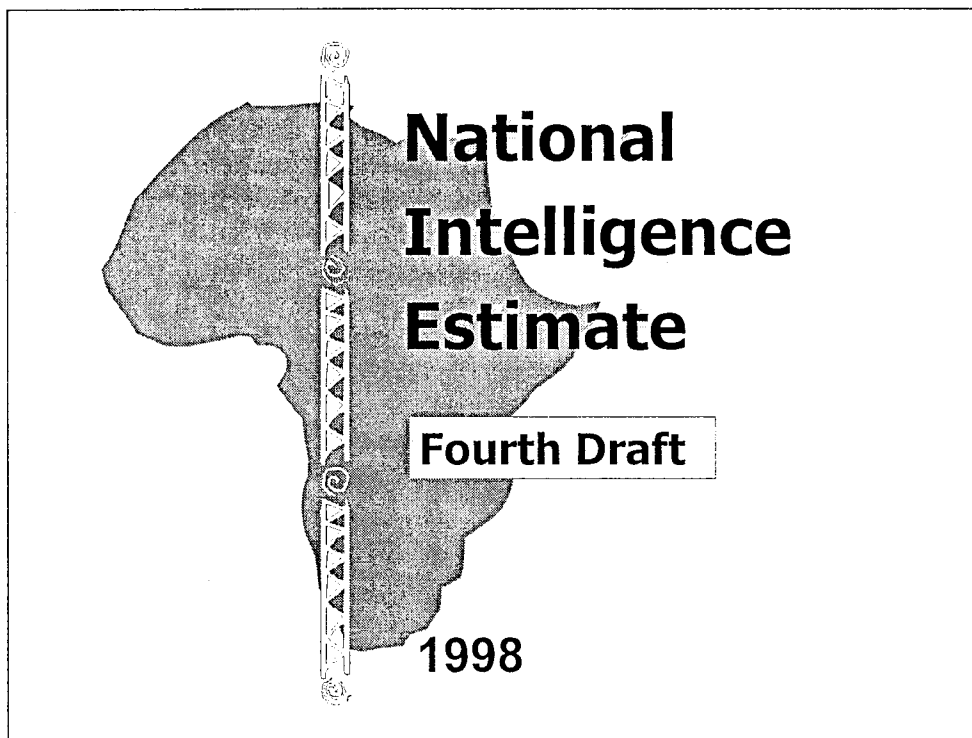


SECRET



In keeping with the National Strategic Intelligence Act of 1994 as amended, NICOC hereby submits the National Intelligence Estimate to Cabinet for its consideration. This NIE does not attempt to give insight into every aspect of the domestic, regional and international security situation, but rather focuses on what are considered to be significant trend shifts, be they positive or negative.

SECRET

INTRODUCTION

**SOUTH AFRICA IN  
TRANSITION**

- More or less the same threats as those of 1997
- Signs of improvement on domestic front
- Most serious challenge - volatility in Southern African region

The National Intelligence Estimate for 1997 stated that "the constitutional order is ...reasonably well grounded, with a degree of popular support ...The vulnerability of the present situation is precisely because the present situation is in the process of democratising and consolidating". In 1998, while South Africa remains in transition and faces more or less the same threats as those of 1997, there are definite signs of improvement on the domestic front. But this increasing stability faces its most serious challenge from the volatility in the Southern African region.



## **DOMESTIC SITUATION**

- Threats are being stabilised or contained
- Degree of stability varies
  - slight in KZN
  - significant in certain crime categories
- Elections in 1999
  - bring to surface many underlying conflicts
- Crime, corruption, anti-constitutional activity - destabilising effect

On the domestic scene there are clear indications that most of the threats are being stabilised or contained. The degree of improved stability varies from slight in the case of KwaZulu-Natal to significant in the case of certain crime categories. The holding of national elections in 1999 will bring to the surface many underlying conflicts, and any perception that the elections are not free and fair may jeopardise the improving stability situation. Despite the noticeable improvement, the levels of crime, corruption and anti-constitutional activity have a destabilising effect on domestic stability.



## REGIONAL SECURITY SITUATION

- Deteriorated markedly
  - *impact on own stability*
- Increased instability in Zimbabwe, Lesotho & Swaziland
- Impact of global economic crisis
- Poorly administered economies
- Armed conflict in Angola & DRC
- Tensions between SA & neighbours
  - *demand increased interaction between SA & SADC*

Beyond our borders, the security situation in the region has deteriorated markedly, and this could also impact on our own stability. The increased instability within countries such as Zimbabwe, Lesotho, and Swaziland, the impact of the global economic crisis on already weak and poorly administered economies, and the armed conflict in Angola and the DRC are all resulting in heightened regional friction. Furthermore, tensions that exist between South Africa and her neighbours over a range of interests, **be they political, economic or security related**, are and will continue to demand increased interaction between South Africa and the SADC in order to safeguard the cohesion and the interests of the region.



## THE CONTINENT

- Resolution of NAM - counter force to dominance of unipolar north  
– *presents challenge to SA as Chair*
- African countries - challenge of engaging with international powers in Africa
- Dangers of pursuit of own agendas by such powers

The resolution of NAM to assert itself as a counter-force to the dominance of the uni-polar north in globalisation presents specific challenges to South Africa as Chair of NAM. African countries face the challenge of engaging with international powers in Africa to maximise attendant opportunities to promote sustainable growth and to oppose actions detrimental to continental stability and development, while being aware of the dangers of possible pursuit of own agendas by such powers.

2

## SUMMING UP


- Threat to peace & stability in SA
  - *combination of factors & driving forces*
  - *predominantly within Southern African environment*
- South Africa must become pro-active involved in the SADC region
  - *assertively promote SA foreign policy*
  - *secure own national interests & stability*

The threat to peace and stability within South Africa lies in a combination of factors and driving forces, not only within the context of the domestic environment, but within the global and predominantly within the Southern African environment. The NIE therefore concludes that South Africa must become pro-actively involved in the SADC region in order to assertively promote South Africa's foreign policy commitment to the stabilisation and development of the region, and in order to secure our own national interests and stability.

DETAIL OF ESTIMATE

## ELECTION 1999

### CHALLENGE OF A FREE & FAIR ELECTION



- Underlying conflicts
  - *strain on state's capacity to contain destabilisers & areas of instability*
- Political opportunism - contribute to negative political sentiment
- Ideal platform for groups with grievance - terrorism
- Democratic politicking escalates into violence

**We will now move on to the detail of the estimate and will start with the 1999 Election.**

The election will bring to the surface many underlying conflicts and will put a strain on the state's capacity to contain destabilisers and areas of instability. The impending election and the ability of the IEC (and the country's political parties) to hold a free and fair election are also of concern. Political opportunism by certain individuals can further contribute to negative political sentiment, resulting in a tendency to extremism. The election will also provide the ideal platform for certain groups with a grievance to further their aims through terrorism, subversion and sabotage. **In this respect, the right wing elements and the PAGAD G-Force can be singled out.** A tendency remains that much of what should only take place in democratic politicking escalates into violence and assassination conspiracies. This is expected to raise political temperatures in many areas.

## ELECTIONS ASPECTS OF CONCERN

- Number of activities threaten 1999 elections
  - *creation of no-go areas, denial by farmers of free campaigning, instigated violence by conspiratorial groups, violence between supporters*
  - *concern KZN, E Cape, W Cape, Gauteng*
- Resistance to fundamental legislation
  - *from stakeholders affected*
  - *from civil society supported by opposition parties*

In addition, a number of activities, similar to those experienced in 1994, threaten the 1999 elections in certain areas. The creation of no-go areas, the denial by farmers of free campaigning, instigated violence by conspiratorial groups and violence between supporters of various parties during the election campaign are of specific concern, predominantly in KwaZulu-Natal, the Eastern Cape, the Western Cape and Gauteng.

***1998 has seen strong resistance to some of the fundamental legislation that moves South Africa away from its past, such as legislation on Medical Aid, Medicine Control, Tobacco Product Control, Electoral processes, Water Usage and Land Reform. This resistance has come in the main from the stakeholders affected by such legislation, but at times also from some interest groups in civil society supported by the opposition parties. While this is a norm in any democratic society, it can be said that it has the potential of disrupting programmes of government. It is possible that election campaigning may feed into this.***





## **ELECTIONS LOGISTICAL ISSUES**

- SA may not show same tolerance for logistical problems
- Issues that may be exploited as disruptive factor
  - *Electoral Act - exclusion of prisoners & permanent non-South African residents*
  - *Green Bar-coded SA Identity document controversy*
- Limitation of voting district & use of voters roles may lead to dissatisfaction

Furthermore, South Africans may not show the same degree of tolerance for logistical problems during this election as they did in the 1994 election. There are two issues around which political debate is taking place and which may later be exploited as a disruptive factor, namely the Electoral Act's exclusion of prisoners and permanent non-South African residents from voting, and the Green Bar-Coded SA Identity document controversy, which may exclude some eligible citizens from voting.

Additionally in the previous election people were not limited to a particular voting district and the use of the voters rolls in the 1999 election may lead to dissatisfaction on election day if adequate voter education about the voter's roll system is not carried out.

## ELECTIONS (CONT)

- Adequacy of preparations at voting stations security implications
  - *link between lateness in identification of polling stations and tension & dissatisfaction*
- Security of IEC's computer & information systems
  - *concern of breakdown or sabotage*
- Conducting of fair & free election is single most important event to mature & stabilise our democracy

The adequacy of preparation at polling stations also has security implications. There appeared to be a link during the 1994 election between lateness in identification of voting stations and the subsequent administrative failures which led to tension and dissatisfaction.

The security of the IEC's computer and information systems is also of concern as breakdowns or sabotage of these systems will seriously compromise the electoral process. All of the above factors could exacerbate tensions in volatile areas immediately before or on polling day.

**The conducting of a fair and free election is probably the single most important event in the coming year to mature and stabilise our democracy. It is recommended that threats to the election be made the number one priority for the intelligence community for 1999.**



## **CORRUPTION DOMESTIC ENVIRONMENT**

- Destabilising factor
- Of concern - extent in national, regional & continental environment
- Domestic corruption no signs of abating
  - *expose corrupt activities on a daily basis*
  - *corruption investigations amount to R36 billion*

A destabilising factor in South Africa is corruption, and an area of concern is the extent of corruption not just in the national environment but in the region and the continent as a whole. The incidence of domestic corruption in all its forms remains a serious problem with no signs of abating. The activities of the Heath Special Investigation Unit, the Investigation Directorate: Serious Economic Offences, the Anti-Corruption Unit of the SAPS, the Commercial Branch of the SAPS and the Intelligence Services continue to expose more corrupt activities on a daily basis. The extent of corruption continues to be difficult to quantify but available statistics indicate that corruption investigations currently amount to the value of R36 billion. Since many of these investigations relate to fraud and corruption carried out over the last decade it is not possible to statistically determine that the trend is growing.

## **CORRUPTION PUBLIC & PRIVATE SECTOR**

- Corrupt activities in public sector flip side of corrupt activities in private sector
- Corporate world use of kickbacks
- Corruption of public officials modus operandi of criminal organisations
- Manifests in
  - *tender boards, Criminal Justice System, areas of Customs, Excise and Immigration, pension payouts, misuse of state assets, service delivery*

Corruption is not only limited to the Public Sector but is also rife in the private sector, with corrupt activities in the public sector being the flip side of the corrupt activities in the private sector. The corporate world or big business is continuing to use kickbacks to obtain favour in the awarding of contracts, including state contracts, or to obtain preferential treatment. Corrupting of public officials also forms an integral part of the modus operandi of criminal organisations.

Corruption manifests itself in various ways in, amongst others, tender boards, the Criminal Justice System, the areas of Customs, Excise and Immigration, in pension payouts, the misuse of State assets, and in service delivery.



## INROADS AGAINST CORRUPTION

- Inroads
  - *greater public awareness*
  - *institution of significant measures*
- Limited success - recovery of state money & assets
- Need for government to examine functioning of specialised watchdog & investigating institutions
- Window of opportunity of 2 years to uproot corruption

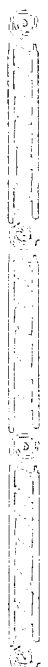
Nevertheless, serious inroads are being made into the combatting of corruption, assisted by greater public awareness and the institution of significant measures to effectively deal with it. The recent Anti-Corruption Conference and the pending Summit have and will contribute to this progress. Limited success is also being achieved with the recovery of misappropriated state money and other assets. Recent events highlight the need for Government to examine the functioning of specialised watchdog and investigating institutions, not only those focused on corruption, to ensure that their autonomy and independence is not interpreted in a manner that undermines good governance.

South Africa currently has a window of opportunity of at best two years in which to ensure that corruption is uprooted and organised crime does not become the controlling influence within Government. The extent to which corruption is already present, as seen in numerous cases involving MECs and Provincial Officials, indicates that this window of opportunity may be closing.

## **REGIONAL CORRUPTION IMPACT ON SA**

- Extent of corruption in region
  - *impact on political & economic relations of these countries with SA*
- SA has to consider corruption & personal interest of influential roleplayers
- Influence of these roleplayers may have negative impact on SA's vision for SADC & continental renaissance

The extent of corruption within the region, both in the public and private sectors, and particularly in the financial institutions, may also impact on the political and economic relations that these countries may have with South Africa. It is already a reality that South Africa has to consider corruption and personal interest of influential role players in the region and the continent when interacting on political, security and economic issues. The influence that certain of these role players have in their own countries, as well as beyond, may have a negative impact on South Africa's vision for the SADC, as well as for a continental renaissance.



## **CRIME OVERVIEW OF CURRENT SITUATION**

- Major threat to stability & good governance
- 20 crime categories stabilised or dropped
- Cycle of violence must be broken
  - *factory is violence within the family*
  - *priority attention of government, state & civil society*
- Perception that crime is “out of control”
  - *undermines general sense of security*
  - *fuelled by media & other interest groups*

There are clear signals that crime is being contained, but the level of crime in general remains disturbingly high. It is still seen as a major threat to stability and good governance. 20 Crime categories stabilised or dropped during the first half of 1998, including murder, attempted murder, rape, assault with grievous bodily harm, housebreaking at both residential and business premises, theft of motor vehicles, arson and illegal possession of firearms.

However, the cycle of violence within South Africa that generates wide spread social violence must be broken in order to provide a safe and secure environment for South African citizens. The factory for this cycle of violence is the violence within the family, and this aspect of social crime must receive priority attention of the Government, the state and civil society in 1999.

Despite the fact that official statistics show a stabilising trend, the perception that crime “is out of control” undermines the general sense of security, threatens economic upliftment and disrupts government’s ability to deliver services in the communities. This perception, fuelled by elements of the media and other interest groups, may in itself require a campaign of reversal running parallel to the war on crime, as this perception can in itself become a generator of crime.

## ORGANISED CRIME IN SA

- Incidence of OC unacceptably high
- 3 major trends indicate gangs taking on features of organised crime syndicates
  - *shift away from previous territorially bound gangs*
  - *establishing of closer links between various gangs, across provincial boundaries*
  - *increasing link to national, regional & continental crime syndicates*
- Decline in trafficking of mandrax
- New trend of drug manufacturing in the country

The incidence of organised crime, including transnational organised crime, as well as institutional fraud and corruption, remain unacceptably high. Three major recent trends indicate that gangs are beginning to take on features of, and merge with, organised crime syndicates, namely the shift away from previous territorially bound gangs (eg. Staggies' efforts to expand into Vredenburg, Paarl East and Durban); the establishing of closer links between various gangs, particularly across provincial boundaries (eg. the links between the Majimbos in Eldorado Park with the Americans gang in the Western Cape); and the increasing link up to national, regional and international crime syndicates in a range of activities (eg. the link up between the Fast Guns gang in Westbury and a Chinese Triad Group and the links between Staggie and Palazzolo).

In the area of drug trafficking, there has been a decline in the trafficking of Mandrax into South Africa, but there are indications of a new trend of drug manufacturing within the country (as shown by the recent raid and closure of a Mandrax factory in Johannesburg).



## WHITE COLLAR CRIME

- Increasing evidence of syndicates involved in white collar crime
- Total case load of SAPS & Investigation Directorate: Serious economic Offences
  - 34 707 cases - value R22,1 billion
- New legislation, application of existing legislation & National Directorate of Public Prosecutions
  - only impact in 1999
- Multilateral initiatives in SADC - impact positively

There is also increasing evidence of syndicates involved in white collar crime. Although case analysis reflects syndicate involvement as still only a small percentage of cases, the total case load of SAPS Commercial Branch and of the Investigation Directorate: Serious Economic Offences is 34 707 cases involving white collar crime to the value of R22,1 billion. This indicates that white collar crime is a large and lucrative business.

The new legislation aimed at addressing organised crime, the application of existing legislation and the institution of the National Director of Public Prosecutions, is only expected to have a positive impact on these phenomena in 1999. Multilateral initiatives in SADC and the impact of Operation Jacuzzi, as well as increased border control co-operation will continue to impact positively on the situation.

## OPPOSITION TO CONSTITUTIONAL ORDER

### CONSPIRATORIAL GROUPS

- Extremist rightwing groups - unorganised, fragmented, small membership
- Emergence of new conspiratorial groups
  - *mobilisation of rightwing sentiment*
  - *explicit rightwing unconstitutional agenda*
- Increasingly linked to criminal activities
- Most probable security risk foreseen - unstructured terrorism

**We will now look at direct opposition to the Constitutional order by conspiratorial groups.**

Intelligence indicates that the traditional **extremist right wing groups** are still unorganised, fragmented, and with a small membership. However, a resurgence is occurring within certain of these groups while a number of small new right wing conspiratorial groups have been and are being formed.

There is however, an emergence of new conspiratorial groups aimed at mobilisation of right wing sentiment within the SANDF Commandos and comprising of ex-security force members, with an explicit right-wing anti-constitutional agenda. In particular, the grouping under Niemöller is attracting attention due to its alleged involvement in planning mutinous actions.

In addition, members of right wing conspiratorial groups are increasingly linked to criminal activities such as smuggling, dealing in illicit weapons and illicit dealing in gold and diamonds.

The most probable security risk foreseen for right-wing extremists during the 1999 elections is unstructured terrorism, (for example, Worcester type of acts). The probability to engage in this sort of terrorism is enhanced by the availability of weapons, explosives, and the involvement of individuals with extensive military training.

## RELIGIOUS-BASED TERRORISM

- Situation worsening
- Ultra rightwing showing increase in racial intolerance & militancy
- Intricately linked with rightwing conspiratorial groups
- Hate speech gaining ground
- Drop in public support for PAGAD
  - *terrorist threat selective core group within G-Force*

In respect of religious-based terrorism, the situation is worsening. Ultra right-wing extremist religious groups, such as Israel Vision, are showing an increase in racial intolerance and militancy, posing the danger of violent actions aimed at the black population. This phenomenon is intricately linked with right-wing conspiratorial groups and should generally be viewed as part of all the right-wing conspiratorial activity.

Hate speech is also rapidly gaining ground within certain Islamic extremist sectors, with acts of violence being carried out by PAGAD's G-Force. There has been a drop in the extent of public support for PAGAD as it is increasingly perceived to have shifted from its original focus of eradicating drug and gang related activity. The present terrorist threat is represented by a selective and well structured core group under the guidance of Abdus Salaam Ebrahim, within the PAGAD G-Force which is responsible for the violent attacks. The explosion of pipebombs showed an increase when compared to 1997, of 100 as opposed to 43, but with a significant decrease in the violent attacks since August 1998, which can be ascribed to more extensive pro-active policing through Operation Recoil and Operation Saladin, as well as to the concentrated investigations and successes achieved by the Investigation Task Teams. The current planning of the G-Force to step up bombings during the tourist season and to disrupt the elections will test these successes.

## **POLITICAL INITIATIVES**

- Rural Safety & Security Summit, peace initiatives in KZN, & religious initiatives in Cape Flats
  - *undermine attempts by terror groups to obtain political base*
- Ability of security forces to identify perpetrators, to forewarn of attacks & to muster evidence - improved

Political initiatives such as the Rural Safety and Security Summit, peace initiatives in KwaZulu-Natal and religious initiatives in the Cape Flats have served to weaken or undermine attempts by terror groups to obtain a political base. Similarly, the ability of the security forces to identify perpetrators, to forewarn of attacks and to muster evidence for prosecution in these cases has improved.



## **WARLORDISM & GANGSTERISM**

### **INTER- & INTRA-COMMUNITY VIOLENCE**

- In KZN Midlands & former Transkei
  - *serious threat to provincial stability*
  - *potential to expand along party political lines*
- W Cape
  - *gangsterism, organised crime & urban terrorism*

Nevertheless, the phenomenon of 'warlordism' - that is, the control of geographic areas by individuals through the use of terrorist tactics and violence - especially in the KwaZulu-Natal Midlands and the former Transkei remains a serious threat to provincial stability. It also has a real potential to expand along party political lines to other areas. In the Western Cape Peninsula, gangsterism, organised crime and urban terrorism pose a threat to security and could also expand into other areas.

## **VIOLENCE - EASTERN CAPE**

- Decrease in traditional areas
- Tsolo/Qumbu - displacement of violence to 5 other provinces
- Developing a multi-dimensional nature
- Exacerbated by retrenchments, socio-economic pressures, political posturing, organised crime
- Violence endemic to Tsolo/Qumbu spreading to other areas of Transkei
- Transkei vulnerable to warlordism
- Perpetrated by organised hit squads

In the Eastern Cape, there has been a decrease in violence in the traditional areas, for example, the Tsolo/Qumbu area. However, what is of grave concern is the displacement of violence from this area in the Eastern Cape to five other provinces, namely the Western Cape, Gauteng, Mpumalanga, North West Province and the Free State. The violence is developing a multi-dimensional nature, further exacerbated by external dynamics such as: retrenchments on the mines, socio-economic pressures, political posturing, organised crime, all stimulating both inter- and intra-group tensions. This can be expected to continue in the year to come.

Furthermore, the type of violence once endemic to Tsolo/Qumbu, specifically the modus operandi employed in both the massacres and individual victim incidents, has and is continuing to spread to other areas of the Transkei, especially Eastern Pondoland, Bomvanaland and Western Thembuland. Transkei is also vulnerable to the phenomenon of warlordism which increases the feeling of insecurity among the population. The violence is mainly perpetrated by organised hit squads which carry out recruitment and eliminate those perceived to be obstacles. The easy availability of weapons to these hit squads is one of the driving forces behind the violence.

## KWAZULU-NATAL

- SA's most unstable province
- Disagreement about nature, causes & dynamics

### THREE VIEWS ON VIOLENCE

#### 1. Political rivalry

- *attributes violence to immature development of democratic culture*
- *fierce political campaigning & psychosis of revenge - self-perpetuating dynamic*

KwaZulu-Natal remains South Africa's most unstable province and there has been considerable disagreement in the intelligence community about the nature, causes and dynamics of this violence. Broadly speaking, three views have held sway in the past:

Political rivalry: This view characterises the violence as being a product of fierce political rivalry between initially the ANC and the IFP, and more recently as rivalry between the ANC and the UDM. This characterisation attributes this violent political rivalry to an immature development of democratic culture. Although it is acknowledged that third force activities in the late 1980s and early 1990s encouraged this "black on black" violence, it is argued that fierce political campaigning and a psychosis of revenge fuelled the violence into a self-perpetuating dynamic.

## 2. Faction fighting

- *violence as politicisation of underlying dynamics*
- *relatively easy supply of weapons & hired assassins exacerbates dynamics*
- *view prominent in police reports with attribution of political affinity to victim or perpetrator*

## 3. Third force

- *violence as product of clandestine activities of conspiratorial elements*
- *ex-security force personnel propagate plan to destabilise democratic constitutional order*
- *still complicity of certain serving members of security forces*

Faction fighting: This view characterises the violence as the politicisation of underlying dynamics in which disputes over land, over the succession of traditional leaders, and over ownership of stock are resolved through violence leading to an unresolvable cycle of revenge. This “faction fighting” characterisation acknowledges that the relatively easy supply of weapons and hired assassins (hit squads) exacerbates the dynamics surrounding these disputes. This view is prominent in police incident reports, although overlayered with an attribution of political affinity to each victim or perpetrator.

Third Force: This view characterises the violence as the product of the clandestine activities of conspiratorial elements, usually comprising of ex-security force personnel, who continue to propagate a plan to destabilise the democratic constitutional order by generating areas of instability. This continuation of the “third force” agenda of the late 1980s and early 1990s no longer has state support, but still enjoys the complicity of certain serving members of the security forces.





## INTERWEAVING FACTORS

- Situation in KZN & E Cape interweaving of
  - *political rivalry, politicisation of dissatisfaction, & activities of “third force” conspiratorial elements*
- Element of “third force” key to permanent solution
  - *underlying tensions exploited*
- Areas of KZN policing collapsed
  - *complicity of serving police officers & community distrust*
  - *intelligence community made breakthroughs*

The situation in KwaZulu-Natal, and increasingly in the Eastern Cape, is a complex interweaving of political rivalry in an immature democratic culture, politicisation of underlying dissatisfaction, and clandestine activities of “third force” conspiratorial elements, but with the latter element of a “third force” being key to any permanent resolution. Peace initiatives between political parties, codes of conduct for political behaviour and social upliftment programmes tend to inevitably be undermined by assassinations or massacres, which sow distrust, confusion and increase tensions. However, the success of the “third force” strategy has been that they have had a range of underlying tensions to exploit in order to raise conditions to the levels of instability exhibited in KwaZulu-Natal. Additionally, in all areas of significant violence in KwaZulu-Natal, normal policing activities have either collapsed, or been allowed to collapse, due to the complicity of serving police officers and the resulting community distrust in the police making effective investigation and subsequent prosecution of perpetrators impossible. The intelligence community has, in recent months, made breakthroughs in identifying both the leadership and foot soldiers in such a “third force” grouping, and this information is currently being supplied to the special prosecutor coordinating the Richmond investigation.



## **CAPACITY OF INTELLIGENCE SERVICES & SECURITY DEPARTMENTS**

- 1997 - loyalty, capacity & use of combined capacity undermined ability
- 1998 success
  - *specialised training*
  - *interdepartmental project teams*
- Issue of disloyalty addressed less effectively
  - *ad hoc transfers, selective severance, improved vetting*
  - *lack of hard evidence - more difficult to address*

In the 1997 NIE the issue of loyalty of members of the security forces was highlighted as a key factor which has undermined the ability of the intelligence services to provide effective intelligence around sensitive issues. This was combined with capacity constraints and a failure to utilise the combined capacities of the services in a coordinated manner.

During 1998 more success has been achieved in the latter two through specialised training (such as Project Amanzi which trained selected officers of all four services and the Justice Department to conduct sensitive asset tracing) and through interdepartmental project teams (as in the case of Richmond and the Cape Flats). The issue of disloyalty of serving members has been addressed less effectively, largely through ad hoc transfers of personnel, attempts at selective severance and attempts to improve vetting procedures. The lack of hard evidence has made this the more difficult matter to address by direct disciplinary measures.

## CAPACITY TRAINING

- Specialist & focused training - Project Amanzi
- Civilian services
  - *core intelligence officer curricula*
- Project Amanzi replicated at Intelligence Academy
- SAPS increasing intake at Detective Academy
- Training & skills development require attention
- Handling of sensitive issues problematic
  - *nature of interdepartmental production - shield information to prevent leaks*

In addition to the specialist and focused training given during Project Amanzi, all the services have stepped up the levels of training. The civilian services have introduced core intelligence officer curricula which will set a standard body of skill which all officers will be required to meet. Additionally the Project Amanzi training is being replicated at the Intelligence Academy to provide training on an ongoing basis to members of all four services. Similarly, the SAPS is increasing the intake at the detective academy and providing this training to intelligence officers and detectives. However, in all the services training and skills development requires attention on an urgent and continuous basis.

The handling of sensitive issues such as certain categories of crime intelligence, corruption and intelligence related to mercenaries and security companies remain problematic. The nature of inter-departmental production processes are such that ongoing steps have to be taken to shield information in order to prevent leaks.

## CAPACITY (CONT)

- SAPS capacity affected by loss of personnel & skills
  - *decrease in personnel, particularly management, in coming year*
- Serious threat - fragmentation of crime intelligence
  - *need for process & structure review*
  - *way functions are divided between departments*
- Capacity audit for services necessary
- Budgetary implications of services using foreign currency

The capacity within the intelligence services and particularly within SAPS to effectively deal with crime and corruption has largely been affected by continuous loss of personnel and skills, especially within the management echelons. There are indications of a decrease in personnel, and particularly in management, due to severance packages during the coming year, particularly from SAPS.

A further situation which equates to a serious threat if not speedily addressed is the fragmentation of crime intelligence within the SAPS per se and within the intelligence community as a whole. There is a need for a process and structure review of the intelligence community's crime intelligence capacity and the way in which functions are divided between departments, in order to find a solution, in the best interest of the country, to the current fragmentation.

A capacity audit for the services, in line with their mandates and the intelligence priorities of the country, may be necessary to ensure that the intelligence capacity is correctly allocated in the coming period. The budgetary implications of the services that have to utilise foreign currency in order to carry out their mandate should also be considered, as it has a negative impact on capacity decisions, and allocation of resources.



## INTERNATIONAL & REGIONAL ECONOMIC CRISES

- Regional economic situation
  - *economies negatively affected in terms of growth, trade conditions & currency stability*
  - *affected various members of SADC differently*
  - *economic disparities likely to widen mitigating against regional integration*
  - *impact of compliance with Y2K in region - adversely affect SA*

We now move on to the external environment. The regional economic situation (as impacted on by the global economic volatility present in the latter half of 1998) has seen all the economies of the region negatively affected in terms of growth, trade conditions and currency stability. This situation has affected the various member states of SADC differently - the recent fuel hikes and resulting riots in Zimbabwe are indicative of this - and indications are that the economic disparities between member states are likely to widen, thus mitigating against greater regional integration. The impact of compliance with Y2K in the region could also adversely affect South Africa, despite South Africa's own relatively advanced state of compliance.



## IMPACT ON INTERNAL SITUATION

- Structural transformation - able to withstand external shock better
- Macro-economic projection
  - *GDP rise by 0.2%*
  - *Ministry of Finance proposing budget cut*
- Cut on government spending, limitations on Fiscus & on employment growth, declining disposal income
  - *detrimental impact on security situation*

South Africa has also suffered the impact of the global financial crisis. However the structural transformation which has taken place in the economy has meant that it has been able to withstand the external shocks better than most other middle income countries. Nevertheless, the macro-economic projection for 1998 estimated that South Africa's GDP may rise by only 0,2% compared to the 3% originally envisaged. This will mean that the deficit reduction programme will be delayed by one year. This new projection for South Africa's growth rate has necessitated the Ministry of Finance proposing a budget cut of R600 million for the 1999/2000 budgetary period and a further R1 billion for the year thereafter. The cut in government spending and increasing limitations on the Fiscus, combined with increasing limitations on employment growth and declining disposable income, is likely to have a detrimental impact on the security and/or stability situation, even though protection services' budgets are expected to increase in line with inflation.

South Africa faces the challenge in the short, medium and longer term to see progress regarding the overall performance of the South African economy and the macro economic policy.

## IMPACT ON REGION

- Exacerbating poverty & unemployment
- Aids situation impact negatively on economies
- Impact of socio-economic situation negative for general security
- Intensify regional conflicts
- NAM resolution taking on uni-polar north
  - *implications for African Renaissance*
  - *SA role as NAM Chair requires policy attention*
- Southern Africa already facing intra- & inter-state tension - challenge facing SA

The world wide economic crisis is exacerbating poverty and unemployment, which in South Africa is still largely evident along racial lines. The AIDs situation in South Africa and the region will impact negatively on the economic situation, and in particular, put a strain on the social functions of government. The overall impact of socio-economic dynamics will increasingly have a negative impact on the general security situation. But the worldwide economic crisis may also - as is often argued with regard to the 1930s - intensify international and regional tensions and conflicts between states and within states. Conflicts fuelled by such economic crisis are most likely to break out in the weakest and most vulnerable regions in the world - exacerbated by the rivalries between developed nations. The NAM resolution to become a collective factor in taking on the uni-polar north in relation to transformation of multi-lateral fora, and the impact of globalisation on emerging markets, have implications for the African Renaissance. South Africa's role as NAM Chair in furthering the building of a collective South-South response in world affairs requires serious policy attention. Southern Africa, as one of the poorer regions of the world, is already facing increased intra- and inter-state tension and this will present an added dimension to the challenges facing South Africa in the next year.

## REGIONAL POLITICAL SITUATION

- Unstable regional political environment
  - *serious situation in Central Africa & Angola, dynamics in Zimbabwe, Lesotho & Swaziland*
  - *challenge to SA foreign role & potential threat due to fallout from instability*
- Impact on South Africa
  - *breakdown of state systems*
  - *South Africans seeking to profit from conflicts*
  - *influx of economic & political refugees*
  - *supporters of rival interests furthering goals on SA soil*
- At centre of conflicts in region - corruption & personal financial interests

**We will now look at the volatility of the regional political situation and its impact on South Africa.**

The unstable regional political environment due to the serious situation in Central Africa, the DRC, and Angola, and the dynamics in Zimbabwe, Lesotho, and the Kingdom of Swaziland, is the severest crisis since the days of cross border raids by the apartheid state. It poses a challenge in terms of South Africa's foreign role, but also poses a potential threat to South Africa owing to a fall out from the instability in neighbouring countries. The volatility of the region is likely to be further exacerbated by the deteriorating regional economic situation.

South Africa is likely to feel the impact of this regional volatility in a number of ways -- through the breakdown of state systems in neighbouring states leading to an increase in crime and corruption activities; through South African nationals seeking to profit (financially and politically) by supporting conflicts in the region; through an influx of economic and political refugees into South Africa from regional conflict areas; and through supporters of rival interests in conflict areas seeking to further their goals on South African soil (as seen in the case of the activities of the Zairean generals). At the centre of many of the conflicts in the region and in Central Africa, corruption and personal financial interests have played a role in the positions adopted by the various role players.



## **SOUTH AFRICANS IN THE REGION**

- Exacerbating tensions in region & undermining SA credibility - continued involvement of South African in various conflicts on continent
- Military assistance to foreign countries or rebel movements from SA soil continues
- Individuals & companies continue to market & provide security & military services

Exacerbating the tensions in the region and undermining South Africa's credibility as an honest broker in regional conflicts is the continued involvement of South African citizens or residents in the various conflicts on the continent, sometimes on both sides of the same conflict, as in Angola.

Military assistance rendered to foreign countries or rebel movements from South African soil, or involving South African nationals (as in Angola, Uganda and the DRC) continues despite the promulgation of the regulation of the Foreign Military Assistance Act. Individuals and companies continue to market and provide security and military services covertly or ostensibly through companies based offshore.

## **SA'S SADC OBJECTIVES AREAS OF TENSION**

- Differences between SA & neighbours
  - *SADC Free Trade Agreement*
  - *Customs Union*
  - *Free movement of persons in region*
  - *Gains made by SA business community*
  - *implications of imminent EU/SA FTA*
- SA economic dominance
- Resentment fuelled by perceptions of
  - *SA acting in interests of US, SA mercenaries*
  - *SA nationals as mercenaries*
  - *role of SA security companies in conflicts*

In terms of **South Africa's SADC Objectives** there are many differences that require mention between South Africa and our neighbours on issues that matter to them, such as the SADC Free Trade Agreement and South Africa's delay in signing it; the Customs Union and the resources that our neighbours receive; South Africa's rejection of the free movement of persons in the region; the gains made by South African business community in the region such as in Mozambique, Tanzania and the DRC at the expense of Zimbabwean business; and the possible implications of the imminent EU/SA Free Trade Agreement. Besides those mentioned, there are economic tensions or problems, which stem mainly from South Africa's economic dominance, such as the trade imbalance, tariffs, and delays in trade negotiations. It is believed that South Africa is reluctant to open up its market, while aggressively penetrating markets in neighbouring states.

Resentment against South Africa is also fuelled by perceptions such as South Africa acting in the interests of the United States of America; South African nationals' role as mercenaries; and the role of South African security companies in conflicts in the continent.

## **MEASURES AIMED AT MARGINALISATION**

- Support of inclusion of DRC into SADC as counter to SA dominance
- Discrediting SA & its leaders
- Destabilisation plans
- Talk in Zimbabwean circles about extending SADC
- Angola linking up to Central Africa
- Strategising in some government circles in region
- Tensions within SADC on institutional structure & divergence of strategic approaches
- Concern about viability of SADC

All of these contribute to some resentment and have led to certain measures aimed at South Africa's marginalisation, such as support for the inclusion of the DRC into SADC as a counter to South African dominance; discrediting of South Africa and its leaders; destabilisation plans against South Africa; talk in Zimbabwean circles about extending SADC; and Angola linking up to the Central Africa through the Economic Community of Central African States.

There is also intelligence indicating that there is some degree of formal strategising within some government circles in the region to marginalise South Africa, but at this stage this has not yet been felt in the various multi-lateral fora.

The tensions within SADC on issues of its institutional structure and divergences of strategic approaches to regional issues reflect a lack of a common approach within SADC to collective security. It raises concern about the viability of SADC as an institution, and about its ability to engage in successful conflict resolution and diplomacy in instances of intra- and inter-state conflict.

## **PRO-ACTIVE MEASURES FOR SA**

- Issue of regional stability & impact on domestic situation - major priority for government
- Step up diplomatic initiative
- Address regional corruption
  - *undermines objectivity in resolving conflicts & disputes in region*
- Liaison with regional countries at various levels of government
  - *role of civil society in support of SA foreign policy*
- SADC, OAU, NAM platforms for launching Renaissance

**It is recommended that the issue of regional stability and its impact on the domestic situation become the second highest priority for government, with the Department of Foreign Affairs and the intelligence community playing the leading role in 1999.** The context dictates that South Africa must step up its diplomatic initiative pro-actively in the region, while at the same time addressing issues such as regional corruption which undermine diplomacy and the processes of multi-lateral fora. Liaison between South Africa and regional countries should take place at various levels of government - such as government to government; between defence forces; and between the intelligence communities. The role of South African civil society, such as business, churches, labour movements, sports organisations in engaging with their counterparts in other Southern African countries in support of South Africa's foreign policy approach should be explored.

In an era where countries are no longer defined in terms of the categories of enemy or friend, but rather by common or divergent interests, the SADC and NAM constitute two platforms for launching the African Renaissance and for strengthening South Africa's bilateral and multilateral strategic partnerships. As such South Africa needs to consolidate SADC and develop a strategy for the chairing of NAM that takes this objective forward.

## **INTERNATIONAL POWERS IN AFRICA**

- More cautious & non-interventionist approach is evident
- Continued importance of Southern Africa exemplified by high profile visits
- Try to seize opportunity for weapon sales to Africa - growing demand
- Europe - increased development assistance
- US preference for trade
- Financial crisis in Asia affect aid levels of donors
- Dangers of own agendas

### **We will now look at the involvement of international powers in Africa and its impact on South Africa.**

Against the backdrop of growing instability in Africa, the negative impact of the international financial crisis on emerging markets, and ensuing scepticism about the concept of an African Renaissance, a more cautious and non-interventionist approach is becoming evident among international powers in Africa.

The continued importance of Southern Africa to major powers such as the US, France, and Britain, is exemplified by the recent high-profile visits of Presidents Chirac and Clinton. Although a country such as Russia wants to expand both its economic and political role in Africa, its domestic problems are preventing this.

Various countries are likely to try and seize the opportunity to increase their respective weapons sales to Africa, given the growing demand. European governments are implementing policies of increased development assistance to Africa focused on poverty reduction. In contrast, US policy is focused on reduced aid, based on its preference for trade as an instrument to promote development. The financial crisis in Asia is likely to affect the aid levels of prominent donor countries such as Japan. There are also indications of donor countries considering withholding aid from African countries involved in conflict.

The dangers of foreign role players pursuing their own agendas within the region and on the continent is indisputable. African countries must however continue to cooperate with foreign powers on the continent in order to use the attendant opportunities which benefit Africa and promote sustainable growth, and to oppose actions that are to the detriment of continental stability and development.

## CONCLUSION

- Prognosis for 1999 depends on how state handles major challenges
  - *provision of free & fair election*
  - *effective addressing of issues of crime & corruption*
  - *achievement of stability & development in region*
- In 1998 country experienced upward trend
- If state able to deal with challenges upward trend expected to continue

To conclude, in the face of an improving domestic security situation in the past year, the prognosis for 1999 and into the millennium is dependent on how the state handles the major challenges, namely:

- the provision of a free and fair election in 1999;
- the effective addressing of the issues of crime and corruption; and
- the achievement of stability and development of the region.

In 1998, the country experienced an upward trend. If the state is able to deal with these challenges, this upward trend can be expected to continue. If it does not, the options are the maintenance of the current level of stability or a deteriorating trend in South Africa.

## BACKGROUND

# RECOMMENDATION

- Security situation in 1998
  - *effective action resulted from departments working together in coordinated manner*
- Statutory coordination of intelligence
- Translation of intelligence into security measures, executive action & multi-disciplinary intervention not guided by policy or coordinating mechanisms
  - *interaction has frequently been ad hoc & not advised by clear policy guidelines*

The NIE serves as the basis for NICOC to make the following recommendations to the CCSI and to present the proposed priorities for the intelligence community for 1999.

In looking at the security situation in 1998, it is recognised that where effective action has been taken, it has rarely been as a result of the action of a single department, but rather departments working together in a coordinated manner. While there is statutory coordination of intelligence, the translation of intelligence into security measures, executive action (in particular prosecution), and multi-disciplinary intervention is not guided by policy or coordinating mechanisms. This interaction has frequently been ad hoc and not advised by clear policy guidelines. This applies to both domestic and international security matters.

## RECOMMENDATION

- **It is therefore recommended that the CCSI give attention to the development of a comprehensive security policy that would give attention to:**
  - *the coordination of security action*
  - *the coordination of foreign policy measures*
  - *a policy framework for addressing terrorism and destabilisation, including a legislative strategy*
  - *a policy and legislative strategy to counter espionage*
  - *a model for stabilising and normalising flashpoints*
  - *and a policy framework for regional intervention (whether diplomatic, economic or military)*

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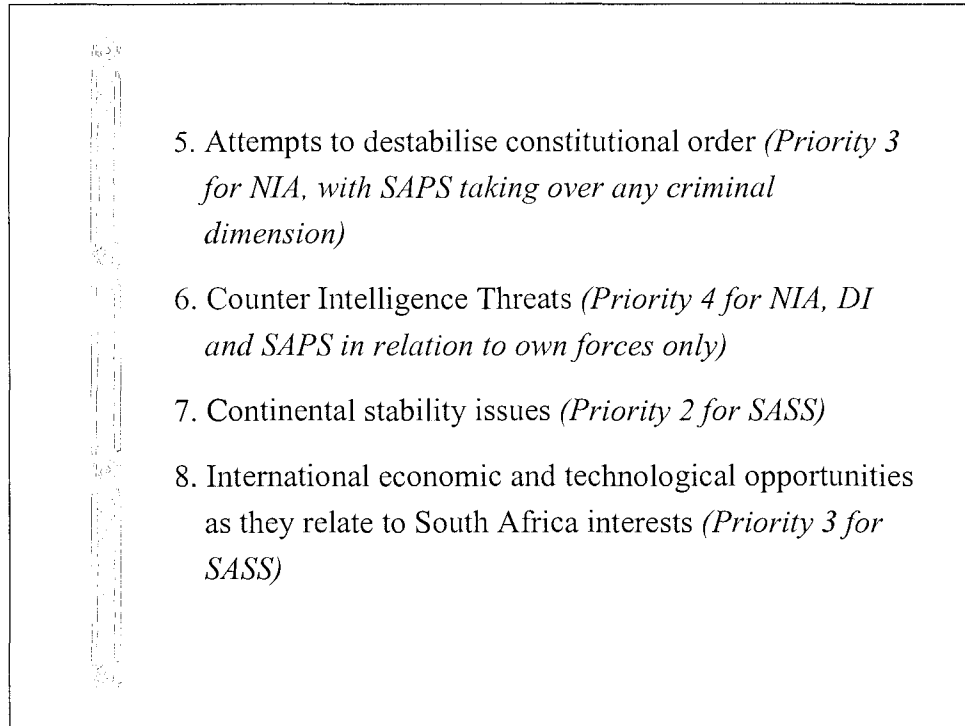
# **INTELLIGENCE PRIORITIES FOR 1999**

## **Priorities for the Intelligence Community**

1. Elections (*Priority 1 for NIA, Priority 2 for SAPS*)
2. Regional Conflicts (*Priority 1 for SASS, Priority 2 for DI*)
3. Crime (*Priority 1 for SAPS, Priority 4 for NIA*)
4. Corruption (*Priority 2 for NIA, Priority 3 for SAPS*)

Priorities for the Intelligence community in 1999, to be implemented within the legal mandates of each department, are recommended as follows:

1. Elections (Priority 1 for NIA, Priority 2 for SAPS)
2. Regional Conflicts (Priority 1 for SASS, Priority 2 for DI)
3. Crime (Priority 1 for SAPS, Priority 4 for NIA)
4. Corruption (Priority 2 for NIA, Priority 3 for SAPS)



5. Attempts to destabilise constitutional order (*Priority 3 for NIA, with SAPS taking over any criminal dimension*)
6. Counter Intelligence Threats (*Priority 4 for NIA, DI and SAPS in relation to own forces only*)
7. Continental stability issues (*Priority 2 for SASS*)
8. International economic and technological opportunities as they relate to South Africa interests (*Priority 3 for SASS*)