations being exposed for this criminalist behaviour, and the penalties are not severe enough to change the errant ways of these so-called leaders when they are exposed.

As a newly accepted participant in the ***World Without Corruption Programme***, CGF is able to express its unwavering commitment against any form of corruption and other criminal manifestations, furthermore supporting the international principles and standards in corporate social responsibility and contribute towards positive changes in the lives of all South Africa's people, and those abroad.

Less than a decade ago, the UN General Assembly adopted the United Nations Convention against Corruption (UNCAC) and now most countries have ratified it, including South Africa. Whilst the most recent crime statistics of South Africa claim an overall improvement, the broad category called "commercial crime" -- which includes all kinds of corruption, fraud, money laundering, embezzlement and forgery -- has increased by an alarming 63% since 2004/5.

***"All it takes for evil to triumph is for good men to do nothing!" – Burke***

It is a known fact that the high levels of commercial crime and corruption poses a serious risk to both the South African business community and the national economy, such where corruption has become endemic in this country, both in the public and private sector.

South Africa's Public Protector, Advocate Thuli Madonsela, said at an international conference in Cape Town earlier this year that South Africa was at a 'tipping point' in our fight against corruption and that the country was failing to deal with it decisively. She went further to say that the extent of corruption, left unchecked in South Africa, had the ability to seriously distort our economy and even derail our democracy. Adding to this, in a parliamentary committee briefing during October 2011, the head of the Special Investigating Unit (SIU), Willie Hofmeyer expressed his concern about the extent of the problem stating that between R25 billion and R30 billion of government's annual procurement budget alone was lost to corruption.

Corruption is fast becoming pervasive throughout South Africa, and current cases such as the re-opened South African Arms Deal -- estimated at a value of US\$4.8 billion alone -- do not inspire any confidence to suggest that South Africa is improving its reputation in this area, in fact quite the contrary. To illustrate this further, research by *TFAC* (The Fight Against Corruption), found that 600 000 new low cost houses, 60

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hospitals with a 280 bed capacity each, 3 000 rural clinics and 915 new schools could be built with the R30 billion estimated to have been misappropriated from state coffers. Moreover, TFAC asserts that one cannot -- in good conscience -- say that South Africa has the political will to fight corruption with its current systems, procedures and "arrangements/agreements in place".

Research from *Transparency International's Corruption Perception Index* indicates that South Africa has fallen from a respectable 34<sup>th</sup> place in world rankings in 2000, to 64<sup>th</sup> place in 2011. Surely this sharp fall in South Africa's rankings -- being our worst ranking since the index started in 1997 -- must ring the alarm bells? Allied to this, most analysts agree that our Foreign Direct Investment (FDI) is now also under severe pressure. This is largely due to our international investors raising South Africa's risk profiles due to the country's conflicting messages and the half-hearted attempts to rein in the ANC Youth League's nationalisation 'debate'. According to the *UN Conference on Trade and Development (Unctad)*, South Africa lost 70% of its FDI from \$5.4bn in 2009 to a mere \$1.6bn in 2010. Whilst Angola appears to be the better choice of FDI destination on the African continent -- having earned top spot in 2009 and 2010 -- South Africa has only been rated 8<sup>th</sup> choice of FDI destination over the same period.

Adding to the concerns that some member states are not showing enough progress to combat and reduce the corruption in their countries; to beat this scourge, UNCAC have become quite emphatic that the fight will require a joint and coordinated effort between member states, the private sector and civil society institutions which covers all market sectors. UNCAC envision specific collaborative mechanisms to tackle national and international corruption, such where a 'mass psyche' of projects and initiatives are provided to inform citizens of the devastation caused through corruption. These initiatives are designed to build a rapid intolerance of any form and types of corruption and should guarantee large support from citizens who are directly affected, where they become part of the policing against corruptive practices.

To ensure there is a global and coordinated approach against corruption, the World Without Corruption programme was established to promote participation in advancing UNCAC in 2011-2020 (for civil society and the private sector) to help solve this pressing task. The programme has been developed by experts from different countries at the Interregional NGO Committee for Fighting Corruption.

The main task of the World Without Corruption programme is to define key areas of activity for all stakeholders, i.e. social and entrepreneurial organisations to advance UNCAC during the upcoming decade and to identify the main mechanisms for their participation in the advancement of UNCAC.

Organisations and other non-governmental organisations that proclaim a war on corruption as one of their priorities exist almost everywhere where the population has an opportunity for independent social activity, however their activities tend to be uncoordinated and many do not know of each other's existence. By joining the World Without Corruption programme, participating organisations will have better synergy and a collective voice, and the chances of beating this endemic problem will be far greater.

It is critical that South Africa as a nation rapidly take serious action to address the rampant problem and in doing so, not only hold the perpetrators accountable, *but also* the leadership of government when there are no visible signs of their actions to improve this situation. With the means at government's disposal, they *can and must lead by example*, furthermore take immediate action and severely punish the perpetrators as a public example, irrespective of the perpetrator's public standing or the value of their corrupt activities. Only when there is visible and harsh punishment sanctioned against these perpetrators, will South Africa begin to regain not only the confidence of its leadership at government and business levels, but indeed the direction of the country.

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### ***About CGF Research Institute (Pty) Ltd***

CGF is a Proudly South African company that specialises in conducting desktop research on Governance, Risk and Compliance (GRC) related topics. The company has developed numerous products that cover GRC reports designed to create a high-level awareness and understanding of issues impacting a CEO through to all employees of the organisation.

Through CGF's strategic partners -- supported by our Corporate Patrons *iS Partners, Rifle-shot Performance Holdings and DQS South Africa* -- our capabilities extend to GRC management consulting, executive placements, executive mentoring, company secretariat and the facilitation of Corporate Governance and Risk Awareness workshops. To find out more about CGF, our patrons and our associated services, please access [www.cgf.co.za](http://www.cgf.co.za) or [www.corporate-governance.co.za](http://www.corporate-governance.co.za)

### ***About World Without Corruption International Alliance Foundation***

World Without Corruption International Alliance Foundation (Burgerlijke Stichting) was registered in Brussels, Belgium on 09 December 2011 which is the International Anti-corruption Day designated by the UN General Assembly to raise awareness of corruption and the role of the UN Convention against Corruption which went into force December 2005. For further information and how to become a participant in the ***World Without Corruption programme***, email [info@worldwithoutcorruption.com](mailto:info@worldwithoutcorruption.com) or view the website [www.un-wwc.org](http://www.un-wwc.org)

Words: 1445

Further Media Information:

Terry Booyesen (CEO)  
CGF Research Institute (Pty) Ltd  
Office: (011) 476 82 64 / 1 / 0  
Cell: 082-373 2249  
Fax: 086 623 1269  
Email: [tbooyesen@cgf.co.za](mailto:tbooyesen@cgf.co.za)

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