

Scopa to probe graft allegations at DBSA

BEKEZELA PHAKATHI

Parliament's finance watchdog, the standing committee on public accounts (Scopa), has resolved to hold an inquiry into allegations of corruption, fraud and maladministration at the Development Bank of Southern Africa.

DBSA, a state-owned bank that specialises in development loans, has been shaken by allegations raised in parliament late in 2020 by UDM leader Bantu Holomisa. The bank has also been under strain after reporting that profits fell more than three-quarters in its year to end-March 2020, as the adverse effects of the pandemic forced it to raise provisions against loans likely to come under pressure.

At the heart of the issues raised by Holomisa is the alleged mismanagement and maladministration of three loans that the DBSA extended to three entities: Blue Horizon Investments 11 (BH 11), which was granted a loan to develop the Ledibeng Eco Estate in Lephalale; Moeparutsi Properties; and Proline Trading 60, all of which apparently form part of Cranbrook Property Projects, which offers construction and property management services. Holomisa alleged that the total outstanding loans stood at R426m, including accumulated interest, and there is no evidence of any repayments since disbursing the loans in the mid-

2000s, aside from a partial repayment on the BH 11 loan.

Holomisa also raised the alleged victimisation of certain DBSA board members, in particular Bulelwa Ndamase, who reportedly questioned the Cranbrook deal, and her subsequent release as a nonexecutive director.

In his submission, Holomisa said he was approached on separate occasions by different sources with information on alleged wrongdoing at the DBSA. He also questioned the suitability of ANC heavyweight Enoch Godongwana as the DBSA's nonexecutive chair since he is a "politically exposed person".

After a meeting with DBSA representatives including Godongwana on Tuesday, Scopa chair Mkhuleko Hlengwa said the committee will consult parliament's legal services on the process to follow as it begins to probe the bank.

The inquiry will consider Holomisa's submission as well as representations made by DBSA executives.

Finance minister Tito Mboweni said during Scopa's meeting that "from my point of view, the matters must be ventilated openly ... so that we can leave this meeting with a view that the DBSA is well run and well managed.

"Where there are faults we should seek to correct them."

DBSA CEO Patrick Dlamini dismissed Holomisa's allega-

tions. He said an independent probe by law firm DM5 Incorporated into the transactions in question had found no fraud, corruption or noncompliance with applicable laws and regulations. The investigation's report is being considered by both the DBSA and the auditor-general.

Citing the Blue Horizon loan, which amounted to R124m, Dlamini said the company repaid R113.5m between 2010 and 2017. It was liquidated in 2017 and the auctioning of its properties to the benefit of the DBSA continues.

"There is no evidence of conflict of interest, no collusion or fraud. The [failure of the] transaction in question can be attributed to the economic recession in the aftermath of 2007/2008," Dlamini said.

"Despite sovereign-linked credit rating, the DBSA's stand-alone rating, performance and audit outcomes place it as one of the best governed SOEs [state-owned enterprises] around. Improvements in the DBSA's governance standards are ongoing, but the bank does not need frivolous distractions currently when infrastructure development is central to the economic recovery," Dlamini said.

The DBSA is a pivotal agency in the government's ambitious infrastructure drive which it hopes will reignite growth and help the country recover from the pandemic.

In August, the DBSA signed a memorandum of agreement with the treasury and the department of public works & infrastructure, establishing the long-awaited Infrastructure Fund. To be spearheaded by the DBSA, the fund is intended to help drive the government's build programme through blended finance projects that will tap into funding from local and international financing institutions in the private and public sectors, as well as the government.



UNDER SCRUTINY: DBSA CEO Patrick Dlamini. Picture: FINANCIAL MAIL