

**Corruption costs:  
Creating understandings in a  
new democracy**

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Western Cape Anti-Corruption Summit  
2006

## Exploring our concept of corruption

Corruption is about abuse of entrusted power and office for illegitimate, illegal, private gain.

# How deep is the rot?

## Understanding some perceptions (1)

- Corruption is ranked as the second most prevalent crime in the country
- 5.6% of South Africans report experiencing corruption
- There is a rise in petty corruption
- Bribery and fraud are high at the local government level and private sector

# How deep is the rot?

## Understanding some perceptions (2)

- Awareness has been raised through grand corruption scandals
- Reporting corruption is still an area of concern
- Whistleblower protection still an issue of concern

# What is the economic, political and administrative cost of corruption?

- Negative impact on investment and growth
- Undermines revenue collection stimulating the underground economy
- Distorts public expenditure and resource allocation
- Negatively impacts on industrial policies and business development
- Undermines efficiency
- Exacerbates poverty and inequality

Hennie van Vuuren testimony at Schabir Shaik trial 2005

# What is the impact of corruption on the poor?

## ■ Direct:

- Increases cost of public services
- Lowers quality of services
- Restricts access to essential services

## ■ Indirect:

- Diverts public resources away from social sectors and the poor
- Limits development, growth and poverty reduction

# What is the impact of corruption on the poor?

The poor are particularly vulnerable:

They are easy targets for being subjected to extortion, bribery, double standards and intimidation as well as being disproportionately hit by the negative consequences of corruption.

# Flagging potential challenges

- Procurement in Soccer World Cup 2010
- Politics of the province
- Delivery of low-cost housing



# A way forward

- Civil society - ISS studies into understanding and assessing anti-corruption efforts
- Media – vigorous, open, diligent press
- Private sector – debarment and collaborative work
- Government -
  - Local Government Anti-Corruption Strategy
  - Investigations and prosecutions by SIU
  - Regulation of party funding
  - Disclosure of assets and interests