

Zero Tolerance for **Corruption**



A Research Report
by the



Actual instances of **corruption**

2004 - 2006

as reported in the Namibian print media
compiled by Justine Hunter

Foreword

Implemented by the Namibia Institute for Democracy (NID), the *Zero Tolerance for Corruption Campaign* was initiated to reinforce Namibian efforts to arrest corruption in Namibia as recognised by key stakeholders in Government, the private sector and civil society, and to maintain the good reputation Namibia enjoys within the southern African region and internationally with regard to transparency and integrity. To date the campaign has been funded by the United States Agency for International Development (USAID), the Swedish International Development Agency (Sida) and the Embassy of Finland, to whom we are grateful for their continued support for democracy in Namibia.

As part of the *Zero Tolerance for Corruption Campaign*, this report is based on a survey that focused on actual instances of corruption as reported in the Namibian print media from 1 April 2004 until 31 March 2006. The report aims not only to identify noticeable tendencies in the occurrence of corruption, but also investigates trends in print media reporting on actual cases. The study follows on from a previous media survey that presented findings on actual cases of corruption since Independence, as well as the reporting thereof. The current report also incorporates recommendations made by stakeholders during the launch of the previous study in July 2005. Accordingly, this study includes descriptions of the most prominent key cases and a chapter on the newspapers' perspectives, based on face-to-face interviews with editors and journalists.

The media survey was divided into three production phases. During the first phase, Namibia's daily and weekly newspapers were perused and relevant articles referring to corrupt practices were copied. The NID would like to express its appreciation to the National Archives and the archives of the newspapers that offered assistance to the data collectors. In the course of the second phase of the survey, a code sheet and a variables sheet were compiled, according to which the occurrence of different dimensions of corruption could be determined for sorting. By assigning newspaper articles to specific cases, the relevance given by the print media to specific cases could be assessed. The chronological acquisition of data permitted an assessment of the respective increase or decrease in corruption reports for the period under review. The NID wishes to thank the data collectors Rodney Cloete, Friederike Koep, Zeno Pack and Rheinhard Urib for their dedication and diligence. We would also like to express our sincere appreciation to Zeno Pack in particular, who assisted in compiling the final report during the last research phase.

The NID also expresses its gratitude to Graham Hopwood and Frederico Links for compiling the questionnaire and conducting face-to-face interviews.

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Table of contents

List of figures

Abbreviations

1. Introduction

1.1 Objectives and structure of the research study03

1.2 Methodology 04

2. Definition of corruption and its dimensions05

3. Research findings

3.1 Actual number of cases and volume of reports06

3.2 Agencies involved 09

3.3 The nature of the offences..... 11

3.4 Charges laid and actions taken 12

3.5 Key cases..... 14

3.5.1 Avid 15

3.5.2 ODC 16

4. The newspapers' perspectives 17

5. Conclusion 19

References 20

Endnotes

List of figures

- Figure 1:** Number of cases by month
- Figure 2:** Volume of articles by month
- Figure 3:** Volume of articles and number of actual cases by month
- Figure 4:** Front page articles
- Figure 5:** Volume of articles by newspaper
- Figure 6:** Volume of articles by newspaper by month
- Figure 7:** Agencies involved
- Figure 8:** Parastatals/public companies
- Figure 9:** Ministries
- Figure 10:** Government institutions covered by newspapers
- Figure 11:** Types of offences
- Figure 12:** Means of transaction
- Figure 13:** Charges laid
- Figure 14:** Judging agencies
- Figure 15:** Admissions of guilt
- Figure 16:** Verdicts
- Figure 17:** Actions taken
- Figure 18:** Volume of coverage – Key cases

Abbreviations

- Amcom** Amalgamated Commercial Holdings
- ACC** Anti-corruption Commission
- DBC** Development Brigade Corporation
- GIPF** Government Institutions Pension Fund
- NamPost** Namibia Post Ltd
- NBC** Namibian Broadcasting Corporation
- NDC** Namibia Development Corporation
- NID** Namibia Institute for Democracy
- ODC** Offshore Development Company
- SSC** Social Security Commission
- SPYL** Swapo Party Youth League
- TI** Transparency International

1. Introduction

1.1 Objectives and structure of the research study

“Corruption is an enemy of the Namibian people, it is an enemy of the poor, it is an enemy of the sick, it is an enemy of the unemployed, it is an enemy of those who seek better education, above all it is threat to our democracy, peace, security and stability.”

(His Excellency President Hifikepunye Pohamba, *The Namibian*,

22 March 2006)

Succeeding former President Sam Nujoma in office in 2005, Namibia's second President, Hifikepunye Pohamba, introduced a strong-worded anti-corruption message and has made the fight against corrupt activities a central theme of his Government. The President has raised the issue of tackling corruption in his major public speeches, and rarely fails to mention that his administration will show zero tolerance for corruption and waste of public resources. Prime Minister Nahas Angula went about implementing Pohamba's anti-corruption drive, and urged the public “to give their maximum support to the fight against corruption” (*The Namibian*, 21 October 2005). In 2005, Cabinet announced that Government would pursue policies and laws to promote ethics and fight corruption. In 2006, the Anti-corruption Commission (ACC) was inaugurated, nearly two-and-a-half years since Namibia's Anti-corruption Act, 2003 (No. 8 of 2003) had been passed by Parliament. Although dealing with corruption cases is the constitutional mandate of the Office of the Ombudsman, the majority of cases it has dealt with up till now have related to maladministration. Thus, the Ombudsman urges everyone to “unite all forces with the support of His Excellency the President to fight corruption” (*Insight Namibia*, June 2005). However, despite the visible political will to tackle

corruption, the implementation of anti-corruption measures presents a serious challenge.

The Namibian media were supportive of the President's anti-corruption message and gave it substantial coverage. As a ‘watchdog’ and ‘whistle-blower’, the independent media have an important role to play in the fight against corruption. Amongst other, scholars have identified the perseverance and commitment of the media as a requirement “to ensure ... that the public is educated about the social costs of corruption” (Spector 2005:4). In the same vein, Lambsdorff (n.d.) argues that “a successful media is a strong impediment to corrupt politics by making it difficult for elites to get away with corrupt behaviour”. In Namibia, the recently appointed Director of the ACC, Paulus Noa, explained how he was using the media to initiate investigations (*Insight Namibia*, June 2006):

“The moment we see something in the newspaper ... what I have to do is follow up. That is what I have started doing in respect of some allegations reported in the newspapers.”

This research report follows on from a previous publication compiled by Christiaan Keulder (NID 2005), which used the media as a public record of corruption cases since Independence. In the same way, the current report presents findings on the occurrence of corruption in Namibia between 2004 and 2006, as well as on the reporting thereof. Newspaper articles are not only an indicator of the actual incidence of corruption: they also reflect the quality of journalism. The report presents data on the number of cases, the volume of reports, the agencies involved, the nature of the offences, the means of transaction, the charges laid, the judging agencies, admissions of guilt, and verdicts discharged. It provides an overview of Namibia's most prominent cases during the period under review. The report concludes with a section on the newspapers' perspectives, which is based on face-to-face interviews with editors and journalists.

1.2 Methodology

This study includes all reports on actual cases of corruption that were reported in Namibia's mainstream print media from 1 April 2004 to 31 March 2006. These daily and weekly newspapers included *The Namibian*, the State-owned *New Era*, the Afrikaans daily *Republikein*, the German daily *Allgemeine Zeitung*, the weekly *Windhoek Observer*, and the weekly *Namibia Economist*. The joint media venture between the Namibian and Zimbabwean Governments, the *Southern Times*, has been excluded. For the sake of consistency with the previous report, Namibia's monthlies such as *Big Issue Namibia* and the business and current affairs magazine *Insight Namibia* have also been excluded, although the latter undertakes investigative reporting and serious critical analysis.

For reasons of continuity and comparability, the choice of using print media has been maintained as a source of 'hard data' on corruption cases in Namibia. The print media bring empirical research on corruption beyond subjective perceptions and anecdotal descriptions. Other media types such as radio and television have been excluded as only the newspapers had easily accessible archives. Newspaper coverage in Namibia is wide and, therefore, there is little chance that corruption cases covered by TV or radio would have escaped the print media's notice. This study only includes reports on actual cases of corruption. Reports on corruption in general, public speeches and events dealing with the topic, reports on legislation drafted, editorials, and readers' letters have been excluded. The print media are a source of 'hard data' on corrupt activities, the frequency of such activities, and their nature. Although it is accepted that newspaper reports detect actual cases, there is the risk they may be inaccurate. From this point of view, caution needs to be exercised. The study might also be limited in that it includes only

corruption cases that were reported in the print media. In many cases, corruption might be prevalent but difficult to detect and prove and, hence, may go unreported. Due to understaffing and the lack of special investigation desks, most newspapers undertake straight reportage as opposed to more investigative reporting (Links 2006:15; Hopwood interview, 2006). And finally, articles reporting on alleged corrupt activities or clearly providing accusations without proof were not included.

The research carried out involved Media Content Analysis as the main methodological approach to collect information. This is a quantitative method and its results are numbers and percentages. Media Content Analysis mainly means the interpretive coding of data. Content is summarised by counting various aspects of the content. In addition, face-to-face interviews with media representatives were conducted as a qualitative method in order to complement the data gathered. The study does not argue that media reports are the only source of corruption data, but asserts that they are complementing other sources such as opinion surveys of the general public, business people or government officials, which are based on subjective perceptions and expertise. Recently, Transparency International (TI) has acknowledged that the demand for diagnostic data and analysis on corruption continues to grow. Against this background, the development of surveys at country level to collect national data has been recognised as a counterweight to international cross-country corruption instruments (Hakobyan & Wolkers 2004:1–3). According to TI, the research at country level could be used as a baseline for analysis and policy-making recommendations, and may facilitate the development of partnerships between public institutions and civil society organisations – thereby forging sustained joint anti-corruption efforts.

2. Definition of corruption and its dimensions

Corruption is most commonly defined as the misuse of public resources, positions and agencies for personal gain. Klitgaard (1988:10) argues that developing countries are particularly vulnerable to the harms of governmental corruption, as the public sector plays such a large and central role in society. Although corrupt activities seem to be more widespread and more systematically embedded in governments and their agencies (ibid.), corruption is present in all sectors of society, not only the public service. But the fundamental elements of corrupt practices – the misuse of office and the private motive – are common across all sectors of society (Spector 2005:5). Though it seems to be difficult to find a standard definition of corruption, for the purpose of this study we have identified the following dimensions of corruption:¹

- *Bribery* involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of a public servant, political party or Government agency.
- *Embezzlement* involves theft of resources by persons entrusted with authority and control over such resources.
- *Abuse of power* involves a person using his/her vested authority to improperly benefit another person, or using the vested authority to improperly discriminate against another person.
- *Conflict of interest* has been described as acting or failing to act on a matter where a person has an interest or another person that stands in a relationship with that person has an interest.
- *Insider trading/abuse of privileged information* involves the use of privileged information and knowledge that a person

possesses as a result of his/her position to provide an unfair advantage to another person to obtain a benefit or to accrue a benefit for him/herself.

- *Favouritism* involves the provision of services or resources according to personal affiliations (e.g. ethnic, religious, or party political ties) to a person.
- *Nepotism* involves a person ensuring that family members are appointed to positions, or that family members receive contracts or tenders.

It is important to note the difference between corruption and extortion. *Extortion* is committed when a person unlawfully and intentionally obtains some advantage, material or immaterial, from a person by placing illegitimate pressure in the form of threats or intimidation to induce him/her to hand over the benefit.

3. Research findings

3.1 Actual number of cases and volume of reports

Between 1 April 2004 and 31 March 2006, Namibian newspapers included in this analysis covered a total of 184 cases of corrupt activities, and published a total number of 1,364 articles on these cases. This amounts to an average of 92 cases and 682 reports per year. Compared with the previous study that covered the period from 1990 to 2004, a significant increase in cases and a dramatic increase in newspaper reports were identified in respect of the past two years. Spanning across 15 years of newspaper reporting, the previous study covered a total of 467 cases of corruption and a total of 1,247 articles on such cases. This amounted to an average of 31 cases and 83 newspaper reports per year (NID 2005:9).

There are two possible explanations for the considerable increase in reported corruption cases. Firstly, it could mean that corruption is skyrocketing. Secondly, it could mean President Hifikepunye

Pohamba making the fight against corruption a major priority of his Government has reinforced an atmosphere of transparency and exposure. Moreover, corruption cases that took place before 2004 have been included due to long-running investigations and enquiries that were reported upon in the period under review. The dramatic increase in the volume of newspaper coverage could also be explained by the fact that, during the period under review, the media dedicated an extremely high number of articles to certain key cases.

Figure 1 shows the number of cases by month. The summer holiday period from December to January also appears to explain why the number of corruption cases reported in the print media seemed to decline. Not only are many citizens away from work, the newspapers have also limited staff available during the holiday season.

Figure 2 indicates that the volume of newspaper coverage peaked dramatically between June and November 2005.

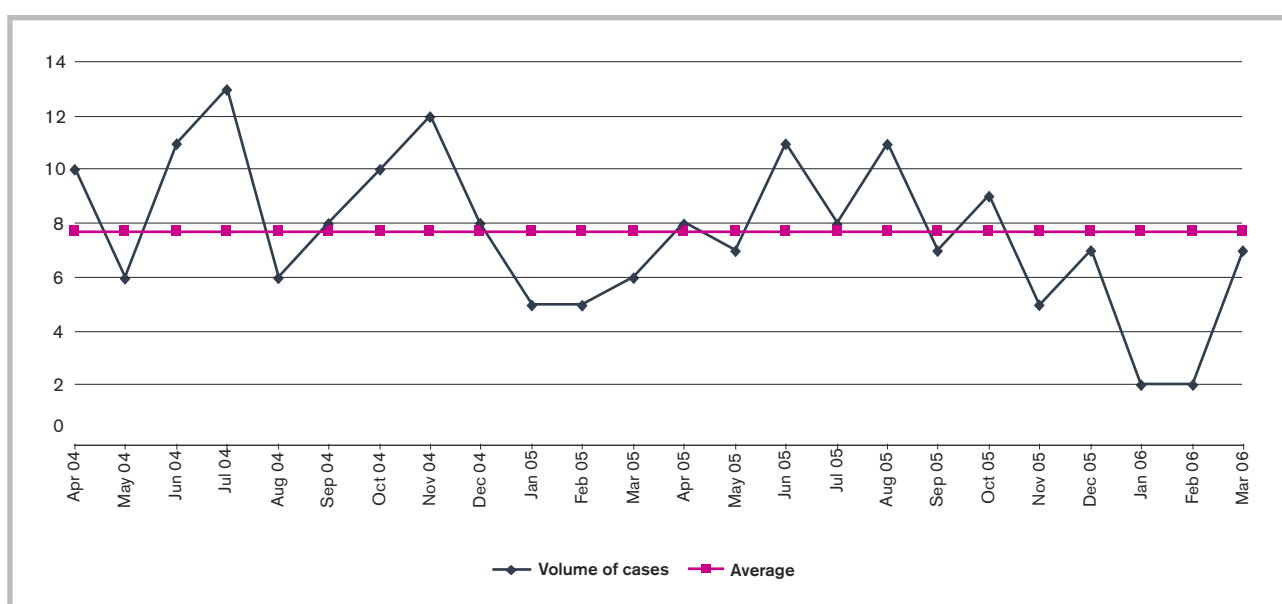


Figure 1: Number of cases by month ²

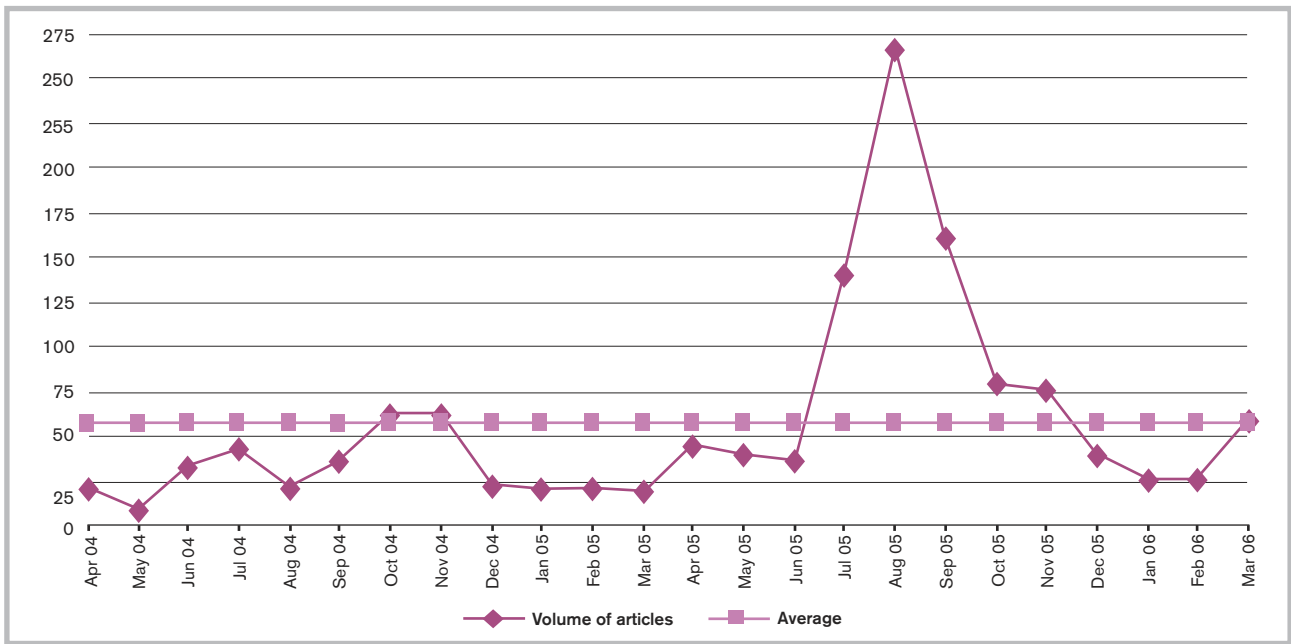


Figure 2: Volume of articles by month

Figure 3 shows the relationship between the volume of actual cases and the volume of newspaper reports by month. The volume of coverage follows a different pattern and does not correlate with the number of cases. Despite the fact that the number of actual cases remained relatively stable during the period under review, the intensity of media

coverage increased significantly between June and November 2005. It is obvious that, during this time period, some key corruption cases were deemed far more important than others.

The categorisation of some corruption cases as being more important than others could also be

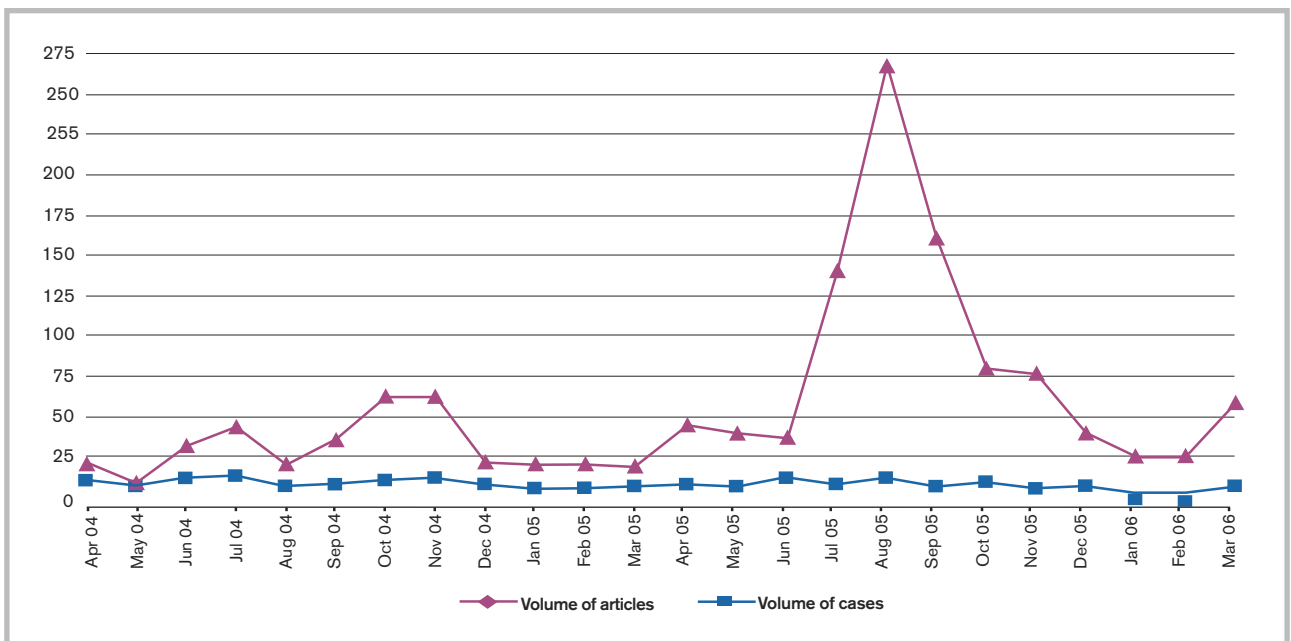


Figure 3: Volume of articles and number of actual cases by month

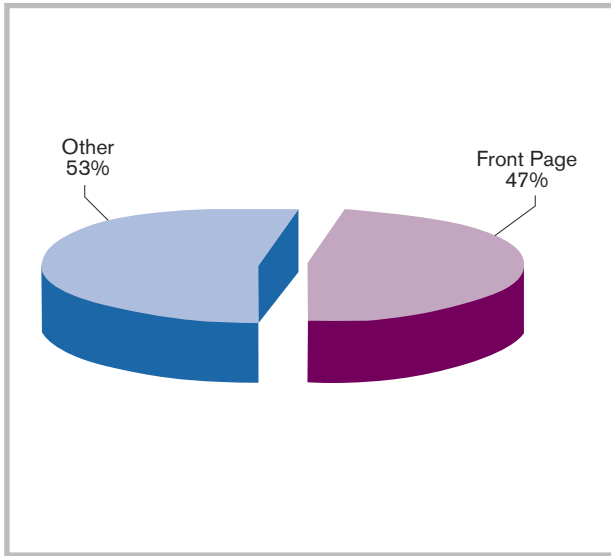


Figure 4: Front page articles

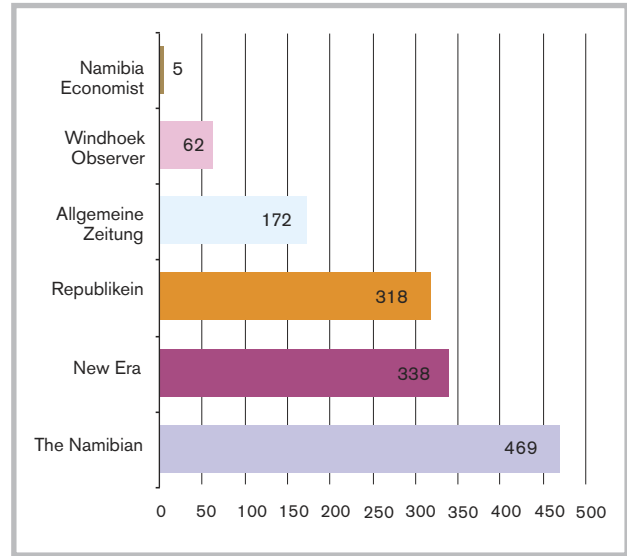


Figure 5: Volume of articles by newspaper

observed in the positioning of articles on the front page. According to **Figure 4**, nearly half of all articles dealing with corruption were front-page news. However, it has to be noted that, due to the complexity of some key cases, the same issue of a newspaper frequently introduced the case on the front page and followed the story up on other pages.

Figure 5 shows that the daily newspaper, *The Namibian*, produced the highest volume of coverage. *The Namibian* published 469 articles over the period, meaning that the newspaper produced 19 articles per month on average. The Government-owned *New Era* shows the next-highest volume of coverage, despite it being a

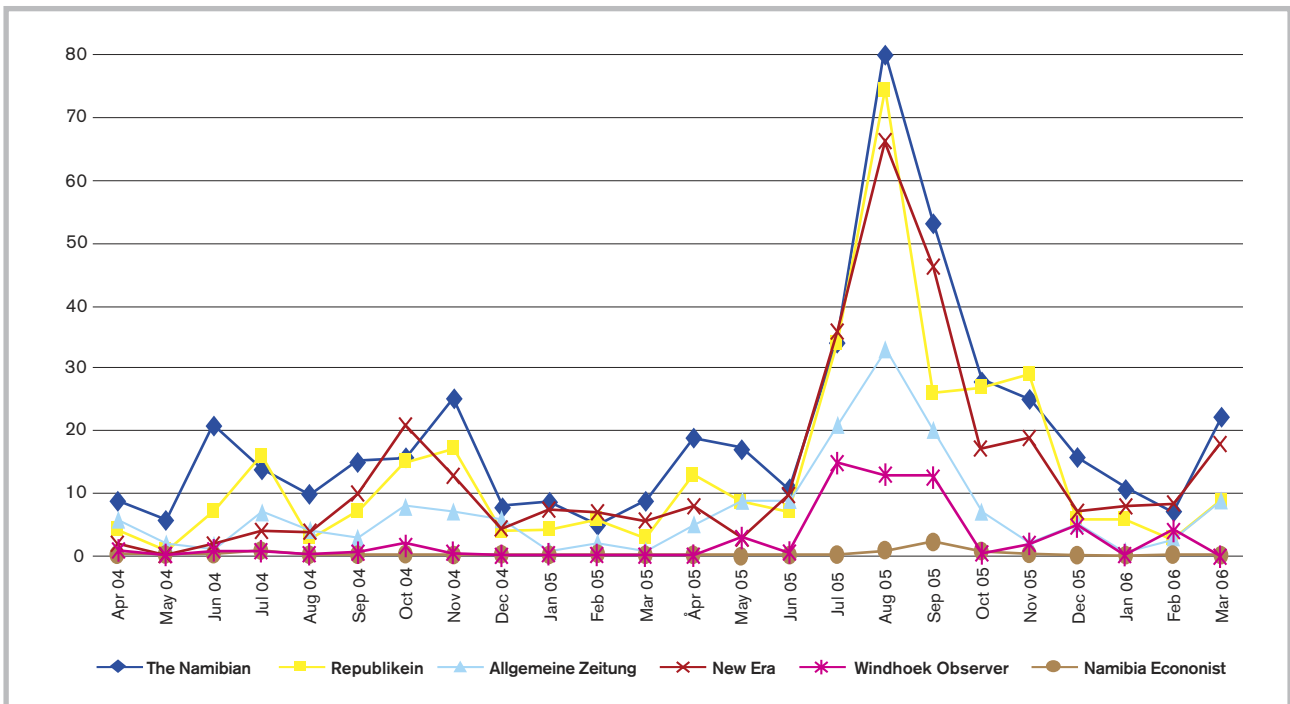


Figure 6: Volume of articles by newspaper by month

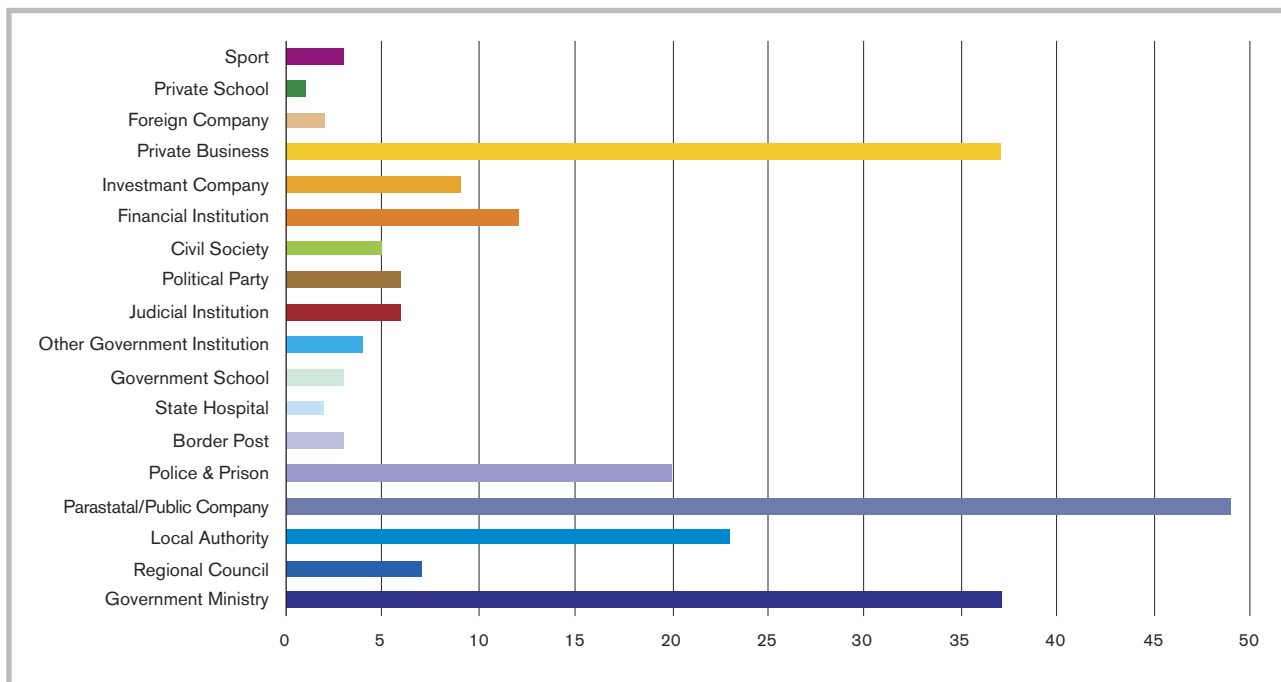


Figure 7: Agencies involved³

bi-weekly until August 2004. During the period under review, *New Era* published 338 articles, meaning that it produced 14 articles per month on average. The Afrikaans daily, the *Republikein*, produced a slightly lower volume, with 318 articles over the period under review and 13 articles per month on average. The remaining papers – *Allgemeine Zeitung*, *Windhoek Observer* and, in particular, *Namibia Economist* – contained lower volumes of coverage. Nonetheless, one needs to bear in mind that the *Windhoek Observer* and *Namibia Economist* are weekly newspapers.

Figure 6 indicates that, although the overall volume of coverage among the newspapers varies considerably, the general trends in coverage of corruption cases seem to correlate. Between June and November 2005, both the daily and weekly newspapers showed a significant peak in coverage. These correlations confirm the argument that, in months with key cases, the intensity of newspaper coverage increased significantly.

3.2 Agencies involved

All cases were analysed and coded according to the agencies involved. Like the previous report that covered the 1990–2004 period, the extensive list of agencies has been condensed and recoded for further analysis. The breakdown of 18 agencies in Figure 7 indicates significant changes in comparison with the previous study. Between 2004 and 2006, parastatals/public agencies were noticeably the prime location for corruption⁴. Parastatals are companies or agencies owned or controlled wholly or partly by Government. It seems as if several key cases had an impact on this distribution. In previous years the percentage of cases involving parastatals had been much lower (NID 2005:12). Interestingly, between 2004 and 2006 the prevalence of corruption in private businesses was high, while it had been less significant in previous years (ibid.). The current study shows that Government ministries came third, while they had been the prime location for corruption during previous years (ibid.). The breakdown of agencies involved in corrupt activities

between 2004 and 2006 further suggests that local authorities and police/prisons have also been key locations for corrupt activities. Having said this, however, **Figure 7** confirms the previous report's assessment that corruption is present in all sections of Namibian society. For instance, based on the information contained in the articles, corrupt activities occurred in some investment companies. Furthermore, the involvement of foreign companies in corrupt activities in Namibia shows a trend towards cross-border offences in the southern African region.

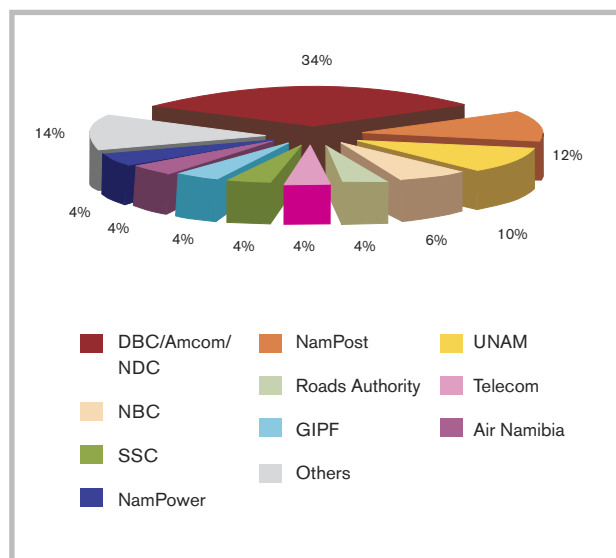


Figure 8: Parastatals/public companies

In an attempt to investigate the high prevalence of corrupt activities in parastatals, the percentage of corruption cases by individual parastatals was tabulated (**Figure 8**). Between 2004 and 2006, several Namibian parastatals were hit by allegations of corruption, and, consequently, President Pohamba warned corrupt managers that they would face the “full force of the law” (*Insight Namibia*, July 2005).

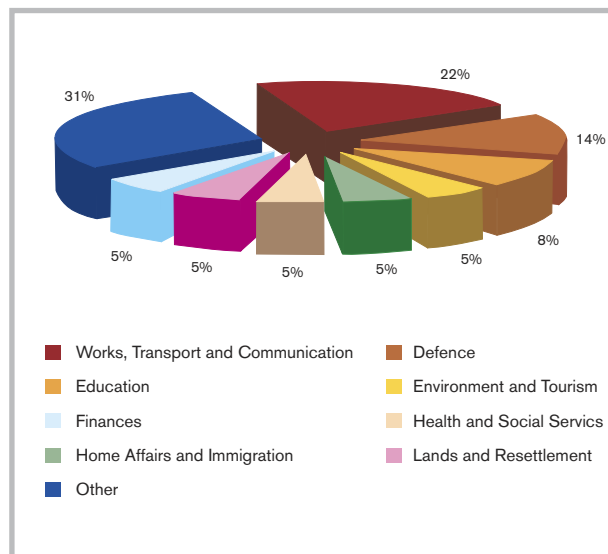


Figure 9: Ministries

Although Government had already abolished the Development Brigade Corporation (DBC) in 2001, 34% of parastatal cases reported on in the print media dealt with ongoing inquiries into the DBC by the Presidential Commission. This finding is not surprising because, for analysis, the DBC/Amalgamated Commercial Holdings (Amcom)/Namibia Development Corporation (NDC) saga, which has widely been regarded as a large single case, was split into the 16 single corruption cases it actually consists of. A further 12% of cases involved Namibia Post Ltd (NamPost)⁵, and another 10% the tertiary institution, the University of Namibia (UNAM). During the period under review, a number of UNAM staff members, some of them senior figures, were suspended and face internal disciplinary hearings and criminal investigations on charges such as financial mismanagement, tampering with exam results, and stealing computers.

As Government remains one of the prime locations for corruption, **Figure 9** reflects the close inspection of overall trends in corrupt activities by individual ministries⁶. With 22% of cases reported, the highest volume of corruption cases occurred within the Ministry of Works, Transport and Communication. There has been a long-

running internal investigation into claims of tender process bribery and fraud at this Ministry. A further 14% of cases reported upon involved the Ministry of Defence, while another 8% originated in the Ministry of Education.

Figure 10 confirms that, despite the overall variation in the volume of coverage among the newspapers, the general trends in coverage of corrupt activities seem to correlate. Given the fact that parastatals/public companies were the prime location of corruption during the current period under review, it is not surprising that they had the highest volume of newspaper coverage. Newspaper coverage was extremely high, as most key cases involved parastatals. Surprisingly, Government ministries received relatively little attention from newspapers despite the high volume of actual cases. Instead, the overall volume of coverage suggests that newspapers paid special attention to corrupt activities in local authorities.

Local authorities in, for instance, Arandis, Henties Bay, Khorixas, Maltahöhe, Okahandja, Opuwo, Otjiwarongo and Rehoboth were in the news as a result of claims of fraud or maladministration. In some towns, community members took to the streets, claiming that officials and councillors were involved in corrupt and irregular activities.

3.3 The nature of the offences

Based on the information contained in the articles, the nature of the offences could be identified. Corrupt activities were classified according to the various dimensions of corruption listed earlier in this report. It has to be noted, however, that a single corruption case might include different types of offences, such as abuse of power and embezzlement. Furthermore, some dimensions of corruption, such as favouritism or nepotism, are extremely difficult to verify; hence, although they might be widespread, they often remain unproved.

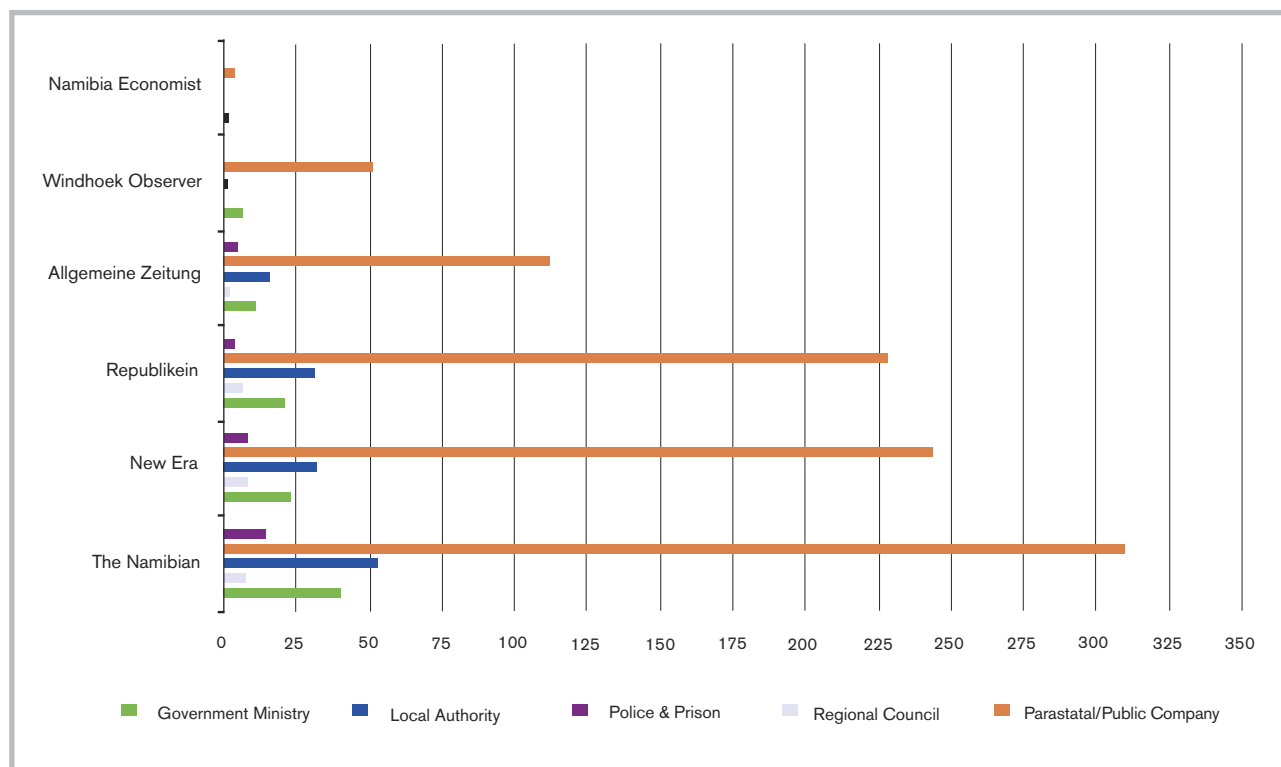


Figure 10: Government institutions covered by newspapers

It also has to be remembered that this survey excluded all articles with unconfirmed reports. Thus, when drawing conclusions regarding the frequency of the nature of offences, caution needs to be exercised. **Figure 11** shows the breakdown of different types of corruption for the period under review. With 36% of all actual cases, embezzlement remains the most frequent type of corruption. A further 20% of all cases involve the abuse of power.

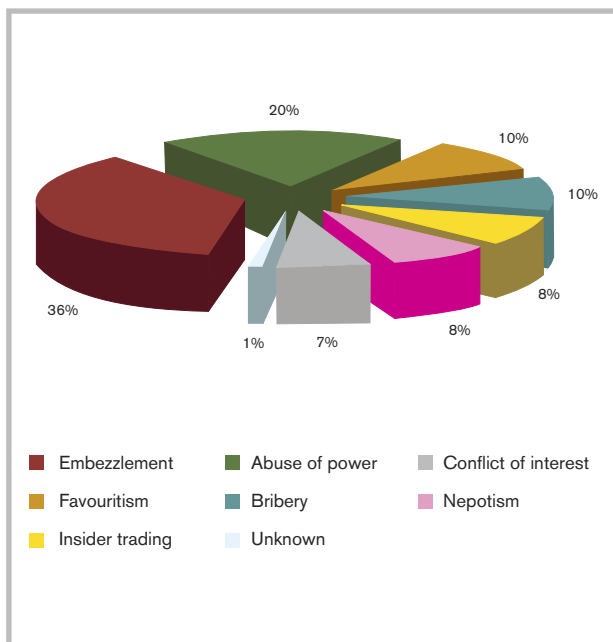


Figure 11: Types of offences

With regard to the means of transaction, **Figure 12** shows that 80% of all corruption cases involved cash. Also evident is that many corruption cases involved various means of transaction.

3.4 Charges laid and actions taken

Based on the information contained in the articles, fraud and theft are the two most frequent charges brought against offenders. In many cases, defendants stood trial for combined charges of theft and fraud. The general term corruption accounted for 4% of cases, and bribery for 3%. Not every article revealed the charges laid, however: in

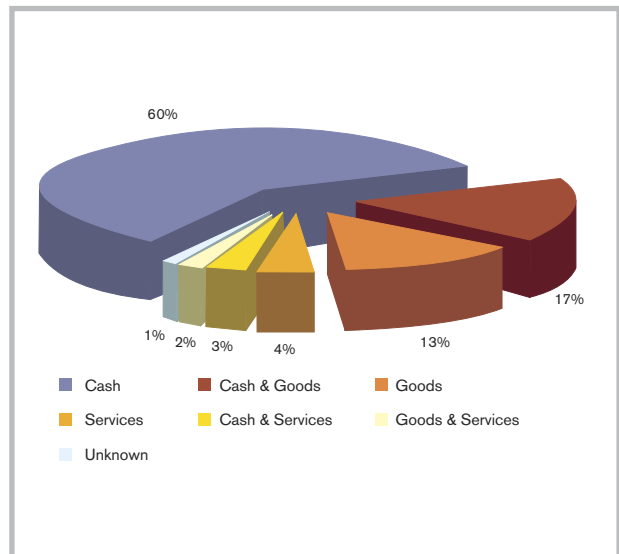


Figure 12: Means of transaction

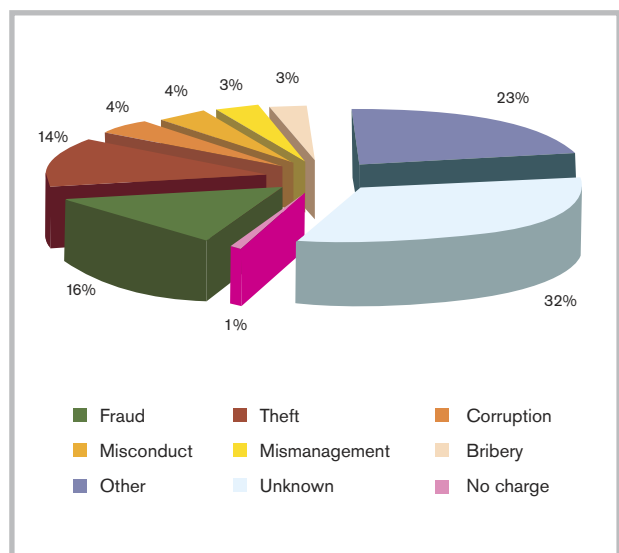


Figure 13: Charges laid

32% of actual cases, newspapers did not explicitly mention the charges.

Figure 13 shows the various types of charges brought against offenders between 2004 and 2006. **Figure 14** shows that, in 25% of all cases, judging agencies were Magistrates' Courts. Internal disciplinary proceedings account for 15% of all judging agencies. Frequently, various judging agencies dealt with an individual case. Newspapers reported on the judging agency in only 59% of all actual cases.

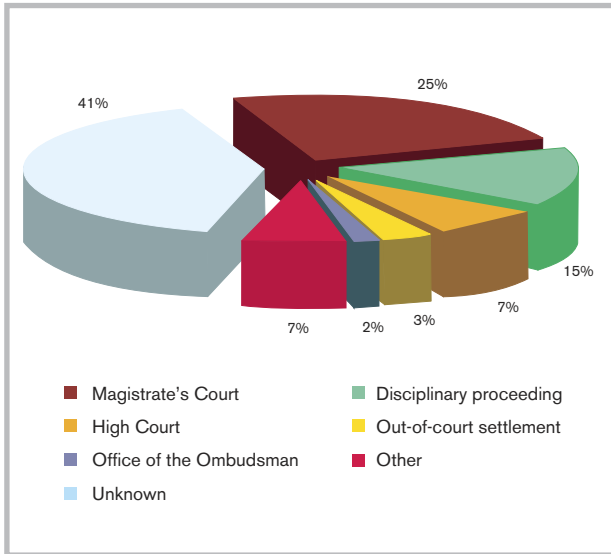


Figure 14: Judging agencies

Whether or not defendants pleaded guilty was unknown for the large majority of cases reported in the print media.

Figure 15 shows that, in 14% of cases reported upon, defendants pleaded not guilty; 12% pleaded ignorance, and 10% pleaded guilty. The fact that many defendants pleaded ignorance proves again that many Namibians are not aware about what corruption actually involves.

Similar to the previous study on corruption cases as reported in the print media since Independence (NID 2005:17), the verdict was unknown for the majority of cases. According to Figure 16, a verdict was reported in only 16% of all actual cases. The previous report (ibid.) provided a number of possible explanations for this. The first was that newspaper coverage of a case was incomplete, as it was not taken through to the legal conclusion. Secondly, it could mean that most corruption cases did not go to court and, therefore, no verdict was given. It has been argued that, whereas the first explanation would be critical of newspapers and their coverage of corrupt activities, the second explanation would be more critical of agencies responsible for dealing with corruption in the

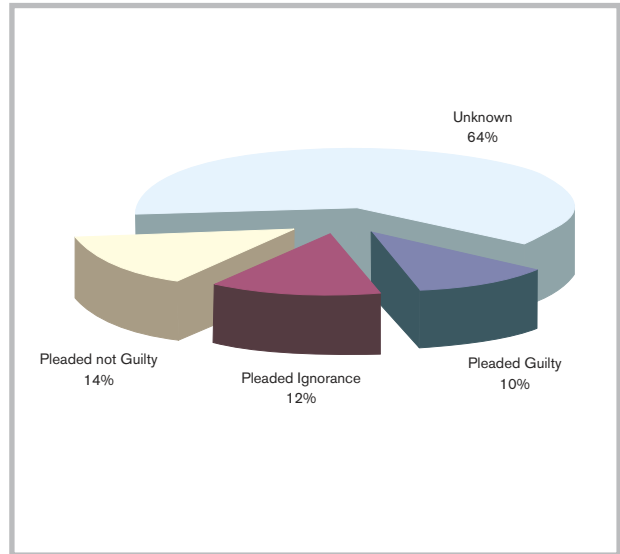


Figure 15: Admissions of guilt

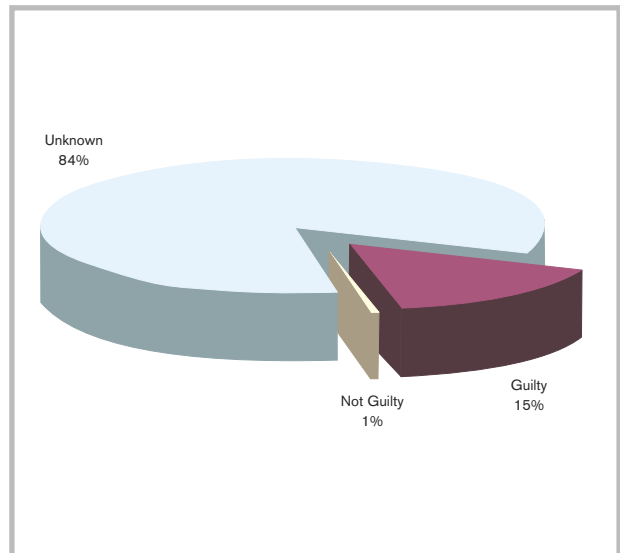


Figure 16: Verdicts

country. A third possible explanation was that, at the time the data were collected, some cases had not yet run their legal course and, hence, verdicts were still outstanding. Generally speaking, very few cases in Namibia are resolved within a short time frame. In particular, internal investigations and disciplinary hearings within Government are drawn out over several years. Due to backlogs in the courts, legal proceedings can also take a long time (Hopwood interview, 6.10.2006).

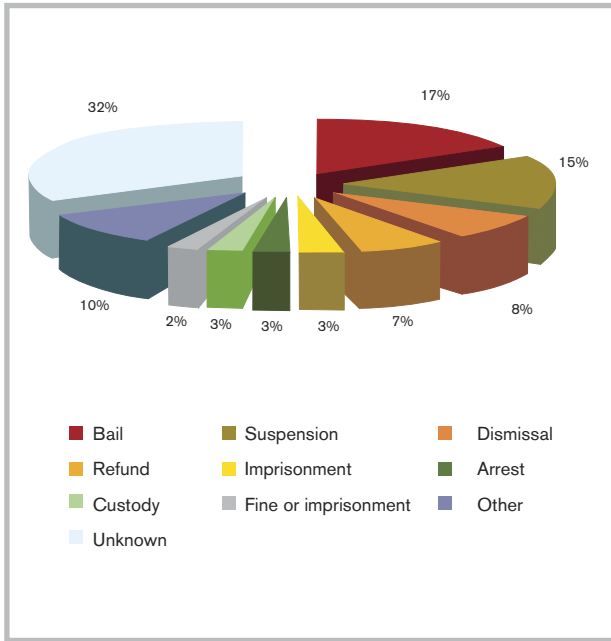


Figure 17: Actions taken

Figure 17 shows that in corruption cases where legal action was taken, most offenders were granted bail (17%), suspended (15%) or dismissed (8%), or they had to refund the stolen cash or goods (7%). As numerous cases had not run their legal course by the time the data were collected, some of the actions taken, such as bail and suspension, were temporary measures until the legal process could be concluded.

3.5 Key cases

For the purpose of this study, actual cases with more than 25 newspaper articles published are regarded as key cases. Key cases were deemed significantly more important than others as the volume of coverage dedicated to them amounted to more than 60% of all newspaper articles. During the period under review, in terms of media coverage, Namibia's most important corruption case by far was the Avid/Social Security Commission (SCC)/Namangol case. This was followed by the DBC/Amcom/NDC saga (that actually consists of various individual cases), and the Offshore Development Company

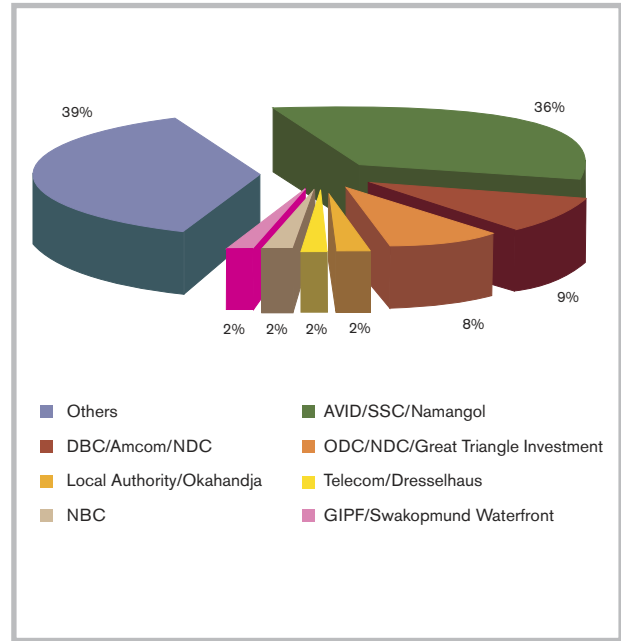


Figure 18: Volume of coverage – Key cases

(ODC)/NDC/Great Triangle Investments case. Figure 18 shows a breakdown of the volume of newspaper coverage dedicated to key cases.

The fact that some cases were deemed more important than others may be due to the scale of corruption, the amount of money involved, and the public profile of the offender or the agencies involved. The previous study (NID 2005:20) concluded that the presence of key cases in certain periods shaped perceptions of corruption due to the intensity with which they were covered. In the following section, the current report gives an overview of two prominent corruption cases during the period under review. Both cases were complex and involved parastatals, fraud on a grand scale, dubious investment deals with shady international business links, and reportedly millions of public funds lost.

3.5.1 Avid

Avid Investment Corporation was a company started by investment manager Lazarus Kandara to handle multimillion-dollar funds, targeting mainly parastatals. Already black-listed at the Social Security Commission (SSC), Kandara strategically picked well-connected people to become Avid's directors and shareholders. The SSC placed multimillion-dollar investments with the little-known Avid that had links to the ruling Swapo Party of Namibia's Youth League. The SSC's then Chief Executive Officer, Tuli Hiveluah, signed off the investment although the investment of such huge amounts of money was supposed to have been approved by a committee, along with the Board of Commissioners' blessing. After Hiveluah was suspended in connection with the irregularities concerning the Avid investigation, he resigned. As the whereabouts of the money, which should have been paid back to the SSC with interest, remained unknown, Acting Judge Raymond Heathcote ruled against an attempt to stall the High Court inquiry into the Avid scandal. After the High Court inquiry into the liquidation of Avid came to an end in late 2005, Judge Heathcote's report and police dockets were passed to the Prosecutor General.

During the High Court hearing, Paulus Kapia, then Deputy Minister of Works, Transport and Communication and Secretary of the Swapo Party Youth League (SPYL), was accused of using the SPYL's name to land a N\$30 million investment by the SSC and a N\$7 million investment by the Swapo business conglomerate, Kalahari Holdings, with Avid. Kapia, well-known as a Swapo hardliner and for his attacks on the judiciary and the media, was once seen as former President Sam Nujoma's protégé. During High Court investigations into Kapia's role in the Avid–SSC investment scandal, the SPYL Politburo suspended Kapia from all party activities and President Pohamba forced him to resign as Deputy Minister. SPYL executive members were annoyed

about Kapia's lie that he did not know Kandara as a business associate. During the liquidation hearing at the High Court he finally conceded that he had had close business dealings with the financial trader. Kapia also spread misleading information about the SPYL's links to the discredited financial investment firm. In October 2005, Kapia resigned from Parliament following revelations against him during the High Court inquiry into Avid Investments. Initially, Kapia had defied the order by Swapo's Secretary General Ngarikutuke Tjiriange to resign his parliamentary seat. It was then reported that former President Nujoma had been angered by reports that Kapia had used his name to obtain the N\$30 million investment from the SCC, and ordered Kapia to give up his seat in the National Assembly. The fact that the ruling party, which had suspended Kapia in the first place, later put him back on the payroll during drawn-out internal SPYL investigations sparked controversy within the ruling party.

The political career of Kapia's key ally, Ralph Blaauw, who resigned from his influential position as the Acting National Secretary of the National Youth Council (NYC), was also harmed. Born-again Christian, Ralph Blaauw had initially introduced Kapia to investment broker Lazarus Kandara. After months of searching for the SSC millions in South Africa, Kandara returned empty-handed. Despite the media attention that Kandara received as a kingpin in the investment deal, *Insight Namibia* (September 2005) suggested that Kandara was actually a minor player in the scam. Kandara seemed to have lost control of the funds when he transferred them to Namangol, Nicolaas Josea's company, with connections to South African trader, Alan Rosenberg. Kandara's apparent suicide in front of the Windhoek police station after he was arrested in connection with the fraudulent handling of the SSC's funds is currently the subject of a judicial inquest in the Magistrate's Court. It is very unlikely that the multimillion-dollar investments by the SSC and Kalahari Holdings will ever be recovered. It seems as if

Kandara used the Kalahari Holdings' N\$7 million invested with Avid for himself. In all probability, Kandara took about N\$3 million of the SSC funds for his personal use while it looks like Josea could have used N\$17 million on property, family, friends and the Church. A regular churchgoer at the time of his death, Kandara had also donated some of the investment money Avid received from clients. While the Evangelical Lutheran Church in the Republic of Namibia (ELCRN) confirmed it would pay back to the SSC more than N\$40,000 that had been donated by Kandara, the Sam Nujoma Foundation said it would pay back Josea's donation of N\$20,000. In conclusion, the Avid investment scandal made it clear that officials at the SSC had very little understanding of the investment industry, and failed to follow basic rules. These failures also seem to have been symptomatic during the ODC debacle.

3.5.2 ODC

Once the monthly current affairs magazine *Insight Namibia* had broken the story of the missing N\$100 million in mid-2005, the parastatal ODC was under pressure to recover the money that disappeared in a dubious investment deal with a 'ghost company' based in Botswana and South Africa. In 1995, the ODC had been set up as a quasi-Government-owned company to promote export processing zones (EPZs), a Government effort to attract investment. The ODC, run under the auspices of the Ministry of Trade and Industry, invested the money with a company called Great Triangle Investments for a period of four months. To date neither the capital amount nor the promised interest have been repaid. It seems as if the background of the investment company – which does not appear on the list of registered South African companies and has been something of a loan-shark company in Botswana – was never properly checked. The ODC had no contract or guarantees shown as collateral for the investments. Around N\$55 million of the missing money belonged to the NDC. The ODC's Chief Executive Officer, Abdool Sataar Aboobakar, had been placed in charge of the NDC during the sale of its assets countrywide to private businesses. It seems Aboobakar

and the ODC Chairman, Gerdus Burmeister, transferred funds without the knowledge of other directors. Senior managers, among them Financial Manager Johannes Mabos Ortman, approved the transfer of funds to highly questionable investment companies. It also seems Aboobakar and the managers ignored well-founded auditors' warnings that the companies to whom they had entrusted the money had dubious credentials. Millions of dollars were transferred from the ODC to a number of companies, among them Great Triangle Investments and Mortgage Bond Finance Services (Pty) Ltd. The interest on N\$34 million placed with Mortgage Bond Finance Services is also unlikely to be recovered, as the company no longer exists. Furthermore, it appears that the Chairman of Great Triangle Investments, Phillip Arnoldus Fourie, was introduced to the ODC by insurance broker Pieter Boonzaaier, a close friend of the ODC's Ortman.

In the beginning, the ODC had claimed that the return of the millions had merely been delayed; but later the ODC admitted it had been enticed into a fraudulent scheme. The ODC then handed the matter over to lawyers, who tried to trace Great Triangle Investments. Company officials flew to Botswana and South Africa to look for the money, but came home empty-handed. Worthy of note is that the Permanent Secretary of the Ministry of Trade and Industry, Andrew Ndishishi, is an ODC Director. Furthermore, ODC Chairman Burmeister has been under suspicion of a conflict of interest as his private firm, Burmeister & Partners, and associated companies regularly worked on ODC projects. By the end of 2005, the ODC had begun court action in an attempt to recover the lost money. The parastatal was also seeking legal possession of Boonzaaier's assets in a bid to regain at least a fraction of the money. In March 2006, NDC Chief Executive Officer, Aboobakar and Financial Manager, Addis Faul appeared before a disciplinary committee. They were accused of misconduct in regard to the transfer of millions to the ODC. Both were found guilty and have been dismissed. Internal investigations by the ODC have recommended that disciplinary procedures be instituted against Burmeister, Aboobakar, Ortman and others, as well as the Board of Directors⁷.

4. The newspapers' perspectives ⁸

As the data show, newspapers have been at the forefront of exposing and reporting on corruption and maladministration wherever they have occurred. For this purpose, interviews were conducted to determine newspapers' perspectives on corruption and corruption reportage. The interviewees were Christof Maletsky, *The Namibian's* Assistant News Editor and Chairperson of the Media Institute of Southern Africa (MISA) Namibia; Chris Jacobie, Managing Editor of the *Republikein* and the *Allgemeine Zeitung*; Rajah Munamava, Manager of Editorial Services at *New Era*; and John Grobler, freelance investigative journalist.

The media professionals interviewed all said that media organisations and journalists, as the 'watchdogs' of society, had an important and central role to play in the fight against corruption. As stated by the interviewees, the commonly defined role of the journalist and media organisation in combating corruption was to look after the public interest and morality, especially from a corrupt State officialdom, and to contribute to national development by exposing those who, through their actions, tried to sabotage such development. The role of the media or journalist was also defined as stirring debate on transparency and accountability issues through informing the target readership. Some also said that President Hifikepunye Pohamba's consistent anti-corruption stance had emboldened journalists and media organisations, and had contributed to their tackling and approaching corruption reporting more aggressively than in previous years. The editors and journalist interviewed said that the role of media organisations and journalists was not only to report on corruption, but also, through investigation, to uncover and expose instances of corruption and maladministration. However, while the information collected shows that there has been an upsurge in newspaper reporting on cases and incidents of corruption over the period covered by this study,

coverage has largely been dominated by reportage centred on three key cases. As **Figure 16** shows, in 84% of actual cases covered, no verdict was reported. Three possible explanations are put forward to explain why only few verdicts have been reported upon. With regard to the explanation that directly concerns newspaper coverage, the information suggests that coverage was incomplete in that initial reportage was never properly followed up and corruption stories were not tracked to their conclusion. In mitigation, however, and as already stated, many of the reported cases of corruption had not been legally resolved during the 24-month period covered by this study. This aside, coverage of corruption cases illustrated that media organisations and journalists did not themselves engage in enough investigative journalism in order to dig out and expose instances of corruption. In addition, coverage overwhelmingly consisted of reporting on cases investigated and uncovered by other agencies, be they internal disciplinary investigations or hearings, or cases brought before the courts. The media practitioners interviewed all conceded that there were shortcomings in the investigative aspect of corruption reportage, especially in newspapers taking the initiative in launching their own investigations to expose corrupt practices. The commonly mentioned shortcoming within newsrooms was the lack of skilled staff able to initiate and conduct complex investigations. This lack of skilled staff and a lack of human resources in general were also mentioned as the reason why corruption stories were not continuously and consistently followed up. Both Maletsky of *The Namibian* and Munamava of *New Era* said the skills shortage, combined with understaffing and compounded by other resource factors, severely hampered efforts to create a specialist corruption desk within their newsrooms. However, while Maletsky said reporting on corruption was worked into the load of all *The Namibian's* reporters, Munamava said *New Era* had a designated or 'beat' reporter working on and tracking corruption stories. Jacobie of the *Republikein* and *Allgemeine Zeitung* said uncovering and exposing corruption was the day-to-day function of journalists at his newspapers. He did not agree that not enough

investigation was initiated by newspapers, but conceded that, as did Maletsky and Munamava, time constraints and deadline pressures at daily newspapers did not encourage and were not conducive to launching long-term investigative projects. Maletsky also said that the setting up of a specialist corruption desk had been discussed from time to time in *The Namibian's* newsroom, but that given the already mentioned skills and staffing limitations of Namibian newsrooms, nothing had ever come of such discussions. Munamava said that *New Era's* assigning of a 'corruption' journalist was as far as the newspaper could currently stretch its human and logistical resources. Christof Maletsky said that, in the short term, an in-house training initiative would help address the lack of skills, while Rajah Munamava and freelance investigative journalist John Grobler said tertiary institutions offering a journalism curriculum should incorporate practical investigative journalism and corruption reporting into their courses. Munamava and Grobler also said journalism NGOs and journalists' associations should conduct more workshops on corruption reportage and investigative journalism in order to upgrade skills. However, Grobler said that another problem facing Namibian newspapers was that not enough people, including journalism graduates, showed a real interest in serious journalism.

Grobler, who currently has five cases pending against him for reporting on corruption and maladministration, especially within State-owned enterprises, said newspapers were also not making it financially viable for journalists – particularly for freelance investigative journalists – to initiate and conduct their own investigations into corruption. He proposed that an independent fund be created to encourage journalists to do investigative journalism. He also said that a 'culture of silence', which he believed had gripped Namibian society, has seeped into some Namibian newsrooms, especially State-owned newsrooms, when it came to reporting on corruption. In addition, he felt that commercial pressures also contributed to newspapers not engaging in enough investigations of corrupt practices, especially within the private sector, where much of newspaper advertising revenue was

derived. On the issue of pressure being applied to stop or influence journalists or newspapers investigating or reporting on corruption, both Maletsky and Jacobie said that they and/or their newspapers had experienced pressure, both from State agencies and private individuals. They said pressure had also been applied to force them to relinquish information related to corruption cases. Both, however, said that their newspapers had consistently refused to bow to this pressure. They also said threats had only strengthened their resolve as media organisations to uncover and expose instances of corruption. The media practitioners interviewed were also largely positive about the institution of the ACC. However, all said that the ACC was currently largely powerless, ineffective, and overwhelmed with cases. While all welcomed the work of the ACC, Maletsky, Jacobie and Grobler said they or their journalists would only assist it with information on a case-by-case basis, weighed against the need to protect the confidentiality of their sources. Munamava said it was not the job of the media organisation or journalist to 'exchange notes' with the ACC. However, he said that *New Era's* designated corruption reporter had established a link with the ACC and was in constant contact with the agency. On whether they would assist with an ACC investigation if the agency were, through its powers, to compel them to do so, the editors said they would resist such an approach.

With regard to the key corruption cases, such as the Avid/SSC case, which has dominated newspaper headlines over the 24-month period covered by this study, Maletsky and Munamava said what set these cases apart from others that enjoyed less coverage was the amount of (taxpayers') money and the public stature of the figures involved, as well as the politics behind these cases. The interviewees said these stories enjoyed continued front-page prominence, supported by large photographs and bold headlines, because of a surge in public interest following the initial reportage of and on these cases. Grobler, however, said that many more cases of gross maladministration and corruption remained hidden from the public eye because of the experienced limitations of Namibian newsrooms.

5. Conclusion

Based on Namibian newspapers' reports on corruption covering the period 2004–2006, this study reaches five main conclusions.

Firstly, compared with the previous report that covered the period since Independence, a significant increase in cases and a dramatic increase in print media coverage have been identified since 2004. Taking the statements made by media representatives into account, it would appear that editors and journalists have not only been supportive of the current President's anti-corruption message, but that the President's consistent stance has encouraged them to tackle corruption issues more uncompromisingly than in previous years. However, apart from the 'wind of change' blowing from the Office of the President, interviewees mentioned that pressure has been applied – both from State agencies and private individuals – to try to influence newspapers investigating corrupt practices.

Secondly, the evidence suggests that although general trends in coverage of corruption cases seem to correlate, the overall volume of coverage among the newspapers varies considerably. *The Namibian* seems to have a stronger focus on corruption than other daily newspapers, and produces higher volumes of coverage as a result.

Thirdly, evidence has also been presented that the print media assigned substantial volumes of reports to three key cases. It is clear from this that media representatives deemed certain cases that attracted a surge of public interest in them far more important than others because millions of public funds had been lost, and well-known public figures were involved in such losses.

Fourthly, the evidence suggests that, in comparison with the previous study, the nature of the agencies involved has changed. Through media reports it is clear that parastatals/public agencies were the prime location for corruption between 2004 and 2006, while most cases in the previous report involved Government agencies. In any case, this finding confirms that corrupt activities seem to be more widespread and more systematically embedded in the public sector. However, the prevalence of corruption in the private sector was also high, while it had been less significant in previous years. Overall, the study confirms the previous report's assessment that corruption was present in all sectors of society.

In the final instance, newspapers often presented incomplete coverage of cases. It has also to be taken into account that internal investigations and disciplinary hearings within Government, in particular, are often long-running and, thus, verdicts are still outstanding. However, evidence also suggests that the media have not followed some corruption cases to their legal conclusion. Although the media representatives interviewed agreed that the role of journalists was not only to report on corruption, but also to investigate corruption cases, they identified shortcomings in the investigative aspects of reportage. It appears that, due to understaffing, the lack of skilled staff, and the lack of special investigation desks, some corruption stories were not continuously followed up. In addition, time constraints and deadline pressures at daily newspapers were said to hamper long-term investigative reporting.

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Endnotes

- 1 The identification of the dimensions of corruption is based on an anti-corruption workshop that was hosted by the NID and presented by Dr Janette Minaar-van Veijeren.
- 2 Assigned to the month with the first published report on this specific case.
- 3 The total number of agencies exceeds the overall number of cases, as in many corrupt activities more than one agency was involved.
- 4 In July 2006, the State-owned Enterprises (SOE) Bill was passed by Parliament. Its signature by the President as well as its gazetting were expected by mid-2006. The Bill provides for control of and supervision over the functioning of SOEs. It formally establishes the SOE Governance Council and defines its powers, duties and functions.
- 5 In 2006, NamPost instituted legal action to recover N\$2 million from Hermanus Kasper, who was the company's CEO from 2002 to 2004.
- 6 After Hifikepunye Pohamba succeeded Sam Nujoma in office, a number of ministries were restructured and renamed. For consistency, we have used the ministries' current names.
- 7 According to *Insight Namibia's* (September 2005) sources, Great Triangle Investments used a substantial part of the money to buy property, while some people also benefited personally from the funds. There is a glimmer of hope that the indemnity insurance of the Dutch-based agency African Management Services Company might be used to claim back the missing millions, because Aboobakar was recruited and paid through the latter company.
- 8 This section was written by Frederico Links.



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