

Change of government only way to escape greylisting

Speech by Ashor Sarupen MP, DA Shadow Deputy Minister of Finance

Madame Speaker,

-On the 23rd of April 2023, The Sunday Times published an article with the headline “How millions in terror funding flowed through SA.”

-On 11 November 2022, The Citizen newspaper ran an article with the headline “Why SA provides a fertile ground for terrorism funders.”

-On the 8th of November 2022, The Mail and Guardian ran an article with the headline “US sanctions four people linked to alleged Isis cell in Durban.”

-On the 7th of October 2021, a headline reads: “SA exposed to foreign terrorist financing risks, report reveals.”

-On the 9th of August 2016, the Institute of Security Studies posted a brief with the headline: “South Africa and terrorism: the links are real.”

I could go on with tens of dozens of similar headlines to provide a timeline here, but what I am trying to illustrate is simple: for many years, the government was warned, in the public domain, that there were issues with South Africa acting as a clearing house and fundraising source for terrorist financing.

As far back as 2016, the problem was flagged, and the government was in denial about a very harsh and very troubling fact: financiers of global terrorism had identified weaknesses in the South African financial system and were exploiting them for illicit purposes. In its 2016 brief, the Institute for Security Studies stated that, and I quote *“evidence suggests that South Africa has been used as a transit point for terrorists, and as a base for planning, training and financing terror operations. But perhaps the bigger problem is government communication in response to the allegations and mounting evidence. Rather than shedding light and inspiring confidence, the official line has fostered distrust and uncertainty.”*

Fast forward to 25 April 2023 – the US Treasury Department identifies 52 individuals and entities operating in vast international money laundering, sanctions evasions and terrorist financing, and back in November last year, the US sanctioned four persons in Durban for providing financial support to the Islamic State of Iraq and Syria. It is an indictment on our own systems, agencies and our own law enforcement that these activities happening here, in our own country, had to be detected by a foreign power. It is embarrassing that our country is being used as a base for such activities, and that this goes on without action from local law enforcement.

In the recent past, we have seen fake South African passports in the hands of al-Qaeda members – and we also know that boxes of South African passports were found in raids in other countries. A report in the Sunday Times on 23 April showed that R400-million may have flowed to ISIS from South Africa and might have been used to fund terrorism in Uganda two years ago.

What we are seeing here is a pattern – an incapable state that is overrun with corrupt elements is being exploited to support global terror activities, and the incapable state is in denial about the problem. Despite sanctions against individuals for terrorist financing, there have been no arrests to date of these individuals, no charges, just a commitment in words to ‘do better.’

A report by the Financial Intelligence Centre in March 2022 as well as FATF’s 2021 report found that one of the key problems in South Africa sits with law enforcement – our law enforcement agencies are considered to lack the skills and resources to investigate money laundering and terrorist financing, they are unable to detect the cash proceeds of crime, they are unable to obtain accurate information and proactive identification and investigation of laundering networks and professional enablers does not happen.

This is the toxic mess that the incapable state has created, and that has led to greylisting. If law enforcement does not step up, no amount of legislative reform will alleviate this situation. However, it suits the corrupt elements in our government to have poor law enforcement on financial crimes, or their own misdeeds come to light.

It is clear, therefore, that the only way to escape greylisting, end terrorist financing and get law enforcement working again, is to have a change of government in order to build a capable state.