
Controlling Corruption Through Simplification

The Mozambique Case

Sérgio Chitará

Confederation of Mozambican Business Associations
(CTA)

Summary

- Mozambicans recognize that corruption interferes with their lives and development;
- Grand corruption is about the power to change or override rules.
- Solutions include freedom of speech; free press; civil society pressure groups; democratic institutions; capacity to rule by law.
- Petty corruption affects day-to-day business by creating uncertainties, consuming time and reducing productivity. It is nourished by a culture of control, complex rules.
- Solutions include simplification of legislation; communication between government and civil society; trained and motivated civil servants; monitoring.
- I will elaborate on what the private sector is proposing to do to combat petty corruption.

Brief History of Corruption

- Ivory & slave captains.
- Portuguese Mr. Cunha.
- After 1975, CHICONHOCA symbolized, a speculator and smuggler of goods or taker of bribes in government positions;
- CANDOQUEIRO was the brother of CHICONHOCA;
- Today the “ SON OF CHICONHOCA” is back
- **Mozambicans are well aware of the problem.**

Why the Mozambican private sector is committed to fight corruption

- Increases costs for doing business;
- Reduces business opportunities and competition;
- Creates uncertainties;
- Builds dependency and endless cycle of bribery;
- Government and institutions get poor quality at high prices - inefficient way of using taxpayer money;
- Dissipates tax base and leads to over-taxation of the honest or accessible.

Corruption Realities

- More than 30 days to access agricultural land and more than 100 steps;
- It can be endless process to access land, to build in urban areas- bribes all the way;
- Easier to pay duties to the officials, not to government, quicker to pass the border;
- Labor and tax inspections: always something wrong, to fine you... it can be repeated ... the fines are high and discretionary ... so bribe!
- Tenders are not transparent processes: Government loses... private sector without opportunities

Vilanculos

- Survey of 100 of 400 registered businesses in this tourist town found:
- 82% of businesses paid bribes averaging
- 9.5% of gross revenues, with
- Mozambican companies paying more than foreign companies, while
- Managing to evade about 2/3 of taxes.

Controlling Corruption

- Simplify procedures, rules and regulations: e.g. through public/private sector reform commissions
- Public information on about steps required in any process: e.g. border notice board
- Remove discretionary decision-making from officials: e.g. foreign workers contracting
- Work with advocacy and lobbying groups to create awareness: e.g. CTA commissions
- Explain the rules publicly with examples: ETICA

Efforts to Fight Corruption from Bottom Up Promising

- Civil society anti-corruption group, ETICA, comprehensive survey, TV program;
 - Simplification of rules and regulations – pushed by CTA -- gaining understanding among regulators and decision makers;
 - Public education and campaigns on going;
 - Free and active press supports the fight against corruption.
-

But Top Down Effort has Been Limited

- Anti-corruption law recently passed;
- Anti-corruption authority established;
- Both very slow in coming;
- And, no prosecution of senior officials identified by anti-corruption unit of AG;
- A core of senior figures appear to block all efforts to bring high-level problem under control.

Concluding Remarks: What Next ?

- Continue to support the civil society groups and free media: public campaigns: democracy : corporate governance
- Strengthen the dialog between government and private sector, leading to simplification of rules and regulations;
- Support “Ombudsman” type of services, run by civil society groups
- Benchmark, processes and procedures: measure periodically and publish progress;
- Strengthen analytical work, to build strong argument of cost / benefit deriving from simplification – publicize negative impacts to everybody