

U4 Helpdesk Answer

U4 Helpdesk Answer 2020:23

Mozambique: Overview of corruption and anti- corruption

In Mozambique, democratic backsliding has come amid intensifying armed conflict and a worsening fiscal outlook. Corruption is a key driver of this growing fragility across economic, political, environmental and security dimensions. There is therefore an acute need to come to grips with and strengthen the safeguards against corruption.

Meanwhile, the discovery of vast natural resources has increased the stakes to curb corruption, and revenues from natural resources can both help finance poverty reduction, development and structural transformation – or incentivise continued grand corruption with disastrous consequences.

Driven by a complex set of overlapping grievances, the proliferating conflict in Mozambique's north has added to the list of reasons for investing in the rebuilding of trust in state institutions rather than in a one-sided security-focused approach.

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Query

Please provide an updated overview of corruption and anti-corruption in Mozambique. We are interested in: i) status and trends; ii) anti-corruption measures taken by the government as well as laws and other legal frameworks; iii) civil society organisations and their anti-corruption efforts; iv) impact of anti-corruption measures; v) economic and social implications; and vi) land rights.

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Background

Currently, Mozambique is faced with a series of complex and overlapping challenges, with continuing and growing political polarisation, democratic backsliding, fiscal troubles, vulnerability to natural disasters and civil war in the north of the country (BTI 2020).

The decades-old conflict between Resistência Nacional Moçambicana (Renamo) and Frente de Libertação de Moçambique (Frelimo) is yet to be fully resolved. After the death of Renamo leader Alfonso Dhlakama in 2017, mediation efforts led to another agreement between Mozambique's two main parties. Frelimo promised to meet Renamo's

MAIN POINTS

- Mozambique is experiencing the large costs of corruption to economic and political stability, prospects for sustainable development, poverty reduction and democratisation.
- The expectation of increased revenues from the extractive industries has heightened the corruption risks in a number of other sectors and has created new avenues for competition that could potentially undermine the drive to improve governance.
- While there is an anti-corruption system in place, Mozambique's anti-corruption framework does not currently form adequate safeguards against grand and bureaucratic corruption.
- Corruption, organised crime and governance issues, particularly in the security sector, land management, the justice sector and extractive industries, help reproduce the grievances that fuel conflict in Mozambique's north.

demands for further decentralisation reforms.¹ They did so by supporting an amendment in which the president and his cabinet lost the right to directly appoint and dismiss provincial governors and district administrators (Kössler 2018). In return, Renamo agreed to demilitarise, participate in a disarmament, demobilisation and reintegration programme and integrate some of its forces into the national army (Bertelsmann Stiftung 2020).

Implementation of the decentralisation reforms, however, remains a key issue. By 2018, only 53 local authorities, mostly in areas controlled by Frelimo, were directly elected by constituents. The rest (over 350) continued to be directly appointed by the president of Mozambique (Kössler 2018). Sporadic clashes between the army of Mozambique and a breakaway faction of Renamo known as the Military Junta have continued, albeit on a small scale, since the peace agreement was signed.

Meanwhile, there is not much that suggests that Frelimo is interested in levelling the playing field. The general election of October 2019 was marred by serious irregularities. The elections saw President Nyusi re-elected with 73% of the vote and Frelimo winning in all provinces, allowing them to appoint all provincial governors. However, the EU's Election Observation Report details several accounts of ballot-box stuffing (EEAS 2020: 24, 33, 35), and numerous other forms of electoral fraud. For instance, in the Gaza province, there were 300,000 more votes than registered voters (Freedom House 2020).

Moreover, the election took place in a climate characterised by: a partisan election commission; violent voter suppression; the assassination of an election observer; limitations to freedom of assembly; and a disregard for standards of transparency with respect to campaign financing (Freedom House 2020). Overall, the election validated fears that the fragile democracy of Mozambique is in decline (Freedom House 2020).

A second large-scale challenge Mozambique faces is its macroeconomic and fiscal imbalances (CIP 2018). The COVID-19 crisis hit Mozambique at a time when the country was still recovering from the massive devastations caused by: the cyclones Idai and Kenneth; the 2018 drought; and the shattered confidence in economic governance as a result of the hidden debts that were revealed in 2016 (World Bank 2020).

The country's current public sector debt-to-GDP ratio stands at 110% (IMF 2020: 3), and the fact that the government's underlying fiscal deficit in 2019 was 5.5% (IMF 2020: 2) means that Mozambique's debt is likely to increase further, restricting much-needed investments in public services, as well as social and physical infrastructure. Critics, including the local chapter of Transparency International (CIP 2018), have criticised the government for taking the wrong steps, continuing to apply expansive fiscal policies that ultimately worsen the country's situation (particularly as such policies have to be offset by the central bank having to raise interest rates), and which tend (due to the nature of government

¹ Frelimo otherwise continues to emphasise national unity and some degree of centralisation. By 1996, a constitutional amendment was adopted, instituting Mozambique's system of "gradual decentralisation". Under this system, local governments are granted authority and autonomy in a range of areas one by one.

For Renamo, who advocates for local autonomy, the system of gradual decentralisation never went far enough, and the group often criticised Frelimo for granting autonomy to local governments on a selective and politically convenient basis (Kössler 2018).

spending) to benefit individuals and groups with connections to Frelimo (CIP 2018).

Meanwhile, Mozambique continues to perform poorly in terms of human development. The country ranks 180 out of 189 countries on the Human Development Index (UNDP 2019), and 41% of youth face unemployment (BTI 2020). Regional disparities in Mozambique also contribute to high rates of poverty, with northern regions suffering from stubbornly high poverty rates. Over 60% of the population in Niassa, Nampula and Zambezia live below the poverty line (Mukwakwa et al. 2020: 4). Currently, the private sector faces a number of constraints, and the World Bank's Ease of Doing Business index ranks Mozambique [138 out of 190 countries](#) (World Bank 2020a).

The discovery of vast amounts of natural gas in 2012 has been a source of both hope and fear, and has indeed contributed to higher growth. From 2007 to 2016, growth rates in [Mozambique stood consistently around 7% to 8%](#) (World Bank 2019). However, these numbers were fuelled in large part by the extractive industries, and Mozambique did not embark on a path of structural transformation or social development during this period.

[Mozambique's current export basket](#) continues to be relatively undiversified and dominated by extractive and primary sectors (Atlas of Economic Complexity 2018). However, Mozambique is not yet a textbook case of a resource dependent economy, and revenues from natural resources do not yet exist to such an extent that resources alone can explain the economic and political malaise of the country (Macuane et al. 2018: 4).

It is against this backdrop of constitutional and economic challenges that the increasingly escalating violence in the resource-rich, but otherwise impoverished north, occurs. From October 2017 to October 2020, the Armed Conflict Location & Event Data Project (2020) recorded [639 events of organised violence, resulting in 2,129 combat-related fatalities](#). The majority of those killed were civilians.

One of the mysterious organisations behind this violence is Ansar al-Sunna, or Al-Shabaab,² which has emerged as one of the African continent's most capable violent extremist organisations. In just three years, it has evolved from a group capable of executing a couple of attacks a month against soft (civilian) targets to an army capable of mounting almost daily attacks against military targets (Bukarti & Munasinghe 2020). As it has grown in sophistication, it has become increasingly able to control territory, expand and leverage transnational financial networks and increase its political clout. As its capacity has grown, Al-Shabaab has increased its ability to provide new recruits with salaries and benefits that are unrivalled among the poverty-stricken communities in which it operates (Bukarti & Munasinghe 2020). Ansar al-Sunna has pledged allegiance to the Islamic State and seeks to replace the government of Mozambique with a caliphate (Bukarti & Munasinghe 2020).

The situation in the north, and Cabo Delgado in particular, is driven by multiple overlapping factors. Traditionally, Sufism has been the most widespread form of Islam in Mozambique, but in recent years, a more sectarian, puritanical and anti-Sufi Islamism has made its way to Mozambique

² Not to be confused with the Somali group of the same name. The name means "the youth" in Arabic.

(Bukarti & Munasinghe 2020). While such ideological movements may, to some extent, have come from the outside, many of the drivers of the conflict are local in nature. Socio-economic insecurity; the loss of land rights; and human rights abuses at the hands of the security sector and private military contractors (PMCs) all feed the underlying mistrust and grievances that fuel violence, militancy and recruitment by violent extremist groups (Pirio et al. 2019). Questions of governance are at the crux of all these conflict drivers, and it is for this reason that this paper has chosen to cover four sectors that seek to provide a governance perspective on the conflict.

From democratic backsliding and economic mismanagement to growing violent extremism, corruption underlines and reproduces many of Mozambique's challenges. Re-establishing accountable and transparent governance is key to rebuilding the social contract which has been eroding for years.

The good news is that this is far from impossible. The 2018 Afrobarometer survey showed that 58% of the population still believed that, overall, Mozambique is moving in the right direction. In the Global Corruption Barometer for 2019, 54% of Mozambican respondents believed that ordinary people can make a difference to counter corruption. Another factor which could potentially help things move in the right direction is the political discourse which has become increasingly intolerant towards corruption (Trindade 2020).

Extent of corruption

Corruption is a systemic issue in Mozambique, and the country ranks poorly on most corruption indices.

On the 2019 Corruptions Perceptions Index, Mozambique has a score of 26 out of 100, earning it a rank of 146 out of 180 countries together with Bangladesh, Iran, Guatemala and Honduras. Likewise, The World Bank's 2018 Worldwide Governance Indicators give Mozambique a Control of Corruption score of -0.8 which places the country in the bottom 25% globally.

Similarly, the 2020 Ibrahim Index of African Governance gives Mozambique an anti-corruption score of 34.1 out of 100 (placing it 29 out of 54 African countries) and 34.8 in terms of Accountability and Transparency (31 out of 54 African countries). Close to 50% of Mozambican respondents in the 2019 Global Corruption Barometer believe that their government was doing a bad job at countering corruption.

Mozambique's ranks on indices of fragility show a strong correlation with those measuring corruption and governance. The OECD's 2020 States of Fragility report ranks Mozambique as the 25th most (internationally recognised) fragile state, driven in particular by environmental and security pressures. Meanwhile, the Fund for Peace's 2020 Fragile States Index highlights that Mozambique was the second worsened country in the world in 2020 and fifth worsened since 2010. This deterioration has, in particular, been driven by weak scores for measures of public service provisions, combined with demographic pressures, economic inequality and armed conflict (Fund for Peace 2020).

Forms of corruption

Grand corruption

Grand corruption is a pervasive characteristic of Mozambique's political economy and underlines

many of Mozambique's systemic issues. Limited capacity in the legislative and judicial branches of government to check the executive means that Frelimo and the executive has a great deal of control over policymaking (BTI 2020). The state apparatus acts as a strong gatekeeper of Mozambique's economy, enabling elites to capture and control economic opportunities and rents (Macuane et al. 2018). Patron-client networks are a strong feature of politics in Mozambique, and elites have configured the country's political economy to maximise the capture of rents and wealth (Chivangue 2015).

The privatisation process under President Chissano was important in forming a class of Frelimo-linked businessmen, and the Mozambican state handpicked the local elites likely to be loyal to benefit from the privatisation process (Macuane et al. 2018: 10; Harrison 1999). Large economic projects have tended to have been structured in a way that directs rents towards selected groups of party loyalists and elites, rather than creating wider economic benefits for Mozambique as a whole (Macuane et al. 2018: 14).

Fiscal management in Mozambique is symptomatic of these issues. Oversight of state-owned enterprises (SOEs) is lacking, and controls on treasury management are weak (IMF 2019: 7). Public procurement processes are often rigged, and according to the IMF's 2019 Diagnostic Report on Transparency, Governance and Corruption "...only a third of both central and provincial procurement is awarded through open tendering procedures" (IMF 2019: 18).

The most famous scandal, exposing the extent of grand corruption in Mozambique, was the hidden debt scandal. Between 2009 and 2014, three Mozambican SOEs obtained a series of large-scale,

secret loans from Credit Suisse and VTB Bank. These included a US\$850 million loan to develop the tuna fisheries sector; a US\$622 million loan to invest in maritime security; and a US\$535 million loan to build a shipyard (Shipley 2018). In total, the government of Mozambique took on US\$2.2 billion in undisclosed, off-budget loans. Large amounts of these loans, ultimately having to be paid by the Mozambican people, were misappropriated and directed into private accounts as bribes or kickbacks (Shipley 2018: 3). Many of the beneficiaries were corrupt high-ranking officials such as the head of the intelligence service, the minister of finance, and individuals with close connections to the then president (Shipley 2018).

A 2016 study estimated that Mozambique lost US\$4.9 billion to corruption between 2004 and 2014 (CIP, Chr.-Michelsen Institute 2016). However, the figure is most likely higher than that, and the hidden debt scandal alone is believed to have imposed a number of indirect costs due to the shattered confidence in the Mozambican economy, falling rates of foreign direct investment (FDI), the withdrawal of budget support, and the suspending of credit facilities by the IMF (Shipley 2018:4).

Petty corruption

Petty and bureaucratic corruption at the interface between state and citizen is another widespread form of corruption. For example, 35% of Mozambican respondents in the Global Corruption Barometer for Africa (2019) reported to have paid a bribe when accessing a public service – the highest bribery rate in southern Africa. The institutions most affected are the utilities, the police and public schools (GCB 2019).

Many Mozambicans (44%) believe that it is "somewhat likely" or "very likely" that bribes or

personal connections can help avoid court, and a similar amount of people believe that bribes can be used to register land not owned (Afrobarometer 2018: 32). In addition, 40% believe that it is possible to use bribes to avoid paying taxes (Afrobarometer 2018).

According to investment climate analysts, bureaucratic requirements, such as the need to obtain a great number of permits, raise the risk of bribery associated with foreign investments. Combined with low wages in the lower levels of administration, requests for permits will often require facilitation payments to proceed (US Department of State 2020).

Organised crime/criminal state capture

Extensive illicit trade in wildlife, natural resources (including gems and gold), human trafficking and narco-trafficking have helped fuel instability in northern Mozambique (Pirio et al. 2019). Mozambique's north lies along the so-called heroin coast, a series of East African transit routes in the global heroin supply chains, and it is estimated that between 10 and 40 tonnes of heroin are trafficked through Mozambique annually³ (Global Initiative 2019). This may make Mozambique one of the African continent's most active transit destinations for drug trafficking (Blum 2016: 16).

The involvement of the state apparatus in Mozambique's heroin market is extensive, and drug trafficking organisations who have a sustained presence in the country are either state-embedded criminals or drug trafficking organisations known to have strong links to political and commercial

elites in the country (Haysom et al. 2018: 12; Global Initiative 2019; Blum 2016:16). These links go high in the elite, with former President Chissano attending parties by Mozambique's most influential trafficker (and [internationally wanted](#)), Mohamed Bachir Suleman (Haysom et al. 2018: 26).

These links between crime and state continue to exist and, in practice, individuals within the Mozambican government continue to provide traffickers with protection in return for payments (Haysom et al. 2018: 26; Blum 2016: 17; Global Initiative 2019). At a lower level of the state, law enforcement officers, port and intelligence officials are often paid to refrain from seizing heroin and other illicit goods (Haysom et al. 2018: 28).

There is evidence that heroin profits have been used to finance political campaigns, and former President Guebuza is reported to have received at least US\$1 million of drug money for his 2009 campaign (Haysom et al. 2018: 3, 26). However, while some in Frelimo maintain links with criminal actors in the heroin market, it appears that President Nyusi has distanced himself from key drug traffickers. At the same time, the conflict in the north could also potentially destabilise the drug trade (Haysom et al. 2018: 30).

Sectors vulnerable to corruption

Extractive industries

Mozambique has great mineral wealth, as well as gems, coal and gas. Currently, extractive industries contribute 3.5% to Mozambique's GDP and 20.6%

³ These are almost exclusively for transit purposes and Mozambican consumption rates are low.

to government revenue (EITI 2020). However, these numbers, which are still limited, are going to explode as the extractive industries are projected to expand massively in the coming years.

Mozambique joined the Extractive Industries Transparency Initiative (EITI) in 2009 and has made “satisfactory progress” against the standards set out by the initiative. In 2014, the legal framework for the extractive industries was revised, strengthening the role of the Mozambican state in the sector (EITI 2020).

The Natural Resource Governance Institute (2018) ranks Mozambique 41 out of 89 countries, putting it in the category of weak (but not poor or failing). The country’s performance in the category of “value realisation” is “satisfactory”, with a composite score of 66/100. This is driven by a relatively good score in the area of taxation and licensing. At the same time, however, Mozambique performs poorly in the area of revenue management, particularly when it comes to national budgeting. The overall enabling environment for good resource governance receives a score of 43/100.

The discoveries of vast natural gas deposits could transform Mozambique into one of the world’s leading exporters of liquified natural gas (LNG). In June 2019, Texas-based Anadarko Petroleum approved the construction of a US\$20 billion gas liquefaction and export terminal in Mozambique (Zawadzki 2019). The project is the largest of its kind in Africa. ExxonMobil is currently in negotiations with Mozambique around a US\$30 billion LNG project at one of the sites of the Rovuma basin in Cabo Delgado. Delays in ExxonMobil’s decision on the investment have been caused by the COVID-19 pandemic as well as the security situation in the area (Reuters 2020). In addition to Anadarko and ExxonMobil, Italian ENI

has five exploration licences, three of which are in the Rovuma basin. The development of ENI’s LNG extraction sites is ongoing, and, once finished, ENI will be expected to be able to extract 15.2 million tonnes of LNG annually (ENI 2020).

The prospects of a boom in LNG exports and associated FDI have caused much excitement and raised hopes of improved development outcomes for the country. Indeed, the most optimistic (and arguably inflated) projections have pointed to potential growth rates reaching 24% of real GDP annually (for more overestimates see Roe 2018: 4).

Nevertheless, such projections come with risks. Arguably, Mozambique shows some signs of the “resource curse” – a term in development economics to describe countries with weak institutions, that, overcome with optimism from natural resource discoveries, apply unsound macroeconomic policies (Roe 2018: 7-8). The obvious example of this in Mozambique is excessive (and undisclosed) borrowing, but the Center for Public Integrity (2018) has also warned that the government of Mozambique could be mortgaging future gas revenues with little accountability. In parallel, the expectations of increased revenue and the shift towards a more resource dependent economy could potentially intensify political struggles between those who favour decentralisation and those who favour “national unity” (Macuane et al. 2018: 5-6).

Besides the effects of potential future revenues on current economic policies and political fragmentation, the question of whether natural resource-induced growth will benefit everyone in Mozambique depends on a number of factors. These include the degree to which resources will promote structural transformation by promoting wider opportunities in other sectors of the economy

(e.g. by forming backward and forward linkages) and whether the revenues from the extractive industries will be used for the benefit of the locals in the areas where extractive industries operate or whether they will accrue to a narrower group of elites (Roe 2018).

The outcomes are most likely to be positive if the factions in Mozambican politics, particularly within Frelimo and between Frelimo and Renamo, set aside their differences, and various institutions and sectors come together around a common vision and concrete joint plan for Mozambique's transformation (Roe 2018: 18). Corruption and rent-seeking will undoubtedly be key impediments, and rents from the extractive industries, LNG in particular, can end up feeding both corruption and social conflicts. Many extractive industries are capital – but not labour – intensive and, combined with tight control exercised by Frelimo elites over parts of the economy, wealth generated in the extractive sector has tended to flow to the politically connected (Macuane et al. 2018: 19-20).

The role of Mozambique Empresa Nacional de Hidrocarbonetos (ENH) (the state's energy company), which will have to manage at least some revenues, is also critical. International experience shows that the risk of corruption by state-owned companies in the extractive industries is very high,⁴ and there is little reason to believe that this risk does not apply to Mozambique, where the lines between political and commercial interests are often blurred (Roe 2018: 11-14).

Finally, though the links between natural resources and conflict may not be direct, the extractive industries play an important role in the conflict in

Cabo Delgado. Resettlement plans and heavy-handed and unaccountable security solutions, combined with the fact that locals have seen few economic benefits from the expansion in extractive industries have certainly contributed to a heightened sense of grievance and anger (see e.g. Kleinfeld 2020).

Land rights

The legal framework for land management in Mozambique states that individuals and communities residing on state-owned land can obtain rights to tenure (USAID 2018). In practice, however, Mozambique's land law holds some ambiguities, with competing objectives between ensuring land tenure for smallholders and attracting private investment in the agribusiness sector. In practice, therefore, smallholders have often struggled to ensure their tenure in competitions with state-supported investors and elites (USAID 2018).

Foreign land acquisitions, or land-grabbing, have been happening on a significant scale. These include a now-abandoned plan, together with Brazilian investors, to turn 35 million hectares of land into soybean plantations. The Brazilian investor abandoned the project as the land turned out to be much less uninhabited than the Mozambican government claimed (Foodtank 2016). For many years, such acquisitions were driven by attempts to allow FDI into large-scale modernised agriculture projects (Foodtank 2016). Indeed, hundreds of land deals involving foreign investors have been undertaken in Mozambique, with foreign-driven agribusiness projects covering around half a million hectares by 2016 (Foodtank

⁴ The Petrobras scandal, for example, is no exception. In some countries, the national oil company handles up to 50% of natural

resource revenues. Countries where this happens, such as Azerbaijan and Angola, are very rarely success stories.

2016). However, the government of Mozambique has largely scaled down its ambitions with regard to FDI-driven agriculture-led growth. This is largely because many commercial investments were not very profitable, and because many large-scale projects have been met with considerable resistance from the communities residing on the land involved in the deals (Foodtank 2016).

However, another land rights issue has emerged in Cabo Delgado, due in particular to the expansion of LNG plants. To make space for large inland support facilities, hundreds of families have had to be resettled (Rawoot 2020; Pirio et al. 2019).

According to critics, resettled citizens have received only a fraction of the compensation needed or nothing at all. Many families have been relocated or assigned land in areas where others live, while others have received much less land than they cultivated prior to their resettlement (Rawoot 2020). Moreover, the communities affected by resettlement schemes only benefit from job opportunities in the LNG sector on rare occasions and have not received training that could enable them to do so (Rawoot 2020).

Smallholders who have complained have, in some cases, been threatened, while journalists have been arrested for covering alleged breaches of agreements surrounding the resettlement schemes (Rawoot 2020). Social anger has generally been met with militarised responses, which again have fed a vicious circle in the area (much more on this in the security sector analysis section). The importance of the tensions generated by these resettlement schemes should not be understated. Commentators argue that the social conflicts caused by the loss of land has become one of the grievances of disenfranchised communities in the

north and one driver of the conflict in the region (Rawoot 2020; Pirio et al 2019).

Public and private security sector

Independent checks on police and the security sector is generally lacking in Mozambique. While security and defence policies are subject to oversight by the National Assembly, in practice, the National Assembly rarely takes a stance on the defence policy, leaving it to the executive (ISSAT 2017). As of 2017, there was no anti-corruption institution with a specific focus on the security sector, such as an ombudsman for defence (ISSAT 2017). Regardless, confidence in the police happens to be somewhat high by African standards: 63% of Mozambicans report trusting the police to some extent (Nkomo & Buchanan-Clarke 2020: 2), while 61% trust the military (Nkomo & Buchanan-Clarke 2020: 9). At the same time, however, 47% of Mozambicans report believing “most” or “all” police officers to be corrupt (Nkomo & Buchanan-Clarke 2020: 24).

In spite of these numbers, there have been substantial issues with corruption and a lack of capacity within the police and military forces. They have often been associated with severe cases of heavy-handedness and human rights abuses as well as potential collusion with organised crime (ISSAT 2017). The extent to which the police is politicised is in question, particularly following multiple suspicious events during the recent elections – including the assassination, in October 2019, of a Mozambican civil society activist and election observer by members of an elite police force (Human Rights Watch 2019).

While there is no doubt that Al-Shabaab has committed the most and the worst of the abuses in the region, the Mozambican army stands accused

of “possible extrajudicial executions” (Amnesty International 2020a) as well as torture and “dismemberment of alleged opposition fighters” (Amnesty International 2020b). Some argue that relentless attacks by militants, combined with a new form of dirty asymmetric warfare new to Mozambique and cuts in salaries due to the fiscal issues faced by the government has substantially reduced the morale among the Mozambican military. Simply put, the military has had to come to terms with the fact that it does not have the capacity to defeat the insurgents.

However, in large part, the insurrection in the north has been fought by the private sector. As it has become clear that the Mozambican military lacks the capacity to defeat violent extremist groups operating in Cabo Delgado, the government of Mozambique has hired a number of private military contractors (PMCs), including South African Dyck Advisory Group, the Frontier Services Group (founded by the former Blackwater CEO), and the shadowy Kremlin linked network of Semi-PMCs, Wagner Group (CARTAMZ 2020; Quinn 2020).

Many of the contracts have been awarded under secretive circumstances, and the public has neither been informed of the sums involved or the purposes of the contracts (CIP 2020). In addition to the Mozambican government, a number of extractive multinationals have hired their own PMCs to ensure security (Prashad 2020). The legal (and moral) grey zones of these PMCs’ involvement have opened up a mass of opportunities for corruption in the business of war in Cabo Delgado. Moreover, while PMCs are certainly not always illegitimate actors and many acknowledge a social responsibility, it is far from certain that they will go to great lengths to be accountable to the communities suffering the consequences of conflict. The Wagner Group, for instance, has paid

scant regard for transparency or compliance with international humanitarian law, and has been known to be involved in corrupt deals in fragile and conflict affected states around the world (including Syria, Venezuela, Libya, Sudan and the Central African Republic) (Mackinnon 2020; Stronski 2020). PMCs in Mozambique have been hired because they are “...cheap, efficient and deniable”, not because they are brilliant peacekeepers (Economist 2020).

All violent extremist movements are, in their essence, political, state-building like projects that seek to supplant a state with which the social contract has eroded and recreate a new system of authority in its place (Bak et al. 2019: 13). Research into the drivers of violent extremist recruitment in Africa also shows that security sector corruption and the abuse at the hand of security forces is one of the most common “triggers” in the recruitment of disenfranchised young men into Islamist violent extremism organisations (UNDP 2017). Evidence seems to suggest that the current approach of the Mozambican government to the conflict in the north is a securitised response aimed at maintaining the status quo, not a project to re-establish the social contract, build accountability or address local grievances (Quinn 2020)

Counterinsurgency, peacebuilding and confidence-building aside, PMCs have simply failed militarily as well. The Wagner Group left Mozambique over sustained losses, an inability to contain the militants, and a general lack of understanding of the socio-cultural context in which they were fighting (Sixto 2020; CARTAMZ 2020).

Justice and rule of law

Mozambique’s executive branch of government continues to exercise significant influence over the

judiciary and, as a result, the judiciary cannot be said to be an adequate check against executive power (BTI 2020; Freedom House 2020).

The attorney general is directly appointed by the president of Mozambique, and staffing decisions in the judiciary are often taken on the basis of party membership rather than merit (BTI 2020). Many independent judges have to navigate a climate of insecurity, and there have been a number of attacks on and assassinations of judges and prosecutors (BTI 2020). These include a 2014 unresolved murder of judge Dinis Silica (Club of Mozambique 2017b) and the murder of prosecutor Marcelino Vilanculos in 2016 (Club of Mozambique 2018b).

There were a number of judicial reform attempts in Mozambique in the 1990s and 2000s. However, these were neither structural, transformative nor far-reaching enough to allow genuine operational independence and more efficient performance (Trindade 2020:2). The reform process was short-sighted and sought to accommodate foreign and domestic pressures rather than genuinely transform the role and power of the judiciary (Trindade 2020: 21-22).

As a consequence of the politically subjugated nature of the judiciary, the ability of the judiciary to prosecute corruption allegations and other forms of crime are often hampered by pressure from Frelimo. In general, the courts of Mozambique have been criticised for their inability to pursue high-level prosecutions when it comes to high-profile cases such as the hidden debts scandal (Freedom House 2020).

Additionally, petty corruption is also a problem in Mozambique's courts, and bribes can be used to sway a court's decisions in one's favour (BTI 2020). According to surveys, Mozambicans exhibit low levels of trust in their courts. In the 2014/2015 Afrobarometer survey of Access to Justice in Africa, 46% of Mozambican respondents reported having trust in the courts of law, which is below the 52% average for Africa (Logan 2017: 6). Additionally, 27% of Mozambicans reported perceiving "most" or "all" magistrates or judges to be corrupt (Logan 2017: 12), and in 2014/2015, 40% of those who had been in contact with a court in the preceding 12 months reported paying a bribe or giving a gift to get assistance (Logan 2017: 19).

Mozambique has a score of 0.41 on the World Justice Project's Rule of Law Index, placing it 113 out of 128 countries in the world (where 128 is Venezuela and 1-4 are Scandinavian) and 25 out of 31 countries assessed in sub-Saharan Africa.⁵

Legal pluralism is a strong feature of the justice system in Mozambique, with a relatively large system of "customary" legal service providers such as tribunals and other community-based dispute resolution mechanisms (Trindade 2020). These often collaborate or overlap with the formal justice system, and the 2004 constitution recognises the legitimacy of informal/customary legal institutions. There is, unfortunately, little quantitative or survey data on the ways Mozambicans interact with customary justice institutions, but the assumption is that customary justice institutions tend to be trusted.⁶

⁵ The score of 0.41 is a composite of 8 indices, including criminal and civil justice, government openness, respect of fundamental rights, constraints on government powers and anti-corruption (World Justice Project 2020).

⁶ In many countries plagued by high levels of corruption in the judiciary and courts, populations report higher trust in customary than statutory justice institutions (for instance, [Myanmar](#), [Mali](#), [Afghanistan](#)).

Private sector

Operating in a political and economic environment characterised by a lack of capacity to enforce anti-corruption regulations in the private sector, many Mozambican firms are not presented with enough incentives to prioritise integrity in business. This allows corrupt practices to continue in the private sector (CIP 2016:16). Prompted by the realisation that corruption has a harmful effect on competitiveness and overall private sector development, business associations in Mozambique have adopted codes of conduct and raised the topic in cooperation with the government (CIP 2016: 17).

However, many domestic firms are yet to implement integrity programmes and many of those who have still need to include key mechanisms such as whistleblower mechanisms or publicly available reports on how they implement their integrity programmes (CIP 2016: 18).

Moreover, while required by law, it is uncommon to disclose information such as financial data, organisational data and salaries of senior managers and board members. Companies in Mozambique who form international linkages and operate in environments of higher levels of scrutiny (such as multinational corporations) tend to be slightly better at disclosing public information than national ones (CIP 2016: 20). This may be because they are more exposed to international integrity norms and standards than firms who only operate in Mozambique (CIP 2016: 20).

International development cooperation

Foreign donors are important actors in Mozambique, and official development assistance continues to make up a substantial share of the

national budget. Over time there has been a shift towards budget support as the principal modality of aid in the country (Bruschi 2012). However, budget support disbursements have been suspended several times. Following the hidden debts scandal, for instance, a group of 14 donors suspended their donor support (albeit “temporarily”) (EURACTIV 2016).

Nevertheless, while levels of foreign aid have fluctuated a little, and aid modalities have changed, Mozambique continues to be a major recipient of development aid. According to the World Bank’s (2018) data, the amount of net official development assistance received by Mozambique reached US\$1.82 in 2018. Independent evaluations of donors’ budget support programmes point out mixed, though mostly positive, impacts from budget support, particularly in areas such as education, macroeconomic stability and public financial management (see, for instance, the evaluation made for DEVCO in 2014). Yet, improvements in institutional capacity in these areas have not been followed by democratisation (Stewart 2012). Critics claim that development cooperation with Mozambique has not improved governance in the country and that budget support has strengthened Frelimo more than democratic norms in Mozambique (Bruschi 2012; Jett 2020).

Legal and institutional framework for countering corruption

Legal framework

Important legal developments that established institutional changes in Mozambique lie a few years back. These are, first, the Law on the Central Office

for the Fight against Corruption, which, as indicated by the title, established the country's main institution, the Central Office for Combatting Corruption (GCCC). A second important law instituted in recent years is the 2012 Law on Public Probity, which established a number of provisions to counter conflicts of interests, set up an asset declaration system and a system for declaring potential interests. Most importantly, the 2012 Law on Public Probity established the Central Public Ethics Committee. However, the question of whether politicians actually comply with the provisions of the law is still in question (Wolf & Klein 2016: 7). Third, the Law on Preventing and Combatting Money Laundering and Terrorist Financing established a more rigid anti-money laundering and combatting the financing of terrorism (AML/CFT) system in Mozambique and gave the country its current financial intelligence unit. The 2014 penal code criminalised embezzlement and influence peddling, which had not been criminalised under the 2004 anti-corruption law that focused mostly on bribery (Wolf & Klein 2016: 8).

The anti-corruption law of 2004 criminalises bribery, but not embezzlement or influence peddling (Wolf & Klein 2016). However, most forms of corruption not covered in the 2004 anti-corruption law are covered by the 2014 penal code (Wolf & Klein 2016). The 2004 anti-corruption law also stated that whistleblowers should be protected. Mozambique's legal framework for whistleblower protection was strengthened with a dedicated law package in 2012 (Wolf & Klein 2016: 8).

The 2014 Law on the Rights to Information provides citizens with the right to request information and obliges public entities to disclose unclassified public information. However, the law continues to fall behind in a number of areas,

including the right to access information on state-owned enterprises, the judiciary and the legislature (Centre for Law and Democracy 2020).

In addition to these laws, Mozambique has ratified the United Nations Convention against Corruption (UNCAC) and the African Union Convention on Preventing and Combating Corruption (AUCPCC). Mozambique has also ratified the UN Convention against Transnational Organised Crime (UNTOC) (UNODC 2020).

Institutional framework

Mozambique has a number of anti-corruption institutions. The overall framework for countering and preventing corruption is not believed to form adequate safeguards against corruption (Freedom House 2020).

The Central Office for Combatting Corruption and the prosecutor general

The GCCC is an anti-corruption institution within the general prosecutors office and the main anti-corruption institution in Mozambique. The office's mandate includes forensic investigations of complaints of corruption, as well as a number of corruption prevention activities. The GCCC also assists various government institutions in investigating corruption, and has an increasingly central role in coordinating corruption prevention efforts with line ministries (Kukutschka 2018: 9; Wolf & Klein 2016: 9). In recent years, [the scope of the GCCC has been expanded](#), and it now has a number of initiatives aimed at the private as well as the public sector (Government of Mozambique n.d.).

While the effectiveness of the GCCC ultimately comes down to a question of political will and judicial independence (cases have to be prosecuted

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by the public prosecutor), the GCCC has created some results. For instance, in the hidden debts scandal, the GCCC appears to have effectively carried out its mandate, clearing the way for a number of arrests of implicated officials (Trindade 2020: 9). Nevertheless, there are key issues that are not really the fault of the GCCC itself. For instance, the office does not itself have the power to prosecute corruption cases, and thus relies on the public prosecutor to do so (Trindade 2020: 10). Moreover, many of the arrests done as a result of the work of the GCCC have not been followed up by asset recovery or improved legislation (Trindade 2020: 10).

Central Public Ethics Commission

In 2012, Mozambique adopted a five-year strategy, the Public Administration Development and Reform Strategy, which sought to strengthen integrity in public administration in the country. The Central Public Ethics Commission (CPEC) is the most concrete outcome of the 2012 Strategy (UNODC 2019). The CPEC gives opinions on potential conflicts of interests of high-level officials, and can refer its opinions to investigators (such as the GCCC) or prosecutors (IMF 2019: 31). While it took a long time for the CPEC to become operational, and while there is very little information on its activities, it does appear to be carrying out its mandate. In 2017, for instance, it summoned and questioned the Mozambican Minister of Transportation over the award of a contract to a company he partly owned (Club of Mozambique 2017).

⁷ The Egmont Group is a platform for international cooperation on AML/CFT and for information exchange between financial intelligence units.

The Administrative Tribunal

The Administrative Tribunal (TA) is responsible for auditing and examining government procurement contracts and expenditure and is thus the supreme audit institution in Mozambique.

According to critics, the body lacks the independence that it should have in theory, and some of the workers within the Administrative Tribunal could have conflicting interests (Wolf & Klein 2016). Moreover, the TA has not always been well-governed and faces a number of capacity issues (see Wolf & Klein 2016). However, in recent years, the TA has proven able and willing to highlight a number of areas of non-compliance with debt rules (e.g. Club of Mozambique 2018).

Mozambique Financial Intelligence Office

The Mozambique Financial Intelligence Office (GiFIM) is the Mozambican financial intelligence unit (FIU), tasked with gathering and analysing intelligence on money laundering and terrorist financing, as well as for ensuring compliance with Mozambique's anti-money laundering and terrorist financing (AML-TF) legislation together with the Mozambican central bank.

GiFIM is currently about to become a member of the Egmont Group⁷ and is increasingly starting to cooperate with other regional FIUs (UNODC 2019). It could also come to play a key role in the attempts to establish a more robust asset recovery regime in Mozambique (see Basel Institute on Governance 2019), which is currently a key gap in the anti-corruption framework (Trindade 2020: 10).

Other stakeholders

Media

Freedom of the press in Mozambique is constitutionally guaranteed, but not always respected in practice. Press freedom has come under increasing pressure in recent years, and Mozambique has fallen to 104 spot out of 180 on the Reporters Without Borders' Press Freedom Index (2020). Since 2013, Mozambique has fallen 30 spots on the index.

Media outlets affiliated with the state and Frelimo dominate much of the media landscape in Mozambique, and the Frelimo government has relatively high levels of control over media coverage, as was evident during the 2019 elections (Reporters Without Borders 2019). Meanwhile, many independent journalists have to work under political pressure that may lead to self-censorship. Attacks against independent journalists are not unheard of (Freedom House 2020; Amnesty International 2020c)

Press freedom is particularly under pressure in Mozambique's north, where the government has put tough restrictions on media access. Currently, two journalists are being detained for having covered the crisis in the north in a manner that allegedly defamed state officials (Reporters Without Borders 2020).

In spite of all these challenges, however, independent media outlets continue to play a critical role in responding to corruption in Mozambique.

Civil society

As with freedom of the media, freedom of assembly is guaranteed by law in Mozambique. However, there are restrictions, and the space for civil society is far from open. NGOs and civil society organisations, including those involved in anti-corruption, have occasionally been subject to monitoring, intimidation and harassment. Likewise, the right to unionise is respected, but strikes and other ways for labour to bargain are not legal. Protests against government policies have occasionally been met with unwarranted heavy-handed responses (Freedom House 2020).

Despite these challenges, civil society has become increasingly vocal in criticising the government in recent years (BTI 2020).

Important organisations within the anti-corruption space include the Centre for Public Integrity (CIP), which is the local chapter of Transparency International. CIP plays an important role in high-level advocacy and delivers concrete advice on some of the issues discussed in this profile (for instance, [corruption risk assessments of specific mining companies](#)).

Another key Mozambican NGO is the Budget Monitoring Forum (FMO), which has been active in petitioning for responsible fiscal management during the odious debt crisis and is currently active in advocating for an accountable spending of the country's COVID-19 crisis packages (Club of Mozambique 2020c).

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The U4 anti-corruption helpdesk is a free research service exclusively for staff from U4 partner agencies. This service is a collaboration between U4 and Transparency International (TI) in Berlin, Germany. Researchers at TI run the helpdesk.

The U4 Anti-Corruption Resource Centre shares research and evidence to help international development actors get sustainable results. The centre is part of Chr. Michelsen Institute (CMI) in Bergen, Norway – a research institute on global development and human rights.

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