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**Getting Smart and Scaling Up :  
*The Impact of Organized Crime on Governance in  
Developing Countries***

**A Case Study of Mozambique**

**June 2013**

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## ANNEX III - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE: A CASE STUDY OF MOZAMBIQUE<sup>1</sup>

### About the Author

**Charles Goredema**, is an independent senior Research Consultant conducting research into the impact of trans-national crime networks on governance in some of Africa's coastal cities. He has previously worked on projects within the Trans-national Threats & International Crimes division at the Institute for Security Studies (ISS). A lawyer by training, Charles' career includes a stint in the prosecution of economic crime. He subsequently lectured in Criminal Justice in Zimbabwe and South Africa, while undertaking research and managing research projects in criminal justice. After joining the ISS in August 2000, Charles focused on studying emerging forms of transnational organised crime and money laundering. Most of his recent work focuses on the challenges of preventing and regulating money laundering in Eastern and Southern Africa. He has shared his findings with policy-designing institutions, regulators, law enforcement practitioners and civil society in these sub-regions and beyond at seminars, workshops and conferences. Some of his findings have been published, and can be accessed through the website of the ISS.

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The report was prepared with the assistance of Gabriel Limaverde, who is a Service Learning Coordinator with the American International School of Mozambique, based in Maputo.

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1. Ed. Camino Kavanagh (2013), *Getting Smart and Shaping Up: Responding to the Impact of Drug Trafficking in Developing Countries*, NYU Center on International Cooperation

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## Introduction

Organized crime captured public attention in Mozambique early this century in the wake of the highly publicized murders of investigative journalist Carlos Cardoso and banker Antonio Siba Siba Macuacua. Both Cardoso and Macuacua had been investigating the extent to which emerging economic and political elites were implicated in banking sector-related fraud. Nyimpine Chissano, the eldest son of former President Chissano, was implicated in the murders. Chissano, who was alleged to have sponsored both murders, died in November 2007 without ever having faced trial. To this day, political and public sector corruption and organized crime remain strongly connected. These connections have their roots in the political settlement concluded after the civil war. Since independence from Portugal in 1975, the FRELIMO party has led the country. Core constitutional reforms introduced after a bitter internal conflict with its rival RENAMO in 1992 led to the introduction of a multi-party political system, which FRELIMO has continued to dominate. This has not enabled a political transition to democratic and accountable governance, but only served to consolidate patronage systems established during the era of institutionalized single-party rule. Barriers to access to the higher echelons of political power remain high, not least because of the degree to which the ruling party controls resources. There are persistent indications that illicit monies are being used to bankroll political contestation.

The complex web of informal relations between political actors, civil servants, legitimate business, and organized criminals that was exposed by the scandals concerning the privatization of the Banco Commercial du Mozambique (BCM) in the mid 1990s<sup>2</sup> appears to have endured. These relations are sustained by corruption within the public and private sectors. Corruption within the public and private sectors helps sustain these relations. Corruption has also served to bolster the resilience of organized crime, mainly by lowering the risks attached to engaging in illicit activity. Illicit organizations and networks are known to have exploited geographical areas in Mozambique that are either governed or where the state is not present,

2. An unpublished paper by journalist Paul Fauvet in 2006 sets out the complex webs in some detail. Some of them were revealed in the subsequent Carlos Cardoso murder trial, and may be accessed through the Pamabazuka website at <http://pamabazuka.org/en/category/media/12024>

to provide commodities or broker the provision of basic services. In this manner, criminal organizations have managed to establish themselves while simultaneously mustering political and social capital. These groups have not sought to displace state institutions but have rather benefited from a degree of complicity, as they use the state to facilitate movement of goods and to ensure the protection of the proceeds of their illicit activities.

Conversely, as the country moves further away from the threat of war, and peace continues to be consolidated, the nature of both politics and organized criminal activity is shifting. The ruling FRELIMO party is trying to consolidate its monopoly of power by broadening its bases ahead of the 2014 elections. However, the growing gap between the 'haves' in the upper echelons of the party, and the broad base of 'have-nots' both within the party and beyond represents an important risk to FRELIMO's political longevity. Indeed, despite consistent economic growth over the past five years, and notwithstanding its reputation as a 'development success,' wealth gaps are growing in Mozambique. Large swathes of the population experience pervasive social, economic, and political exclusion and remain extremely vulnerable to economic shocks. Many, especially the young, still find themselves obliged to migrate from rural to (or within) urban and peri-urban areas in search of employment and basic services.

At the same time, there are growing signs that more 'decentralized' forms of organized criminal activity are taking root and that political approval or acquiescence is no longer an imperative for these 'decentralized' forms of organized crime. There are perceptions that a loss of political control over organized crime may also lead to increases in violence, of which citizens will feel the brunt and to which Mozambique's weak institutions are ill-suited to respond. While exposing this development, the case study indicated that this was an area requiring much deeper research. What may also need further inquiry are the drivers of organized crime outside the main urban enclaves of Mozambique. The civil war yielded a dichotomy in terms of influence, with FRELIMO exerting dominance in urban centres, while RENAMO was more influential outside them. This dichotomy expressed itself in a divergence in the way

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constituencies in either sector of the country developed and related to the economy, before and after the end of hostilities. As organized crime has sought to consolidate itself in the post-war era, it works through actors within these constituencies differently. The emergence of a new opposition party – the Mozambique Democratic Movement (MDM) – can present a threat to FRELIMO's current monopoly of power in the next elections, yet as increasingly noted by observers, FRELIMO's greatest threat might well be its failure to deliver security and basic services to its constituencies and to respond more effectively to organized crime.<sup>3</sup> This paper provides an overview of the links between organized crime, politics, and governance in Mozambique and the impact of these relations on governance and development.

### Case Study Methodology

The researchers used a methodology that combined an extensive literature review with field research. The field research was conducted in April 2012 and involved a series of semi-structured interviews with a range of relevant actors including law enforcement officials, civil servants, media, NGO representatives, and academics. Initial impressions from the interviews were subsequently tested against available data. Bureaucratic delays negated the collection of updated quantitative data from several parts of what is essentially a vast territory.<sup>4</sup> It also had a negative impact on the research team's ability to validate some of the impressions that emerged from interviews. Unpublished research from 2010 was used to bolster this phase of research.<sup>5</sup>

The paper benefited from significant research support provided by CIC Research Officer, Yanikk Lewis, while Gabriel Limaverde, a Mozambican based researcher, prepared the first draft of the case study.

Following this introduction, the paper is structured as follows: *Section I* provides an introduction to the case study. *Section II* provides an overview of the political,

institutional, social, and regional context. *Section III* sheds some light on the nature of organized crime in Mozambique, while *Section IV* discusses the impact of organized crime on governance in the country. The last section – *Section V* – draws some conclusions and puts forward some initial recommendations.

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3. Astill-Brown, Jeremy and Weimer, Markus (2010), "Mozambique: Balancing Development, Politics and Security", Chatham House, London

4. Accessing information from the Ministry of the Interior is a lengthy process that requires high-level authorization.

5. The study was commissioned by the Institute for Security Studies, and conducted by Salomao Mungoi from 2008 to 2010.

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## II. The Political Institution and Socio-economic Context

### Political Contestation and Economic and Social Exclusion

Mozambique is located in southeastern Africa and is bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest. The country was originally inhabited by Bantu-speaking peoples who had migrated there from farther north and west. Swahili, and later also Arab, commercial ports existed along the coasts until Mozambique became a colony of Portugal in 1505. During the colonial era, contact between the colonial rulers and ordinary Mozambicans was minimal, however, as the region developed, the Portuguese increasingly used them as an asset, selling Mozambicans on as slaves to fill the demand for slave labor in the region and beyond and using violence to sway dissent. This situation continued until the second half of the 20th century when anti-colonial ideologies began to spread across Africa, and several clandestine political movements emerged in support of Mozambican independence. Consequentially, the Front for the Liberation of Mozambique (FRELIMO) initiated a guerrilla campaign against Portuguese rule in September 1964. After ten years of sporadic warfare and Portugal's return to democracy through a military coup in Lisbon, FRELIMO took full control of Mozambique in 1975, declaring the country's independence from Portugal.

Immediately following the conclusion of the armed conflict to dislodge Portuguese colonial rule, Mozambique became embroiled in the Zimbabwean liberation struggle against Ian Smith's Rhodesian regime. In addition to engaging the Mozambican forces in direct combat, the Smith regime armed and organized an opposing rebel movement in Mozambique – the Mozambique National Resistance (RENAMO) comprised of former Portuguese special forces known as 'flechas' (arrows), FRELIMO dissidents, and Mozambican splinter groups who fought alongside the Portuguese during the country's struggle for independence. When Zimbabwe finally achieved independence from its British colonizers

in 1980, RENAMO's primary source of support shifted to the South African apartheid regime. With strong South African support, RENAMO engaged in a protracted civil war against FRELIMO until 1992. The protracted internal conflict resulted in the death of approximately one million Mozambicans, 1.7 million refugees, and several million internally displaced persons (IDPs). The Rome General Peace Accords brokered first by the Christian Council of Mozambique (CCM) and later by the Community of Sant'Egidio, brought about a formal end to the conflict and a United Nations peacekeeping force – ONUMOZ – was deployed to supervise the implementation of the Accords.

Constitutional reforms introduced in 1990 abolished FRELIMO's single-party Marxist-Leninist system, introducing a multi-party political system, a market-based economy, and free elections. The new system was tested in 1994 however, when the country held its first multi-party presidential and parliamentary elections. Although the initial elections were largely peaceful, they were not without contestation. Initial threats of boycott by RENAMO resulted in assurances from ONUMOZ that it would examine complaints of pre-election vote rigging. Ultimately, the incumbent President Joaquim Chissano of FRELIMO was declared winner of the 1994 elections, albeit with a narrow majority. RENAMO on the other hand, surprised the ruling party by increasing its base in the central and northern provinces. The 1999 elections were equally marked by extreme rhetoric and accusations of malfeasance, and were just as tightly contested. The election results ultimately served to further demarcate regional support bases throughout the country. Chissano was again re-elected, with an increased majority of 133 to RENAMO's 117. The opposition contested the result, and even threatened to establish a parallel administration and/or secede from the country.

After the 1990 constitutional changes and the 1994 multi-party elections, the Chissano Administration yielded partial control of active party cells and their public control over the state. At the same time, FRELIMO also opened up its membership to include new groups such as trade leaders, traditional leaders, and religious groups. The liberalization of party control was later reversed however under

Armando Guebuza's chairmanship of FRELIMO. Following his ascension to power in 2002, Guebuza sought to reinstate the fusion between the ruling party and the state through an informal policy that required membership and party support as an un-articulated condition for access to power and lucrative state resources. Efforts to attract new members led to a significant spike in party membership, rising from an estimated 300,000 members in the early 1990s to 1.6 million in 2004, and to around 2.2 million before the 2009 general elections.

RENAMO, the main opposition party until that date, has seen a decline since 1999 largely due to its inability to reform and a refusal on the part of the leadership to step down. While still largely present throughout the country, its "structures and networks are inactive and it is all but invisible."<sup>6</sup> RENAMO's refusal to reform led to the emergence in 2009 of the Mozambique Democratic Movement (MDM), a breakaway group of former RENAMO members led by Deviz Simango. Even though it is still in its infancy, there are indications that the MDM may yet pose a political threat to FRELIMO.<sup>7</sup> As a counterbalance, FRELIMO has continued its decentralization policy in its attempt to reach more people, "while at the same time attempting to correct perceived and real regional imbalances, largely through political means."<sup>8</sup>

As noted by the U.S. Department of State in its 2011 Country Report on Human Rights Practices in Mozambique, FRELIMO continues to dominate the political process, its influence continues to grow, and membership is still widely perceived to confer advantages.<sup>9</sup> Meanwhile, Mozambique received a 2.7 (out of 10) in Transparency International's 2011 Corruption Perception Index, ranking the country 120 out of 183 countries. In its 2010 political stability indicator, the World Bank ranked Mozambique in the 57.1 percentile. This figure represents a decrease from a 64.9 percentile ranking in 2009. Additionally,

Mozambique received a 0.32 governance score in 2010, a 21-point *decrease* from the 2009 rating of 0.53.<sup>10</sup>

## Governance Capacity

Low levels of government capacity exacerbate the current situation. Indeed, in 2004 USAID noted that fewer than three percent of all ministry officials had university degrees. A mere six percent of staff in the Ministry of Planning and Finance and four percent of the Ministry of Health held such qualifications. The skill level fell sharply at provincial and district levels. Limited progress has been made since then. Currently just about twenty percent of the workforce has completed upper primary school and only thirteen percent has completed secondary school. As noted by the African Economic Outlook, the skills profile "poses serious challenges to the country in terms of improving productivity and employability of the labor force."<sup>11</sup>

The FRELIMO party's dominance over the Executive and Legislative arms of the state since independence has given it a decisive say in the distribution of resources among core institutions. The trend has been for the Executive to restrict the allocation of resources to the legislature and the judiciary to the extent that they have remained significantly weak and subservient to the Executive. Consequentially, legislative and judicial institutions struggle to competently discharge their obligations. This has exposed both the legislature and the higher judiciary to bribery by unscrupulous elements seeking to gain informal influence, for instance to secure access to resources or favorable court decisions.<sup>12</sup>

The paucity of resources outside of the executive is reflected in the manner in which legislators and judges engage in collateral activities, some of which raise conflicts of interest, distracting them from their official responsibilities, and opening them up to undue influence. As new investors enter the economy, they occasionally draw current and former senior bureaucrats into joint ventures, using their political influence and connections

6. Astill-Brown, Jeremy and Weimer, Markus (2010), "Mozambique: Balancing Development, Politics and Security", Royal Institute of International Affairs (2010), London

7. MDM – not first opposition party to split from RENAMO. Raul Domingos, a former RENAMO deputy leader set up the *Partido para a Paz, Democracia e Desenvolvimento (PDD)* after being expelled from RENAMO in 2000. The PDD won 2% of the vote in 2004, but it is now on the periphery of politics in Moz and is ignored by FRELIMO.

8. Astill-Brown and Weimer, cited in note 4 above

9. US Department of State (2011), "Country Reports on Human Rights Practices for 2011: Mozambique", Available at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?dld=186224>

10. World Bank, "Worldwide Governance Indicators", Available at [http://Info.Worldbank.Org/Governance/Wgi/Sc\\_Chart.Asp](http://Info.Worldbank.Org/Governance/Wgi/Sc_Chart.Asp)

11. See African Economic Outlook (May 2012), Available at <http://www.africaneconomicoutlook.org/en/countries/southern-africa/mozambique/>

12. Ibid.

to anchor contracts.<sup>13</sup> Meanwhile, the government's push for blanket macroeconomic and privatization policies has worsened the plight of rank and file parliamentarians and civil servants, at times sparking tensions and potential polarization between the party elite who maintain direct access to resources, and the party's general membership who feel the brunt of reform efforts.<sup>14</sup>

The country's criminal justice system is weak and lacks sufficient resources and well-trained personnel. As in neighboring countries, the Mozambican judiciary suffers from a severe problem of case overload, especially at the Supreme Court level.<sup>15</sup> The Executive's (and by extension, the Party's) general lack of regard for judicial independence and failure to comply with judicial rulings has undermined the legitimacy of the judiciary, as have increasing reports of ties between high-level officials and alleged drug traffickers.<sup>16</sup> Meanwhile, "constitutionally based oversight mechanisms intended to monitor and potentially take legal action against government misconduct have not been implemented. Also, there is a lack of adequate external oversight for the allocation of funds to the courts as well as for general public expenditures."<sup>17</sup>

In 2003, Gastrow and Mosse noted that "Mozambique's criminal justice system continues to be very fragile and under resourced."<sup>18</sup> Almost a decade later, there still appears to be limited appetite and a significant lack of resources to fight organized crime and corruption. Indeed, there is a general perception that some of the political elite are either involved in, or are connected to organized crime in some form or other. Organized criminal groups have exploited this environment and have made the country a haven for international drug smuggling.

Responses from law enforcement agencies to organized crime tend to be sluggish, in part because the police system is overstretched.<sup>19</sup> The official police strength could not be confirmed, but in 2010 it was reported to be below

twenty thousand.<sup>20</sup> For the country to achieve the ratio of one police officer to every 450 citizens, police strength has to stand at about 45,000.<sup>21</sup> The funding and equipment challenges that the police encounter are patent. During the current study, it was observed that the police rely heavily on mobile telephones, and that numerous police stations use antiquated equipment to record information. Some of the mobile phones are privately supplied, sometimes by companies with direct ties to both government and organized crime. For example, Momade Bachir Suleman, a wealthy businessman with linkages to FRELIMO and who since 2011 has been on the US drug kingpin list, provided the Mozambique Police with 50 mobile phones in 2010. The heavy reliance by the police on privately supplied mobile telephones introduces two levels of risk, namely corruption and infiltration. Dependence on non-state resources raises the possibility that on account of gratitude, the police will turn a blind eye to the transgressions of their benefactor. On the other hand, as a security expert observed, it also poses a risk as data interception through compromised handsets has become quite common.<sup>22</sup>

Police presence in the countryside or in densely populated urban townships is rare and the lack of resources to fight crime is alarming. According to the Association of Human Rights and Development (DHD), "even in the police headquarters in Maputo, desks were often shared by two or three officers; the operation room had only one typewriter, a television and an unreliable telephone; the criminal department had no resources for chemical or ballistics testing; and there were only two vehicles to cover the city. It is not uncommon for officers to attend the scene of crimes and accidents either 'on foot or using public transport paying from their pocket or using the victims' car."<sup>23</sup> Victims in relatively petty cases often need to provide their own resources to ensure their cases are resolved or investigated, or risk not having the case attended at all.

Complex investigations requiring access to integrated information databases are quite challenging. Vehicle registration data, for example, is not centralized and not

13. Recent examples are in the exploitation of natural resources.

14. Institute of Security Studies, Mozambique - History And Politics, available At <http://www.iss.co.za/Af/Profiles/Mozambique/Politics.html>

15. Shabangu, Themba (2011), "A Comparative Inquiry into the Nature of Violence and Crime in Mozambique and South Africa", IDASA, Pretoria

16. Ibid.

17. Ibid.

18. Gastrow, Peter and Mosse, Marcelo (2003), "Penetrating State and Business Organised Crime in Southern Africa", published in Monograph no. 86, Institute for Security Studies, Cape Town.

19. The Mozambique Police (PRM) consists of 18,500 personnel, as against a projected need of 40,000, with no more than 200 stations and posts across the country. Baker (2003)

20. Leao, Ana (2010)

21. Based on SARPCCO estimates.

22. Microsoft data security expert Khomotso Kganyago at a conference on cyber crime held in November 2011.

23. Ibid.

connected to the tax database. The same is the case with the real estate registry and the companies' or investments' registry. In most of these databases, entries and the management of the registry are done manually, making it virtually impossible to check all the registries for a specific person or company.<sup>24</sup> To build a case, investigators may have to travel or contact various repositories of information, which is an unnecessary complication.

The judicial system continues to suffer from lack of transparency, while inadequate training and corruption in the ranks of the Mozambican police – the PIC – continues to result in poor quality criminal case files that trial judges often have to dismiss due to insufficient evidence.<sup>25</sup> No independent organ for investigating police misconduct exists, and further efforts are required to continue depoliticizing Mozambique's police forces.<sup>26</sup> Finally, the judiciary is not only subjected to political interference from the political elite, but also to pressure from criminal networks and from people with wealth.<sup>27</sup> Well-known examples of high levels of corruption include paying bribes for judges in the Supreme Court to misplace court records<sup>28</sup>

### Economic and Social Factors

Successive conflicts have had a significant impact on economic activity in Mozambique and led to the disruption of traditional livelihoods of ordinary Mozambicans. By the time the Rome General Peace Accords were signed in 1992, the country's infrastructure and economy were virtually in ruins, and the population had been rendered destitute.<sup>29</sup> The mass exodus of Portuguese settlers and Asian traders from rural areas precipitated massive unplanned urbanization in large urban centres, such as Maputo, Nampula, Beira, and Pemba. By 2007 however, both the World Bank and the IMF had declared it a "success story," after a period of "blistering economic growth."<sup>30</sup> Yet much

of this growth, which has largely been attributed to foreign aid, has yet to translate into greater opportunities for ordinary people, or poverty alleviation.<sup>31</sup> Mozambique is still ranked 165 on the UNDP's Human Development Index (HDI). Extending state authority and presence throughout the entire territory presents a considerable challenge, as does the capacity of the state to provide affordable basic services for citizens. Despite nearly two decades of economic and social progress, just over half of the adult population in Mozambique is literate. Mozambique experienced an annual GDP growth rate of 6.5 percent in 2010, however Mozambique remains significantly dependent on foreign aid raising concerns regarding the lack of transparency in the country's economic activities and administering of services.

There is a prevailing perception that unemployment and poverty are the key determinants driving violence and crime in Mozambique.<sup>32</sup> At the same time, the combination of FRELIMO's absolute majority in parliament and its tendency to centralize power has impacted negatively on efforts to reduce poverty in the country "as there are fewer voices to challenge governmental policies and to hold government accountable on promises made."<sup>33</sup> Nearly 50 percent of the Government's budget is reliant on donor assistance. The leverage that donors have on Mozambique's budget has yielded some reforms in the Government's transparency and accountability. In 2010, G19 donors, frustrated with the government, threatened to withhold assistance funding – forcing the Government to implement reforms, including reforms to the anti-corruption regime. The delays in the adoption of the reforms however, seemed to show that they were grudgingly accepted. This might mean that implementation will be sluggish. Furthermore, a decrease in aid flows may lead to their reversal.

Petty and organized crime and violence have also become an increasing concern in Mozambique to the extent that initiatives initially established to assist in post-war reintegration and reconciliation efforts have shifted their focus to "the prevention of interpersonal violence and

24. Salomão Moyana. Personal communication. May 2012.

25. US State Department, Bureau of Democracy, Human Rights and Labor, Country Reports on Human Rights Practices for 2011. Mozambique Report

26. Shabangu, Themba (2011)

27. Business anti-Corruption Portal "Mozambique Country Profile" available at <http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/mozambique/snapshot/>

28. Norfolk, Simon and Calane, Alicia (2008), "Evaluation of Development Cooperation Between Mozambique and Denmark 1992-2006", DANDIA, Copenhagen

29. African Development Bank Group (2005), "Country Governance Profile – Republic of Mozambique"

30. Ibid.

31. Generally, see EITI Report released in March 2012. Also the presentation by Fjeldstad, Odd-Helge at a Workshop in Maputo in May, 2012.

32. World Health Organization (2006), "Small Arms Survey: Firearm-related Violence in Mozambique", Geneva

33. Astill-Brown, Jeremy and Weimer, Markus (2010), "Mozambique: Balancing Development, Politics and Security", Chatham House



promoting alternative approaches to conflict resolution.<sup>34</sup> This shift has been made in response to growing concern over levels of violence and, to some degree, the use of firearms in crime and violence. While overall reported crime rates decreased between 1998 and 2003, crime rates rose again at an average of fifteen percent a year between 2004 and early 2008, despite various declarations of a “war against crime” by the state.<sup>35</sup> In his 2011 annual report to Parliament, Attorney-General Paulino noted that a total of 41,228 crimes were reported to the police that year, representing a twelve percent rise from 2010. The neighboring localities of Maputo and Matola, accounted for more than 40 percent of reported crime.<sup>36</sup> Crime data also suggests that violent crime in particular has been increasing.<sup>37</sup>

### Corruption and Other Norms of Prevalent Behavior

In the first years of independence, Mozambique was considered a “paragon of integrity and honesty.”<sup>38</sup> Indeed, under the leadership of Samora Machel, the official stance on corruption and abuse of office and public resources was to regard such practices as anti-revolutionary acts of sabotage. Very quickly however, single-party dominance of the political system and limited checks and balances changed these views, and corruption came to dog the country’s internal structures.

Fuelled by entrenched neo-patrimonialism, FRELIMO managed to keep its grip on political and economic power, shrinking the political space that had been opened with the peace accords, and limiting opportunities for economic advancement beyond the party’s ranks. The failure to introduce sufficient transparency and accountability measures gave cadres ripe opportunity to abuse power with limited risk of being held responsible.<sup>39</sup> The shift to a multi-party system in 1992 brought little change beyond a superficial renaming of institutions and a re-shuffling

of personnel. This logic, furthered by FRELIMO’s inherent socialist ideology, provided little separation between the party and the state, with the party’s hegemony constituting the corner stone of political and economic life.<sup>40</sup> The prevalence of corruption within the political system almost cost Chissano the elections in 1999 when the opposition party – RENAMO – won a large number of the votes. As noted by Hanlon and Mosse, FRELIMO later “found that the vote against Chissano was largely due to complaints about corruption and what was seen by voters as the lack of commitment to undertake anti-corruption measures.”<sup>41</sup> Chissano’s reputation had become so tarnished that with an eye to the 2004 elections, the party elected a new leader – Armando Guebuza – who went on to win the election.<sup>42</sup>

Notwithstanding the change in leadership, the FRELIMO party has largely maintained its dominance to this day through extracting loyalty from public servants and by spreading its influence across all forms of political, economic, and social life.<sup>43</sup> The privatization of the private banking system in the 1990s took place “amidst scandals of misuse of public and donors’ funds to rescue the state-owned banks that had been plundered by the political elites, after the demise of socialism.”<sup>44</sup> This alleged misuse had favoured “the emerging business elite drawn from the former *nomenklatura*,”<sup>45</sup> creating “a system where informal rules, allegiances and traffic of influence are key elements for success in the public and private sectors.”<sup>46</sup> Indeed as noted by political analyst Bernhard Wiemar, in 2009, linkages to political elites were still an important element for access to public contracts. On an individual level, and apart from a few individuals, “owning a FRELIMO party member card came to be regarded as a condition for success in professional life.”<sup>47</sup>

40. Wiemar, Bernhard (2009), “Decentralization of the African State – or State Building Through Local Governance- a Paradox? Challenges to Governance and Decentralization in Mozambique”, In: FAU Conference Bringing the State Back: New Roles and Responsibilities for the 21<sup>st</sup> Century State, FAU, Copenhagen

41. Hanlon, Joseph (2009), “Mozambique’s elite - Finding its Way in a Globalised World and Returning to Old Development Models”, Presented at a Crisis States Research Centre Seminar 7 October 2009

42. Ibid.

43. Personal communication, 9 April 2012

44. Hanlon, “Mozambique’s elite” cited above

45. Ibid

46. Ibid

47. Generally those with high professional skills, or who have linkages with international organizations or small businesses

34. Small Arms Survey (2009)

35. Horta, Lora (2012), “The Bite of Mamba: Mozambique’s Bloody War Against Crime”

36. República de Moçambique – Procuradoria Geral da República, Informação Annual de 2011 do Procurador-Geral da República à Assembleia da República, Maputo: Procuradoria Geral da República, 2011.

37. Horta, Lora (2012), “The Bite of Mamba: Mozambique’s Bloody War Against Crime”

38. Hanlon, Joseph and Keynes, Milton (2010), “Mozambique: The War Ended 17 Years Ago, But We Are Still Poor”, FAHAMU, Oxford

39. Manning, Carrie (2002), “The Politics of Peace in Mozambique: Post-Conflict Democratization, 1992-2000”, Praeger Publishing, Westport

Indeed, corruption, at the instance of either the prospective investor or bureaucrats exercising gate-keeping functions, remains commonplace. As several reports from the Centre for Public Integrity show, the upper levels of government continue to monopolize rent-seeking opportunities in resource extraction. Participation in this sector is dominated by foreign interests, a fact that has long been an issue of contention in Mozambique, not least because of the kickbacks received by government officials for facilitating entry into Mozambique. Civil society groups have called for measures to ensure access to information in this regard, including through the publication of investment and procurement contracts, arguing that “the secrecy of extractive sector contracts in Mozambique makes it difficult to understand the nature and scope of the agreements signed between the government and the companies and, on the other hand, it compromises the effectiveness of accountability and of monitoring observance of the agreements.”<sup>48</sup>

Informal business, deal brokering, and corruption are not only perceived as avenues for political survival in Mozambique. They are also perceived as a means of subsistence. At the administrative level, corruption most commonly involves the paying of bribes to gain special treatment or simply to get state officials to do their job. In the rural hinterland, traditional leaders are susceptible to corruption by entrepreneurs seeking access to resources.<sup>49</sup> Many remain vulnerable to the machinations of a range of entrepreneurs, including criminal organizations that often use remote rural areas to conduct or conceal illicit activities and contraband. As a result of unemployment, a whole sub-sector of ‘fixers’ or ‘deal brokers’ has emerged in major urban centers such as Maputo, mainly comprised of unemployed, demobilized former combatants from the civil conflicts. These brokers take advantage of their contacts with the political establishment by connecting individuals seeking to exploit business opportunities

either in the informal sectors or in the more lucrative mining, marine, and forestry sectors.<sup>50</sup> As one investigative journalist pointed out, these ‘fixers’ provide numerous opportunities for criminal organization to connect to Mozambique’s centres of influence<sup>51</sup>

Of equal if not more concern, corrupt practices, the prevalence of informal relations and networks, and growing gaps between rich and poor in Mozambique have helped consolidate organized criminal activity (both domestic and transnational) in the country.

50. In an interview, journalist Fernando Lima referred to the development of a shopkeeper mentality in Maputo.

51. Ibid.

48. Nombora, Dionisio (2012), “Advances and Stagnation of Transparency in the Extractive Industry in Mozambique”, Centre for Public Integrity, Maputo, Accessible at [http://www.cip.org.mz/cipdoc/127\\_Advances%20and%20stagnation%20of%20transparency%20in%20the%20extractive%20industry%20in%20Mozambique.pdf](http://www.cip.org.mz/cipdoc/127_Advances%20and%20stagnation%20of%20transparency%20in%20the%20extractive%20industry%20in%20Mozambique.pdf)

49. Astill-Brown, Jeremy and Weimar, Markus (2010), “Mozambique: Balancing Development, Politics and Security”, Chatham House, London. (Levine, 2006). It is worth noting that many traditional leaders were essentially alienated or left behind by the pace and direction of political and economic change in the post-war years. Some traditional leaders opposed some of the changes introduced by FRELIMO, switching their support to RENAMO and then back to FRELIMO again when they believed their interests would be best met. Yet, oscillation between the two parties did not necessarily improve their prospects

## II. The Nature and Scope of Organized Crime in Mozambique

Since Mozambique has not adopted an official definition of organized crime, for the purpose of this paper the authors relied on the definition used by the Southern Africa Regional Police Co-operation Organization (SARPCCO).<sup>52</sup> The most prevalent forms of organized crime in Mozambique include drug trafficking, arms trafficking, money laundering, trafficking in counterfeit medicine, human trafficking, illicit extraction of resources, and smuggling stolen vehicles. Each of these fields of activity depends on the buying off of well-placed officials through bribery and coercion, subversion of the state's criminal justice system, and increasingly, the use of violence.<sup>53</sup>

The emergence of organized crime can be associated with three core phases of political developments in Mozambique that have significant overlaps:

- The post-independence/internal conflict phase, when both parties used organized crime to advance wartime goals and meet wartime needs.
- The immediate post-conflict phase when FRELIMO consolidated its hold on power and access to resources, and when links with organized crime were used to advance the political and economic interests of high-level officials.
- The on-going transition phase in which cracks are emerging within the ruling Party (not least because of the wealth gaps between high-level officials and the Party's base); democratic consolidation has stagnated due to one-party domination of the political system; a generally weak opposition, and equally weak institutions; and where there are initial but unconfirmed signs that organized crime is becoming more independent of the political system, and more violent.

52. Mozambique has no official definition of organized crime. The definition used in this study is adapted from the formulation used in initiatives against cross-border crimes by the Southern Africa Regional Police Co-operation Organisation (SARPCCO). Its legitimacy is therefore only indirect. The definition sets, and relies on various thresholds that revolve around notions of seriousness, number of participants, and underlying motivation. Organized crime comprises crime that is: Committed by two or more actors, who are aware of each other's existence and general role, and are acting in concert, potentially capable of causing significant harm, committed repeatedly, motivated by the pursuit of material and financial gain

53. McMullin, Jareme (2004), "Reintegration of combatants: were the right lessons learned in Mozambique?", *International Peacekeeping*, 11:4, 625-643

## Post-Independence/Conflict Phase

Generally, levels of organized crime before 1986 are perceived to be low although illicit activity did occur, some of which provided strategic entry points for the types of organized crime that emerged later.<sup>54</sup> As noted by Attorney-General Augusto Paulino, the fabric of organized criminal activity was really stitched in the later phases of the civil war, exploiting the insecure environment and general chaos. People from within and outside the country took advantage of the war for illicit gain. For example, RENAMO smuggled and sold ivory and precious stones, timber, and animal skins to finance its operations. Additionally, RENAMO supported its operations through extortion activities, including taxation of civilians and the looting of towns, gaining complicity through coercion.<sup>55</sup>

Severe food shortages during the war also led to the emergence of a black market where food and other goods were sold at inflated prices.<sup>56</sup> In addition, the proliferation of weapons in Mozambique (over 2.6 million) facilitated the weapons trade in the region. By 1998 Mozambique became the leading source of small arms smuggled into South Africa by those seeking to sell weapons to buy food or clothes. This encouraged President Chissano and President Nelson Mandela to sign an agreement to increase cross-border cooperation in 1995. The arms trade in Mozambique has decreased significantly since then, however, some of the networks involved have transferred their operations, using these established networks to traffic other illicit goods (mainly drugs and stolen vehicles).

## Immediate Post-Conflict Phase

As a means to avoid a relapse into conflict as had occurred in Angola,<sup>57</sup> the UN and observer countries "placed a high premium on the reintegration of government and opposition forces in Mozambique during ceasefire negotiations" and later in the General Peace Agreement.<sup>58</sup>

54. Wannenburg, Gail (2006), *Africa's Pablos and Political Entrepreneurs: War, the State and Criminal Networks in West and Southern Africa*, The South African Institute of International Affairs, Johannesburg

55. Robinson, David Alexander (2006), "Curse on the Land: A History of the Mozambican Civil War", The University of Western Australia, Perth

56. According to one interview many of the black market traders were of Asian descent. After 1990, the interviewee noted that 'they were the people who had money'. Some were able to move from black marketing to other forms of criminal (and licit) activities. Wannenburg, Gail (2006)

57. McMullin, Jareme (2004), "Reintegration of combatants: were the right lessons learned in Mozambique?" *International Peacekeeping*, 11:4, 625-643

58. *Ibid.*

Accordingly, the demobilization and reintegration programme (DRP) implemented in Mozambique “was the most comprehensive ever attempted at the time, aiming to ease the combatant-to-civilian transition of some 100,000 fighters.”<sup>59</sup> Indeed, the UN, its partners, and academia have largely deemed it a success.<sup>60</sup> However, the collection and destruction of arms that had been brought into the country during the conflict seems to have been overlooked in the DRP process. Some of the weapons from the conflict were used to provide protection to transnational organized criminal groups seeking to establish a foothold in Mozambique. Former combatants occupying positions within the military and the police force were particularly helpful in this regard, while the widespread availability of arms provided additional protection, and another source of resources as the arms could be easily trafficked out of the country to ready buyers in other countries.

The post-demobilization process witnessed a significant spike in predatory crime, facilitated by the widespread availability of small arms and light weapons in an economically depressed environment.<sup>61</sup> As opportunities for enrichment opened up and expanded in the immediate aftermath of the war, various forms of primitive accumulation became common<sup>62</sup> and were typified by acts of fraud committed by the elite and exposed by investigative journalists such as Cardoso.<sup>63</sup>

### On-Going Transition Phase

Building on the entry points that were provided in the immediate post-conflict phase, criminal organizations that emerged in Mozambique have sought to develop strategic links with public officials and legitimate business to facilitate their business. The manner in which FRELIMO has developed its political legitimacy has facilitated such arrangements. Indeed, the absence of public (and private)

sector accountability, including in the form of a strong opposition, has created a strong incentive for groups and individuals in positions of authority to create and manage a “parallel or shadow economy of corruption and malpractice” for self-enrichment.<sup>64</sup> The situation reached such a point that FRELIMO insiders themselves are said to have voiced concern about the corrupt practices of the party’s leadership, stating that drug traffickers and money launderers have infiltrated the upper echelons of government to the point that it has begun to resemble a mafia organization.<sup>65</sup>

As FRELIMO seeks to further consolidate its power base across the country ahead of the 2014 elections, certain cracks are emerging within party ranks, not least linked to the growing gap between the ‘haves’ at the upper echelons of the party (many of whom have enriched themselves through rampant corruption and links with organized crime), and the ‘have-nots’ at the lower end (some of whom appear to be clamoring more for access to the spoils of FRELIMO politics rather than reform of the political system).<sup>66</sup> Also, until recently, most of the serious organized crime committed in the country had been linked in some way or another to high-ranking party members or government officials who were able to impose a certain amount of control when things got out of hand.<sup>67</sup> Since the late 2000s, there have been signs that this scenario is slowly changing, leading many to posit that the party members and government officials are losing their grip on both domestic and transnational crime syndicates.<sup>68</sup> Such perceptions come at a time when citizens are increasingly disheartened by the lack of services and growing wealth disparity.

### Drug Trafficking

The country’s long coastline (1,550 miles) and porous borders (2,800 miles with five countries) renders the country an ideal route through which to transport illegal commodities and people. This partly explains the presence

59. Ibid.

60. The successes of the peace operation are not easily dismissed. Armed hostilities between RENAMO and FRELIMO did not resume after elections were held in October 1994, after which the UN forces withdrew. Peace has held ever since, even despite moments of tension. These successes are remarkable because they came despite delays in the deployment of the UN force, delays in the demobilization of each side’s troops, an escalation of violence in assembly areas where troops were eventually cantoned, and riots by demobilized combatants.

61. More than a million weapons are believed to have been distributed during the civil conflict. See Leao, Ana (2004), *Hide & Seek: Taking Account of Small Arms in Southern Africa*, Institute for Security Studies, Cape Town, Available at <http://www.iss.co.za/pubs/Books/Hide+Seek/Mozambique.pdf>

62. Paulino, Augusto (2003), “Criminalidade Global e Insegurança Local – o Caso de Moçambique”, International Conference on Law and Justice in the 21<sup>st</sup> Century, Coimbra

63. Baker, Bruce (2002), “Policing and the Rule of Law”, *Policing and Society* p.146

64. Astill-Brown, Jeremy and Weimar, Markus (2010), “Mozambique: Balancing Development, Politics & Security”, Chatham House, London

65. US Embassy Maputo (2009), *Frelimo Mavericks Concerned About Corruption*, Available at <http://www.cablegatesearch.net/cable.php?id=09MAPUTO611>

66. Astill-Brown, and Weimar, cited in note 4 above (2010)

67. Observations made in discussion with political analyst Rafael Shikhane in April 2012.

68. Horta, Lora (2012)

of contraband along the potential 'development corridors,' which link Mozambique's neighbors to its ports. The four most important corridors are:

- The Beira Corridor, comprising Beira Port, railroad, and highway to Zimbabwe;
- The Nacala Corridor, comprising Nacala deep port, railroad, and highway to Malawi, passing through Nampula, the second most important city in the country;
- The Maputo Corridor, linking Maputo port to South Africa and Swaziland by railroad and highways; and
- The Tete Corridor, linking Zambia to Quelimane port, and also linking Malawi to Zimbabwe and to the northern Mozambican province of Nampula.

Mozambique is a party to the 1988 UN Drug Convention, the UN Convention Against Transnational Organized Crime (2000) and its three protocols, and the UN Convention Against Corruption (2003). According to the US Department of State's 2012 Narcotics Report, Mozambique is not a significant producer of illegal drugs or chemical precursors. Domestic drug consumption is limited primarily to cannabis and is difficult to reduce because it is engrained in rural cultural practices, while 'designer drug use is not prevalent in Mozambique nor is it a major concern of government officials.<sup>69</sup> Notwithstanding, Mozambique has been called the second most active drug transit point in Africa, behind Guinea-Bissau.<sup>70</sup> The protracted civil conflicts 'softened' the way for the growth of drug trafficking as part of the subsistence economy, while at the same time eroding the state institutions that could have been expected to monitor and control it. The new political system ushered in with the post-conflict constitutional reforms did not introduce the types of institutions and behaviors needed to respond to the growing incidence of drug trafficking in that period. In consequence, by the mid 1990s, Mozambique had become a territory of little resistance to the transiting of drugs and other illicit goods from outside the country.<sup>71</sup>

69. US Department of State (2012), 2012 International Narcotics Control Strategy Report (INCSR), Available at <http://www.state.gov/j/inl/rls/nrcrpt/2012/>

70. US Embassy Maputo (2010), Narcotrafficking on Upswing, Concerns About Government Connection, Available at <http://wikileaks.ch/cable/2010/01/10MAPUTO80.html#>

71. Weimar (2011)

The largest volumes of drugs enter Mozambique from the Indian Ocean on large ships that offload them onto smaller vessels, particularly fishing boats.<sup>72</sup> These ships either dock at undesignated, unofficial points along the coastline, or offload their illicit cargo at official ports. Clearing agents in Maputo and Nacala have been implicated in networks bringing drugs into Mozambique. The drug import trade is supplemented by consignments brought in by air through airports, carried in luggage, or ingested by couriers.<sup>73</sup> The main drugs that continue to enter Mozambique include cocaine, heroin, hashish, and mandrax.<sup>74</sup> Criminal markets connect Mozambique to Colombia and Brazil in Latin America, and India, Pakistan, and Afghanistan in Asia.<sup>75</sup>

Official data on drug seizures and estimates of the amount of illicit drugs trafficked through Mozambique are difficult to come by, and most drug trafficking-related news is reported in the local news. In 2001 however, Joseph Hanlon – a well-known Mozambican academic – wrote that according to international experts, "the value of illegal drug trade in Mozambique is probably greater than all foreign trade combined."<sup>76</sup> In a speech made in 2003, Judge Augusto Paulino (now the country's Attorney-General) also raised the flag, acknowledging that Mozambique had become a transit area for the cocaine trade and that a second network that had been active since as early as 1992, and consisting mainly of Pakistanis and Mozambicans of Pakistani origin, was "concentrating on hashish and mandrax."<sup>77</sup> Heroin was also being trafficked from South Asia via Tanzania and Mozambique to Europe. According to the Attorney-General, the various drug trafficking networks function like well organized companies. They involve importers, exporters, informers and couriers and are probably better organized than the structures of the State. In addition, "customs officials are bribed to let drugs pass, immigration officers facilitate identification and residence documents, police are paid to look the other way, and it is even said that magistrates receive bribes to order illegal releases."<sup>78</sup>

72. Interview with researcher Salomao Mungoi in January 2011.

73. Weimar (2011)

74. Maputo city police reported that between September and December 2011, interceptions of incoming drugs occurred almost every week at Maputo international airport.

75. UNODC (2010)

76. Paul Fauvet (2010), Drugs: Revisiting Recent History, available at <http://manueldearaujo.blogspot.com/2010/06/paul-fauvet-on-drugs-in-mozambique.html>

77. Peter Gastrow and Marcelo Mosse (2002), Mozambique: Threats Posed by the Penetration of Criminal Networks, Organised Crime, Corruption and Governance in the SADC Region, ISS, Pretoria

78. Augusto Paulino (2003), Criminalidade Global e Insegurança Local – o Caso de Moçambique,

More recently, reference to the quantities of drugs transiting through Mozambique was made in a Chatham House report which noted that “[i]n March 2009, the UK wholesale price for one kilo of high-purity cocaine from South America was £45,000 (\$69,875). When diluted (cut), the volume is increased between eight and ten times, with a retail value of between £22,000 (\$34,197) and £26,000 (\$40,414) per kilo. If only two tons of high purity cocaine transit through Mozambique per year, their potential value in the United Kingdom is between £352 million and £520 million. By comparison, donor support pledges to Mozambique for 2010 totaled approximately £297 million.”<sup>79</sup>

The country’s ports pose a significant problem and corruption amongst officials working at the ports remains an important issue of concern, not least because they continue to facilitate the entry of illegal drugs into the country.<sup>80</sup> Meanwhile, transit routes to South Africa and Tanzania are served by air and land transportation. Flights from Brazil, Kenya, and Ethiopia appear to be popular with drug couriers.<sup>81</sup> Customs controls can be avoided through the collusion of officers on airport security duty, allowing individuals and their baggage to pass undetected.<sup>82</sup> Trafficking networks include customs service officers monitoring and taxing imports. The long distance trucks which ply the national highways provide trafficking networks with the means to convey drugs inland.<sup>83</sup> Route 102 is particularly associated with the conveyance of cannabis from Malawi, while the EN4 carries a greater variety of narcotics. The crime networks involved have set up a presence at nodal points where contraband is at risk of interception, in the form of police officials deployed to cargo entry points,<sup>84</sup> and business owners in the cargo handling industry, some of whom are either politicians or private citizens connected to influential politicians.<sup>85</sup>

Passage of narcotics out of the country is secured through concealed trucks carrying lawful cargo, such as agricultural or mining produce. Apart from clearing agents, trafficking networks include customs agents tasked with monitoring and taxing imports and drivers of long distance trucks that convey the drugs inland. Police officials deployed to cargo entry points are also believed to be complicit.<sup>86</sup> Private business owners in the cargo handling industry, some of who are either politicians or private citizens with tight connections to influential politicians, have been implicated.<sup>87</sup> In the absence of prosecutions of any politicians or government officials for complicity in drug trafficking, their involvement remains a matter of speculation, often fuelling public debate and undermining the legitimacy of the institutions involved.

Another factor that is also serving to undermine the legitimacy of state institutions is the fact that Mozambique has yet to convict any major drug trafficker in the courts. Indeed, to date, despite significant seizures of drugs and increasing indications that certain prominent business figures have been involved in drug trafficking, most convictions have involved small-scale peddlers. The case of Mohamed Bachir Suleman, a well-known Mozambican business tycoon, remains of particular concern.

Suleman is a popular figure in Mozambique, famous for his ‘generosity’ to the poor. He is also known to have given millions of dollars over the years to the ruling FRELIMO party.<sup>88</sup> Following years of investigations, in 2010 the US Department of the Treasury placed Suleman on its foreign drug kingpin list and blacklisted several of Suleman’s business interests, accusing him of “capitalizing on Mozambique’s corruption and porous borders to facilitate the transit of illegal drugs to Europe.”<sup>89</sup> Suleman was also accused of using several proxy-trading interests to smuggle drugs from Pakistan to Mozambique via Dubai.<sup>90</sup> In 2011, the government of Mozambique initiated an

International Conference on Law and Justice in the 21<sup>st</sup> Century, Coimbra

79. Jeremy Astill-Brown, and Markus Weimar, (2010), *Mozambique: Balancing Development, Politics & Security*, Chatam House, London

80. For example, on October 24, 2011 eight policemen and customs officials at Maputo International Airport were immediately suspended for facilitating the entry of illegal drugs into the country in exchange for bribes. 2012 International Narcotics Control Strategy Report (INCSR)

81. Interview with Benjamim Capito, who has conducted research into money laundering trends in Mozambique. He was active in the national task force on money laundering for more than ten years.

82. In one incident written communication from the Office of the Presidency directed certain containers be exempted from standard scanning and scrutiny at the Port of Maputo.

83. Route 102 which runs from north-south, EN1 which follows the coastline and EN4 which connects Maputo to South Africa

84. Interview with journalist Fernando Lima

85. See AFROL News (2010) “Mozambique drug barons protected by President”, Available at

<http://www.afrol.com/articles/37037>

86. US Embassy Maputo (2009), *Growing Corruption and Weak Governance in the Mozambique State*, Available at <http://www.cablegatesearch.net/cable.php?id=09MAPUTO797>

87. See AFROL News (2010) “Mozambique drug barons protected by President”, Available at <http://www.afrol.com/articles/37037>

88. Interviews in Maputo, April 2012

89. “Another Bank Pulls Out from Maputo Shopping Centre.” Available at <http://allafrica.com/stories/201006181101.html>

90. For example, Rassul Trading Co., run by Ghulam Rassul, and Niza Group, owned by the Ayoub family. According to a U.S. report, Rassul, a Mozambican based ethnic South Asian, has been smuggling hashish and heroin through Nampula province since 1993. 2012 International Narcotics Control Strategy Report (INCSR).

investigation into Suleman's alleged involvement in drug trafficking but found insufficient evidence of drug trafficking to prosecute on that charge.<sup>91</sup> Instead, it found extensive tax, customs and foreign exchange violations, and commenced administrative action against him for payment of back taxes and fines.<sup>92</sup> He is now paying off the money owed and is unlikely to face a prison term.<sup>93</sup> Suleman's reported supply of mobile telephones to the Mozambican police raised questions about the potential risks of having someone so implicated in the illicit sector providing hardware to the security services.

### Trafficking in Counterfeit Medication

Trafficking in counterfeit commodities is a lucrative business across southern Africa although Mozambique is particularly exposed to the influx of counterfeit medication. Police raids carried out in 2009 by the police in urban centers in Mozambique and Zimbabwe<sup>94</sup> found that as much as 40 percent of the medication on sale in pharmacies in both countries was counterfeit.<sup>95</sup> Counterfeit medication is smuggled into Mozambique from Dubai, China, India, and Thailand for distribution using the same land routes that carry narcotics.<sup>96</sup> There is anecdotal evidence that counterfeit medication is still being stocked in some outlets in Maputo and Matola.<sup>97</sup>

The World Health Organization (WHO) defines counterfeit medication as medicine that has "been deliberately and fraudulently mislabeled with respect to its identity and/or source."<sup>98</sup> Organized crime networks have been attracted to the industry, primarily because of the high profits and low risk involved. Some analysts have warned that "the recent mass deployment of medicines to address diseases of public health significance in Africa poses additional challenges to the health system with notable safety

concerns."<sup>99</sup> The most disconcerting impact of counterfeit medication is its potential to jeopardize treatment outcomes. As the OECD has pointed out, "ailments that could be remedied by genuine products may go untreated or worsen; in some cases, they may even lead to death. Significantly, counterfeit drugs have reportedly increased drug resistance among some the world's most deadly infectious diseases, including malaria, tuberculosis and HIV/AIDS."<sup>100</sup>

Governments are obliged to ensure that essential medicines, especially medicines used to treat large sections of the population are of good quality, safe and effective.<sup>101</sup> This requires effective border control, adequate technical expertise, capacity to supply the market, integrity of personnel, and political will, much of which are currently lacking in Mozambique.

### Human Trafficking

Mozambique is vulnerable to the commodification of people, either as a source, transit, or destination country.<sup>102</sup> A study conducted by the International Organization for Migration (IOM) in 2003 highlighted the characteristics of human trafficking for sexual exploitation in Mozambique, which originates from the streets of Maputo.<sup>103</sup> Subsequent to the study, a media investigation by the South Africa Broadcasting Corporation revealed that some eight years later, very little has changed in the modus operandi of traffickers, who continue to prey on impecunious young women aspiring to find employment in South Africa. The conditions that placed them in the desperate circumstances that traffickers exploit still prevail, and in some instances may have worsened. In addition, the scope of victims of sex trafficking has expanded beyond Maputo to also include Nampula.

91. Interview with official from the Supreme Court in April 2012. The author also discussed the case with journalist Luis Nhachote, who has closely followed Suleiman's progress, but not been able to link him to narcotics trafficking.

92. 2012 International Narcotics Control Strategy Report (INCSR).

93. AIM (2011), "Fuga ao fisco: Bachir já começou a pagar ao Estado", Available at <http://www.portaldogoverno.gov.mz/noticias/governacao/setembro-2011-1/fuga-ao-fisco-bachir-ja-comecou-a-pagar-ao-estado/?searchterm=pgr>; and Favet, Paul (2011), "Mozambique: Bachir is Still a Drug Baron, U.S. Embassy Insists", Available at <http://allafrica.com/stories/201109090451.html>

94. Police agents from the two countries reported on the outcome of raids at an Interpol regional workshop on the trafficking of counterfeit commodities, held in Harare, Zimbabwe in August 2010

95. Figures presented at the Interpol regional workshop in Harare, August 2010.

96. Interview with Charles Minega from the Centre for Regional Integration, Eduardo Mondlane University

97. Interviews conducted in Maputo in May 2012

98. World Health Organization, 2009

99. Isah, Ambrose O., Pal, Shanthi N., Ohlsson, Sten, Dodoo, Alexander and Bencheikh, Rachida Soulayami (2011), "Specific Features of Medicines Safety & Pharmacovigilance in Africa", SAGE, London

100. For example, in cases where fake antiretroviral drugs contain incorrect levels of active ingredients, the disease becomes more quickly resistant to first-line therapies, forcing healthcare officials to resort to second-line and potentially more toxic therapies, increasing healthcare costs and reducing access to essential medicines, OECD (2008)

101. World Health Organization (2009)

102. A term coined by Kevin Bales. Bales, Kevin (2009), "Disposable People: New Slavery in the Global Economy", University of California Press

103. International Organization for Migration (2003), "Seduction, Sale and Slavery: Trafficking of Women and Children for Sexual Exploitation in Southern Africa"

In 2011 police identified a network that trafficked up to forty women and girls each month through Mozambique's border with South Africa. They were allegedly being sold for US \$1,000. Inside Mozambique's borders, buying girls for the trade can cost as little as US \$2.<sup>104</sup> The US Department of State's Annual Trafficking in Persons report notes an improvement in the Mozambican government's efforts to end the trade, including several successful prosecutions that have taken place after an anti-trafficking law was enacted in 2008. At the same time, the report noted that enforcement remains difficult not least because resources are scarce and capacity remains low. A unit recently set up to deal with trafficking has only seven members charged with policing the entire country. Mozambique also lacks a national plan and a coordinating body.<sup>105</sup>

During the process of this research project several interviewees also made reference to the movement of large numbers of Somali nationals through Mozambique, some of whom may be victims of human trafficking networks operating from South Africa. In addition, high numbers of illegal immigrants from the Great Lakes region of central Africa are reported to be entering Mozambique through Malawi. Some are destined for South Africa. It has however been observed that artisanal mining in the three northern provinces of Niassa, Nampula, and Cabo Delgado has also attracted many migrants.<sup>106</sup> Longer settled illegal immigrants are involved in recruiting others to work for them. Fellow foreigners are recruited more as part of an illegal migration network than human trafficking. Additionally, over the past year, Mozambique has witnessed a rise in kidnappings by organized 'gangs' mainly targeting citizens of South Asian descent in the Maputo area.<sup>107</sup> The kidnappers have demanded millions in ransoms, at times requesting the monies be deposited in Nigerian bank accounts.<sup>108</sup>

While the extent and reach of human trafficking organizations and networks active in Mozambique has

104. Swails, Brent (2012), "Trafficking in Mozambique: 'Every minute was the worst'", CNN, Available at <http://thecnnfreedomproject.blogs.cnn.com/2012/02/20/trafficking-in-mozambique-every-minute-was-the-worst/>

105. Ibid.

106. Research conducted by Salomao Mungoi in 2010.

107. AFP (2012), "Are kidnappers in Mozambique targeting people of Indian and Pakistani origin?", Available at <http://www.cibroadcasting.com/2012/05/03/are-kidnappers-in-mozambique-targeting-people-of-indian-and-pakistani-origin/>

108. Agencia de Informacao de Mocambique (2012), Mozambique: Kidnappings - 22 Suspects Charged By Police

not been established, the study confirmed findings made earlier that they intend to involve Mozambicans in the Diaspora who manage places of transit in border regions between Mozambique and South Africa (around Komatipoort), and between Mozambique and Swaziland (Namaacha border).<sup>109</sup>

### Stolen Vehicle Trafficking

Trafficking of stolen motor vehicles is, by its nature, a form of organized criminal activity, on account of the risks involved, the value of the vehicles concerned, and the number of participants involved. In the case of Mozambique, neighboring South Africa provides an ample source of stolen motor vehicles that feed the trafficking industry. Proceeds from other forms of criminality provide funds to grease the market in which stolen motor vehicles are exchanged.

A connection has developed between illegal migration, illicit mining activities, and motor vehicle trafficking. The latter is fuelled by proceeds of unregulated and illegal mining activities in the northern provinces.<sup>110</sup> No official data exist on the volumes of minerals extracted in the northern provinces and smuggled out of Mozambique. The indications are that smuggling of gold and rubies occurs on a large scale.<sup>111</sup> In 2010, four nationals of Thailand were apprehended preparing to smuggle 34.5 kg of rubies worth approximately US\$102 million through Pemba Airport. The rubies were linked to theft from Namanhumbir, in the Montepuez district, 200 km west of Pemba.

Mineral smuggling supports an almost insatiable and growing demand for motor vehicles because of the circulation of huge amounts of cash in an environment with few other uses for it. Criminal networks dealing in all brands of new and used motor vehicles, including commercial vehicles and luxury models have flourished in the past decade.<sup>112</sup> Vehicles observed in Nampula and Niassa, in particular, include luxurious Hummers, Range

109. UNESCO (2006), "Human Trafficking in Mozambique: Root Causes and Recommendations", Available at <http://unesdoc.unesco.org/images/0014/001478/147846e.pdf>

110. Interview with Salomao Mungoi in 2011.

111. Agencia de Informacao de Mocambique(2010), "Mozambique: Four Thais Arrested for Smuggling Rubies

112. This observation is based on observations reported by Salomao Mungoi in a 2010 report, and confirmed in police reports to Interpol.



Rovers, Mitsubishi Colts, Land Cruiser GXs, and Jeep Cherokees. Coastal Nampula province is a predominantly subsistence agriculture area. Ironically, Niassa is generally acknowledged to be the poorest province in Mozambique, notwithstanding the enormous opportunities that exist in agriculture, forestry, and eco-tourism.<sup>113</sup> In the Lupilichi locality adjacent to the Rovuma river frontier with Tanzania, Niassa offers scope for artisanal mining. This suggests untapped potential for the local economy, possibly from taxation.

A significant number of vehicles stolen in Durban, South Africa, enter Mozambique through the Kosibay/Ponta de Ouro border post or through undesignated points. They are then concealed for some time in the Maputo game reserve, while negotiations occur between the networks and police units in the vicinity. Networks that include vehicle registration authority staff and border control units have been implicated.<sup>114</sup> The contraband vehicles generally end up in markets in southern Mozambique. Where stolen motor vehicles have been tracked to Mozambique, the police tend to be very slow in cooperating with their counterparts in neighboring countries in responding to intelligence reports,<sup>115</sup> sometimes refusing to return stolen vehicles on the pretext that they have been 'purchased' by innocent buyers.<sup>116</sup>

The motor vehicle insurance industry in South Africa has sustained huge losses as a result of the continuing trafficking of motor vehicles.<sup>117</sup> The trade in stolen motor vehicles directly impacts the integrity of governance structures, in part because the movement and re-registration of stolen vehicles in a foreign country invariably requires the collusion of state officials. As noted in a report by the South African Insurance Crime Bureau in 2010, such collusion has immensely undermined the vehicle clearance certificate system that was introduced by SARPCCO in 2000 to make it difficult to move stolen vehicles across borders.<sup>118</sup>

113. Landry Jenniferand Chirwa, Paxie W. (2009), "Analysis of the Potential Socio-economic Impact of Establishing Plantation Forestry on Rural Communities in Sanga District, Niassa province, Mozambique", *Land Use Policy*, Volume 30, Issue 1.

114. This emerged repeatedly from interviews conducted by researchers Mungoi and Madzima between 2008 and 2010

115. This issue has been a matter of concern since early this century. It has been raised by police agencies and prosecutors from various countries, and in an interview with investigative journalist Fernando Lima.

116. Interview with former senior Zimbabwean prosecutor in June 2012

117. According to the South African Insurance Crime Bureau's 2010 report

118. See SAICB reports from 2010, accessible at <http://www.saicb.co.za>

## Illicit Exploitation of Natural Resources

Mozambique is relatively well endowed with natural resources. The central provinces of Sofala, Manica, and Zambezia host 40 percent of the high quality timber logged in Mozambique, while one of the biggest coal reserves in the world is located in Tete province, which is wedged between Zimbabwe, Zambia, and Malawi. Apart from rubies and gold, the northern provinces of Niassa, Nampula, and Cabo Delgado also have significant quantities of tourmalines and quartz. The Niassa and Gorongosa game reserves host high concentrations of elephants, a highly endangered species because of the global demand for ivory. The Mozambique Channel also attracts many companies to its fishing and aquaculture stocks – which include world famous prawns, tuna, and crabs. For centuries, this extensive, somewhat unique array of natural resources has been exploited by both legitimate business and criminal enterprise.

Most dealings in gold and gemstones in the northern provinces appear to be under the control of Malians, Guineans, and Tanzanians, while Indians, Thais, and Bengalis are involved in buying up output from artisanal mining. Gems, such as diamonds sourced from eastern Zimbabwe, are smuggled into Mozambique and sold to foreign buyers in Manica town on the Beira Corridor.

Although the government has started to regulate the diamond trade, at the time of writing, Mozambique was not yet a member of the Kimberly Process.<sup>119</sup> Alternatively, there has previously been a proliferation of the illegal mining of precious stones in Mozambique, especially in the Manica province.<sup>120</sup> A Mozambican news agency noted in 2007 that "traffickers from Nigeria, Guinea, Mali, Tanzania, Pakistan, and other countries have been attracted to the area by the presence of rubelites, a much sought after, deep red variety of tourmaline."<sup>121</sup> In October 2006, "the Mozambican police seized 350 kg of precious stones worth \$700,000 from Malawian traffickers, which they suspected were illegally mined in Tete."<sup>122</sup>

119. In 2003, UN General Assembly Resolution 55/56 established the Kimberley Process Certification Scheme (KPCS) in an effort to prevent 'conflict diamonds' – diamonds mined in war zones and sold to finance insurgencies, invading armies, or warlord activities – from entering the mainstream diamond market.

120. Mozambique News Agency (2007), "Mozambique: Illegal Mining of Precious Stones in Barue", Available at <http://allafrica.com/stories/200711130795.html>

121. Ibid.

122. Gem and Jewellery Export Promotion Council (2006), "Mozambique Team to Curb Illegal

Adjacent to the Niassa Game Reserve is a buffer zone, in which a private game park is located. The game reserve has six airstrips. The marked absence of regulatory or law enforcement authorities at any of these airstrips leaves them vulnerable to abuse by poachers.<sup>123</sup> Meanwhile tourists traveling to the Niassa receive official 'clearance' from customs officials in Pemba, in Cabo Delgado Province. Elephant tusks have been smuggled to Tanzania and Malawi by small planes and helicopters that are supposed to be patrolling the game reserve.<sup>124</sup>

Asian markets also play a large role in the supporting these illegal markets. In 2011, Thai customs officials intercepted a shipment of ivory from Mozambique while in transit to Laos via Thailand.<sup>125</sup> Meanwhile, several Chinese companies have been implicated in the smuggling of ivory and unprocessed timber since 2004. The largest interception involving the Kota Mawar, a Liberian registered tanker that was traveling to China in March 2011, involved a consignment of 161 containers, each of them twenty feet long, containing hardwood and some 126 tusks. The Kota Mawar incident involved six state officials who turned a blind eye while the logs and ivory were laden onto the ship. The officials were subsequently prosecuted for their involvement. No large interceptions have been reported since, which does not necessarily mean that illegal logging has stopped. Indeed, monitoring activities to prevent the export of unprocessed timber is quite a challenge, not least because of the terrain involved. Mozambique's forests cover some 19,262,000 ha or 25 percent of the country's total land area.<sup>126</sup> Only 400 or so officers have been deployed to deter illegal logging across this massive expanse of territory.<sup>127</sup>

The export of unprocessed timber undermines initiatives to develop local industry and enhance opportunities for employment. Some Chinese companies have been repeatedly implicated in illicit resource exploitation, although there are indications that they are not acting in

isolation, but with the complicity of state functionaries. Indeed, on different occasions, Asian timber buyers, local business people, and members of the government of Mozambique and their forest services have been accused of colluding to "strip precious tropical hardwoods from these slow-growing, semi-arid and dry tropical forests, at a rate that could see the resource exhausted in five to 10 years."<sup>128</sup> In the areas where illegal logging occurs, it is evident that some unemployed youth are hired to conduct cutting operations, but this hardly leads to a sustainable and stable livelihood.

## Money Laundering

Organized crime requires advisory and professional intermediation services to provide the link between criminal activities and the lawful economy. Intermediaries within the financial and investment sector are in demand as are front companies and intermediary third parties. Criminals involved in dealing with illicit profits opt to use cash instead of relying on banking facilities even where they are readily available.

While Mozambique is not an important financial center, it is turning into an important regional center for money laundering and is principally linked to customs fraud and narcotics trafficking.<sup>129</sup> The proceeds of organized (and 'disorganized') illegal activities such as corruption, human trafficking, car theft, robbery, cash smuggling, illicit trade in precious metals and stones, and general smuggling are also laundered in Mozambique.<sup>130</sup> Authorities believe the proceeds from these illicit activities have helped finance commercial real estate developments including casinos, hotels, and shopping malls such as the one opened by Bachir Suleman.<sup>131</sup> As early as 2003, investigative journalist Mosse noted that Mozambique [had] far more banks and foreign exchange bureaus than can possibly be justified by the size of the legal economy and the need to exchange sizable foreign aid funds, suggesting a disparity between the money in circulation and that expected. This would justify the suspicion that financial institutions

Mining", Available at <http://www.gjpec.org/news/2377/mozambique-team-curb-illegal-mining>

123. Observed by Salomao Mungoi in 2010

124. Personal observations by Mungoi in 2010. Whether this continues to occur could not be confirmed.

125. Freelander

126. More information available at <http://rainforests.mongabay.com/20mozambique.htm>

127. "Mozambique: Resistance Forms to Illegal Logging", Available at [http://www.illegal-logging.info/item\\_single.php?it\\_id=2037&it=news](http://www.illegal-logging.info/item_single.php?it_id=2037&it=news)

128. MacKenzie, Catherine (2006), "Forest Governance in Zambézia, Mozambique: Chinese Takeaway", The accusation was repeated in May 2012, by a project officer for Justia Ambiental (Environmental Justice), Daniel Ribeiro

129. 2012 International Narcotics Control Strategy Report (INCSR)

130. US Department of State, Annual Money Laundering Report, 2012

131. US Department of State, Annual Money Laundering Report, 2012; Horta (2012)

may have been involved in laundering the proceeds of illegal activities.<sup>132</sup> While money laundering in the banking sector might indeed be a problem, more recent developments point to more unregulated or informal financial transaction services such as “currency exchange houses, cash couriers, and the *hawala* remittance system,” as well as “blackmarkets for smuggled goods,” play a more significant role in financial crimes and money laundering in Mozambique.<sup>133</sup> The latter have “[dwarfed] the formal retail and banking sectors in most parts of the country.”<sup>134</sup>

Despite taking several measures to respond to the growing challenge of money laundering, including through its membership of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the adoption of several anti-money laundering measures, and the establishment of a Financial Intelligence Office (2007), these efforts continue to be severely hampered by limited resources and corruption.<sup>135</sup> Institutions responsible for implementing the money laundering regime, including police, customs, and judicial authorities, “lack the funding, training, and personnel necessary to investigate money laundering activities and enforce the law.”<sup>136</sup>

The risk factors for engaging in organized criminal activity in Mozambique are significantly eased by the complicity of customs officials. Officials deployed at border entry points, especially at Ressano Garcia – the entry point of most South African smuggled goods – have repeatedly been implicated in assisting crime networks.<sup>137</sup> In June 2012, Customs Intelligence intercepted 175 thousand packs of cigarettes disguised as liquid goods in a fuel haulage truck. Some officials from the customs were accused of facilitating the operation.<sup>138</sup>

Located at 76 border locations, customs officials occupy a strategic and critical position. Mozambique relies heavily on imports. The importation of commodities such as

motor vehicles, motor vehicle spare parts, sugar, flour, alcoholic beverages, and tobacco (especially counterfeit cigarettes) involves highly organized criminal groups. To maximize profit, they circumvent import controls through bribery. High amounts of bribes are negotiated for bringing in trucks loaded with varying goods.<sup>139</sup> Deals are struck with the head of the relevant customs unit and the bribery money is deposited in a so-called ‘blue bag’ from which proceeds are distributed to all on-duty officers, in accordance with their hierarchical position at the end of the day.<sup>140</sup> If an officer does not agree or does not want to participate in the blue bag distribution, this officer is soon transferred. Efforts to respond to corruption within the custom services have centered principally on increasing the ranks of the customs services, yet newcomers can easily be compromised by what has come to be known as the ‘blue bag mafia.’ The head of the customs unit serves as a contact point linking the crime networks to the corrupted state functionaries. He/she is effectively part of the crime network.<sup>141</sup>

139. Authors’ interviews on the ground.

140. Initially revealed in notes to a presentation by J Bishop at a conference on organised crime in Africa, Courmayeur, Italy, December 2010. Subsequently confirmed in field research by Mungoi.

141. (Mungoi 2010)

132. Berry, LaVerle and Curtis, Glenn E. (2003), “Nations Hospitable to Organized Crime and Terrorism”, Library of Congress, Washington D.C., Available at [http://www.loc.gov/rr/frd/pdf-files/Nats\\_Hospitable.pdf](http://www.loc.gov/rr/frd/pdf-files/Nats_Hospitable.pdf)

133. US Department of State Annual Money Laundering Report, 2012

134. Ibid.

135. Ibid

136. Ibid.

137. Interview with Hannes van Vuuren, who was in the organised crime unit in the South Africa Police for ten years.

138. Journal of Mozambique (2012), “Alfândegas Apreendem Camião Atrelado com Cigarros Contrabandeados em Manica”, Verdade.

### III. The Impact of Organized Crime on Governance

Perceptions about the impact of organized crime on governance in Mozambique vary. The harshest view expressed by some analysts is that organized crime has become so prevalent in Mozambique that it could almost be viewed as a “parallel power base challenging the authority of the state.”<sup>142</sup> Commenting on what she referred to as the political economy of organized crime in Mozambique, in 2007, Irish-Qhobosheane observed that:

“[o]rganized criminal networks have been responsible for an increase in violent and other harmful forms of crime, such as trafficking in commodities and humans. In developing countries, these activities exact a high cost in terms of health and security; they also undermine investor confidence and hinder development. This impact on governance is amplified by corrupt collaboration between organized criminals and private or public officials, and has the potential to sabotage and derail the attempts of governments to fulfill their responsibilities, e.g. to address poverty and inequality in the region. High levels of organized crime can also lead to a loss of public confidence in the authorities, the creation of competing centers of political power and general public unruliness.”<sup>143</sup>

She contends that, as a result, Mozambicans generally lack confidence in the ability of government to curb corruption.

While organized criminal activity was once exploited to advance goals related to the internal conflict, over time, an increasingly corrupt political elite has used organized crime and illicit monies to consolidate its own interests while losing sight of the needs and interests of the Mozambican people. These relations have eaten away at Mozambique’s nascent governance institutions, preventing them from providing predictable and equitable services to citizens. As noted in the previous section, single-party dominance has resulted in an overlap between the party and the state in

142. Gastrow & Mosse (2003); Shabangu, Themba (2010), “A Comparative Inquiry Into The Nature Of Violence And Crime In Mozambique And South Africa”, Institute for Democracy in Africa, Pretoria.

143. Irish-Qhobosheane, Jenni (2007), “See No Evil, Hear No Evil: The Social Economy of Organised Crime in Mozambique” accessible at <http://dSPACE.cigilibrary.org/jspui/bitstream/123456789/30069/1/See%20no%20evil%20hear%20no%20evil.pdf?1>

Mozambique and equally strong ties between the political and economic elite.<sup>144</sup> Today, seven of the ten richest Mozambicans hold public office or have recently retired from office. The President of the Republic is identified as being the country’s richest man. Indeed, some members of the ruling party continue to consolidate their political and economic power to the detriment of both reforming elements within the party and opposition groups, and to the detriment of Mozambican citizens.<sup>145</sup>

As noted by Irish-Qhobosheane, service delivery by government departments needs to be rendered more effective so as to reduce tacit support for organized crime within impoverished communities. The size of the informal sector should diminish with state intervention, through incentives such as infrastructure development, marketing and financial support. The nature of modern forms of organized crime is such that it is unrealistic to expect law enforcement institutions alone to confront it. The case of counterfeit medication in particular, highlights this reality.

Equally, FRELIMO dominates all branches of government. FRELIMO control of the Assembly and the Presidency yields substantial political influence on the Supreme Court. Military, security, and police forces fall under the jurisdiction of the president, therefore, these groups – the police, military, and internal security forces – refrain from meddling in what is seen as political affairs. Indeed, elite control within FRELIMO operates not only to the exclusion of other political parties; it operates to the detriment of those who genuinely seek reform from within the government inside and outside of the party’s ranks. As noted earlier, a leaked diplomatic cable had noted that concern about government corruption is mounting among some ‘maverick’ members of FRELIMO, not least because of the links it is creating with organized crime.<sup>146</sup> The same cable made particular mention of Ahmad Camal, former Mozambican national assembly and FRELIMO longtime party member. Camal had bemoaned the strong

144. Business Anti-Corruption Portal (2011), “Mozambique Country Profile”, available at <http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/mozambique/general-information/>

145. Astill-Brown, Jeremy and Weimar, Markus (2010), “Mozambique: Balancing Development, Politics & Security”, Chatam House, London.

146. US Embassy Maputo (2009), “FRELIMO Mavericks Concerned about Corruption” available at <http://wikileaks.org/cable/2009/05/09MAPUTO611.html>

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linkages between senior FRELIMO officials (including ministers), and drug traffickers and money launderers. He further noted government manipulation of important figures in an effort to aid in money laundering operations. According to Camal, the President engaged in a more 'benign' kind of corruption that did not directly hurt the poor, but instead aimed to insure his own economic prosperity and influence.<sup>147</sup>

FRELIMO's ability to finance itself through a blend of legitimate and funds of questionable origin has created a cycle of elite dominance at the exclusion of lesser-financed or less influential parties, thus shrinking already narrow political space. Not only is FRELIMO dominance strong, but the opposition has remained weak. The relatively new opposition voice – the MDM – may offer a substantial chance at reform in the country and offer an alternative set of policies to address the needs of the general population. Above all, the emergence of a strong opposition may also force the ruling party to adapt its policies, particularly vis-à-vis corruption, organized crime, overall citizen security, and provision of basic services as a means to maintain favor and legitimacy, and above all, win votes.<sup>148</sup> As FRELIMO moves to expand and consolidate its base, it will increasingly need to demonstrate results in these areas.

There is broad awareness in Mozambique of the central importance of minimizing grand corruption as a way of combating organized crime. Some progress has been made in establishing the mechanisms necessary to tackle corruption. Milestones include the creation of the Anti-Corruption Unit (ACU) in 2003, the approval of the Anti-Corruption Law in 2004, the upgrading of the ACU to a Central Office to Combat Corruption (GCCC) in 2005, the adoption of an anti-corruption strategy in 2006 and of the anti-corruption forum in 2007.<sup>149</sup> More recently, in 2012, the government proposed a package of measures to combat public sector corruption. These include provisions to prevent and expose conflicts of interest in the public service and to declare assets.<sup>150</sup>

Even though the recently established GCCC has been staffed with competent magistrates and investigators, it lacks prosecutorial powers. This is a significant shortcoming in responding to organized crime. Baltazar Fael, a researcher from the Centre for Public Integrity (CPI) finds this situation incomprehensible.<sup>151</sup> Currently, after the investigation is conducted and the case is ready for court, the GCCC is required to hand the case over to the Attorney-General's office for prosecution. If the latter does not have the expertise or interest to take the case further, the success of the prosecution could be compromised. In any event, the recommendation of the GCCC to prosecute does not bind the Attorney-General's office. The latter is a source of much frustration for the GCCC officers, not least because it compromises the success of prosecution.<sup>152</sup>

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151. Beck, Johannes (2010), "Mudanças profundas são precisas – Centro de Integridade Pública propõe nova lei anti-corrupção para Moçambique", Deutsche Welle World, Available at <http://www.dw-world.de/dw/article/0,,6254863,00.html>

152. Personal communication, 15 June 2008.

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147. It was reported that Guebuza, through a proxy, received an estimated commission of between US\$35 and US\$50 million for the \$950 million purchase of the Cahora Bassa Hydroelectric Dam from the Portuguese Government in 2007. "Mozambique, Talks of Corruption at the Highest Level of Government", Available at <http://allafrica.com/stories/201012100421.html>

148. Ibid.

149. Ibid.

150. Interview with Deputy Attorney General Angelo Matusse

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## IV. Recommendations

- To this day, political and public sector corruption and organized crime remain strongly connected. The capacity of Mozambique to respond effectively to both organized crime and corruption remains low. It would be naive to attribute these weaknesses entirely to the strength of organized crime. Structural deficiencies that date back to the initial days of independence and that have yet to be overcome are partly responsible. Significant amounts of development assistance funds have been invested in both anti-corruption efforts and countering organized crime to date; yet these efforts do not seem to form part of an integrated strategy linked to longer-term development objectives. At the same time, the nature of the political system and the corruption that is tied to it hardly lends itself to introducing the reforms needed to counter the reach of organized crime in Mozambique. Indeed, efforts aimed at ensuring both vertical and horizontal accountability are consistently hampered by the very fact that one's political, social, and economic survival is tied in some way or another to the Party. Nonetheless, the system does remain responsive to the needs of citizens, and it would be un-intuitive of both the ruling party and opposition parties (both new and old) to ignore the increasing levels of discontent, especially amongst the more educated urban populations, regarding increasing wealth disparities, social and economic exclusion, and heightened levels of violence. Development assistance actors can capitalize on this discontent by supporting a more strategic approach to responding to organized crime, encompassing vertical and horizontal accountability measures, more sophisticated and context specific law enforcement mechanisms, and linking these to development and not just security outcomes. The following should also be considered as part of such a strategy:
  - Investing in in-depth research that sheds more light on the impact of the combination of organized crime and corruption on development, particularly regarding service delivery, access to jobs, and access to justice, and making these findings available to the public.
  - Providing ongoing support to the monitoring of the political environment and ensuring the transfer of these capacities to national stakeholders.
  - Supporting the promotion of inter- and intra-party dialogue on policy implications of organized crime ahead of the 2014 elections, including through multi-party issue platforms and funding research to support the work of such a platform.
  - There is potential to expand the mandate and capacity of the existing anti-corruption agency – the GCCC. In the process, its role and functions will need to be demarcated from those of the Attorney-General's Office. The GCCC will need to get closer to the nodal points where corruption and organized criminality intersect, and have access to points of integrity in various state institutions.
  - Support the strengthening of police capacity and regulatory authorities responsible for supervising professional intermediaries who facilitate money laundering. Law enforcement is likely to benefit if the current fragmentation of public and personal data is phased away.
  - The establishment of stronger border controls between Mozambique and its neighboring countries could also be considered as a means of stemming the trafficking of illicit goods and people. However the extent to which corruption permeates most levels of the Mozambican infrastructure proves a significant challenge in providing incentive to stop malfeasance. At the regional level, three international anti-corruption instruments, the SADC Protocol Against Corruption (2001), the African Union Convention on Preventing and Combating Corruption (2003), and the UN Convention Against Corruption (UNCAC) (2003) directly affect the southern African region. Additionally Mozambique is also a signatory to the UN Convention Against Transnational Organized Crime that binds the Mozambican government to adopt punitive measures against individuals or groups that partake in organized criminal activity. The Government can benefit by

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seeking to more strongly align its domestic policies with its international obligations.<sup>153</sup>

- Finally, greater transparency in the allocation and disbursement of funds will provide a greater understanding of areas in which the government and donors alike can seek improvement. The growing trend in favor of MDM has highlighted growing frustration with the lack of services and inequitable balance of wealth. The burgeoning population and the subsequent migration to urban centers has resulted in a rise in a younger class seeking fair access to economic opportunity and government accountability. Recent discoveries of natural resources provide an opportunity to finance investment and policies aimed at combating poverty and stimulating economic development. If underpinned by the principle of 'do-no-harm,' programmes centered on the latter can help meet longer-term development objectives.

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153. Indeed some efforts have been made. New anti-corruption legislation aimed at correcting flaws and strengthening the already existing legal framework had been adopted by the Council of Ministers in 2011. The 'anti-corruption package' has been fully submitted to the Assembly but has been yet to be fully adopted.

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