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It's not just lack of funds...

Corruption weakens the Government's capacity to respond to humanitarian disasters

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The government agency responsible for disaster management, the National Institute for Disaster Management and Risk Reduction (INGD), is showing that it is incapable of responding to humanitarian emergencies. The Government alleges lack of funds, and hence of adequate resources to provide humanitarian assistance to the victims of disasters in Mozambique¹. Because of this situation, the country seeks and receives aid from partners to provide assistance to disaster victims. This text argues that, in addition to lack of funds, corruption in the management of humanitarian aid has a negative impact on the capacity of the government to respond to humanitarian emergencies.

Just as happens in Cabo Delgado with humanitarian aid to the victims of terrorist attacks, the government's assistance to the victims of the floods in Maputo is far below the demand². This reflects in part, the mismanagement – and corruption – of the funds received by the INGD to assist those in need.

An investigation undertaken by the Centre for Public Integrity (CIP) between August 2022 and February 2023 found notable levels of corruption in the management of funds intended to support the victims of disasters in the country.

Using a sample of four (04) cases of public contracting in the INGD, it was ascertained that over about two (02) years, approximately 196 million MT were spent unduly by the government's disaster management agency, the INGD.

The cases analysed involve several aspects ranging from: deviation in application and violation of the public hiring procedures for public works contractors, and the acquisition of vehicles, using the Disaster Management Fund; signs of over-invoicing in the INGD's hiring of transport services for humanitarian aid; signs of diversion of funds allocated by the IMF to the INGD to respond to the Covid-19 emergency, and; undertaking doubtful building work in the offices of the Maputo Secretariat of the Risk and Resilience Management Programme.

It is argued that these cases listed above are reflected negatively in the capacity of the institution, and hence of the government, to respond to disasters.

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Diversion of Money from humanitarian aid to acquire four-wheel drive vehicles for leaders

The local press reported, in late 2022, that the World Bank suspended financing for the Disaster Management Fund (FGD), managed by the INGD, because of the diversion in the application of funds intended for humanitarian aid to the acquisition of vehicles³. The case reported occurred in 2020 and is just one of several cases that are not well known, of deviations in the application of INGD funds, or mismanagement of funds, with signs of corruption.

In 2020, the management of the FGD decided to take over 18 million meticaís from the Fund to acquire six (6) 4x4 Toyota vehicles, at Toyota de Moçambique. The acquisition of the vehicles was not preceded by any public tendering procedure. The contract was granted by direct award, which is an exceptional regime, generally used in cases of emergency. The vehicles acquired were not used for humanitarian aid, but were allocated to leaders of the INGD⁴.

That same year, the managers of the Fund used about 13 million meticaís to construct water and sanitation infrastructures and about 1.4 million meticaís to build a bridge in Nampula province. There was no public tender for awarding these jobs. Even more serious, building jobs are not eligible for financing by the FGD. What was found during the investigations was that the opportunity of public contracting is used to allow the diversion of funds, through over-invoicing and undue commissions.

Since the acquisition of vehicles and public works contracting are not eligible for financing by the FGD, when the World Bank became aware of this deviation in applying the money, through the audit report from the Administrative Tribunal, it decided to suspend disbursement of a sum of 5 million US dollars for the FGD “until the INGD presents an acceptable plan of action to guarantee strengthening of its acquisitions system” and thus prevent the recurrence of similar situations in the future.

In addition to suspending the disbursement of 5 million dollars, the World Bank demanded the return of 32.5 million meticaís used improperly by the FGD managers, in the acquisition of vehicles and the building of the infrastructures mentioned above⁵.

The investigation found that the acquisition of vehicles with money from humanitarian aid happened again 2021. This time, the INGD management took about 24 million meticaís from the FGD to buy eight (8) Toyota Hilux 4x4 vehicles, which were allocated to leaders of the institution. Once again there was no public tender to acquire the vehicles. The contract to buy and sell the vehicles was awarded directly⁶. The 2021 case has not yet reached the World Bank.

The delay in disbursing 5 million dollars for the FGD indisputably affected the capacity of the INGD to respond to humanitarian emergencies, even though the INGD spokesperson, Paulo Tomás, declared that the institution complied with the demands of the World Bank, including the return of 32.5 million meticaís to the FGD account, and that the World Bank resumed aid immediately⁷.

Over-invoicing in the hiring of services to transport humanitarian aid

The transport of merchandise for the beneficiaries of humanitarian aid is one of the methods most frequently used to take money out of the INGD for private purposes. Aware of this situation, the World Bank informed the Minister of Economy and Finances, Ernesto Max Tonela, that “the auditors have noted weaknesses in the contracting system, particularly in determining the economy of the transport contracts”⁸.

One of the recent cases analysed happened in 2022. In January of that year, the INGD signed a contract for the transport of goods with the company Mavila Transportes Import & Export¹, to the value of 3 million meticaís. The contract was granted by direct award, by a dispatch from the chairperson of the INGD, Luísa Meque, dated 18 January 2022. However, when it claimed the money, the company hired alleged that it had undertaken work worth much more than the value of the contract, and submitted 10 invoices for a total sum of 83.799.623,70MT (eighty three million, seven hundred and ninety nine thousand, six hundred and twenty three meticaís and seventy centavos), for which it demanded payment.

¹ The shareholders of Mavila Transportes Import & Export are Cremildo Armando Mavila and his daughter (a minor), Marta Armando Mavila, as stated in BR no. 138, III Series, of 18 November 2016 - p. 7285

Since the value of the invoices was much higher than the value in the contract, the company hired refused to receive the payment of 3 million meticaís, the amount stipulated in the contract. To solve the conflict, a meeting was held on 28 April 2022, at which the INGD chairperson decided to evaluate the invoices and delivery notes submitted by the company, in order to pay the corresponding amount.

A technical team evaluated the 10 invoices and their respective delivery notes submitted by Mavila Transportes Import & Export and found various irregularities. Among the main irregularities identified was the fact that none of the 10 invoices bore a date of issue. Hence, it was necessary to assess the delivery notes of the goods transported to ascertain the date on which the services had been carried out.

The evaluation found that three invoices, for the sums of 20.6 million, 12.1 million and 2.7 million were not accompanied by product delivery notes. The lack of delivery notes dictated the exclusion of these invoices from the payment list.

As for the invoices that did have delivery notes, other irregularities were found, notably the repetition of delivery notes, to support the payment of different invoices. That is, one and the same note was used to justify the transport undertaken by two different vehicles to two different destinations, on different dates, which according to the explanation obtained from INGD staff cannot happen. For each journey made, a single delivery note is used.

In addition to the repetition of the delivery notes for different journeys, other irregularities observed in the analysis of the notes submitted to the INGD by Mavila Transportes Import & Export is that the same vehicle made journeys to the same destination, on the same day, but using different delivery notes. This happened several times and with several vehicles. According to the explanation obtained, this cannot happen because a single note is used for each journey.

Even stranger is that one and the same vehicle is reported as having travelled to two different destinations on the same day, which is impossible.

The company hired, Mavila Transportes Import & Export, issued invoices for prices much higher than that agreed under the contract. Cases were found of prices increased to more than 223%, when the maximum acceptable, according to the INGD staff, is 10% above the agreed price.

In total, Mavila Transporte Import & Export submitted invoices for 83.8 million meticaís for a contract signed for 3 million meticaís. Once the invoices and delivery notes were analysed, it was found that only invoices for 6.1 million meticaís were payable.

Despite these findings, the INGD management went ahead and paid the invoices submitted by Mavila Transportes Import & Export, ignoring the recommendation of the staff that only 6.1 million should be paid⁹.

Diversion of funds to respond to the COVID-19 emergency

Managers of the Disaster Management Fund were involved, in 2020, in cases of the diversion of funds received by the Fund in order to respond to the COVID-19 emergency. The funds were financed by the International Monetary Fund (IMF). About 50 million meticaís were used improperly.

The Public Prosecutor's Office (MP) has initiated criminal proceedings, under case file No. 93/11/P/GCCC/2020, against the coordinator of the FGD, Rui Costa, the Fund's finance officer, Acácio Niquice and the official responsible for public hiring, Manuel Jambane. Warrants were issued for their arrest, and the three were detained on 16 September 2021. They are charged with the crime of illicit economic participation in business.

However, the three were released against payment of bail, and will await the subsequent phases of the case in freedom. But after they were released, the three returned to the same jobs through which they had practiced their crimes. No disciplinary proceedings were held, nor was there any inquiry to take any measures so as to investigate the case.

Doubtful work in the offices cost 5.9 million meticais

In September 2021, the INGD undertook emergency building work in the offices of the Secretariat of the Programme for the Management of Risk and Resilience in Mozambique, located at the headquarters of the institution, in Maputo city. The building work, forecast to last for four (4) months, cost 5.9 million meticais and the contract was granted – as usual – by direct award – to the company MOPTEC Investimentos e Serviços, Lda.

MOPTEC² [10] is a public works contractor which is one of a group of companies claiming payment of a supposed debt by the State for the provision of services. However, there were no written contracts proving the existence of such a contractual relationship with the State¹¹.

In all, there were 184 companies, detected by the Inspectorate of Finance, which claimed a total debt of 5.7 billion meticais from State institutions. There was no contract signed between these companies and state institutions, and so there was deadlock over payment¹².

Not only did the supplier have no contract, but the work undertaken by MOPTEC in the INGD was not inspected by a company whose job is inspection. It was the INGD itself which inspected the building work, although the institution has no vocation for this.

Figure 1. Plaque on the building work at the INGD offices



The work done by MOPTEC, resulting from a direct award, and without inspection, was reported as being of poor quality. In less than a year after the work was completed, that is, in December 2022, part of the interior roof collapsed.

² The shareholders of MOPTEC are Hildo Muianga and Helvis Muianga (father and son), as stated in BR no. 55, III Series, of 11 July 2013 – p. 2150-(37)

Figure 2. Photo showing the interior of the job done by MOPTEC that collapsed

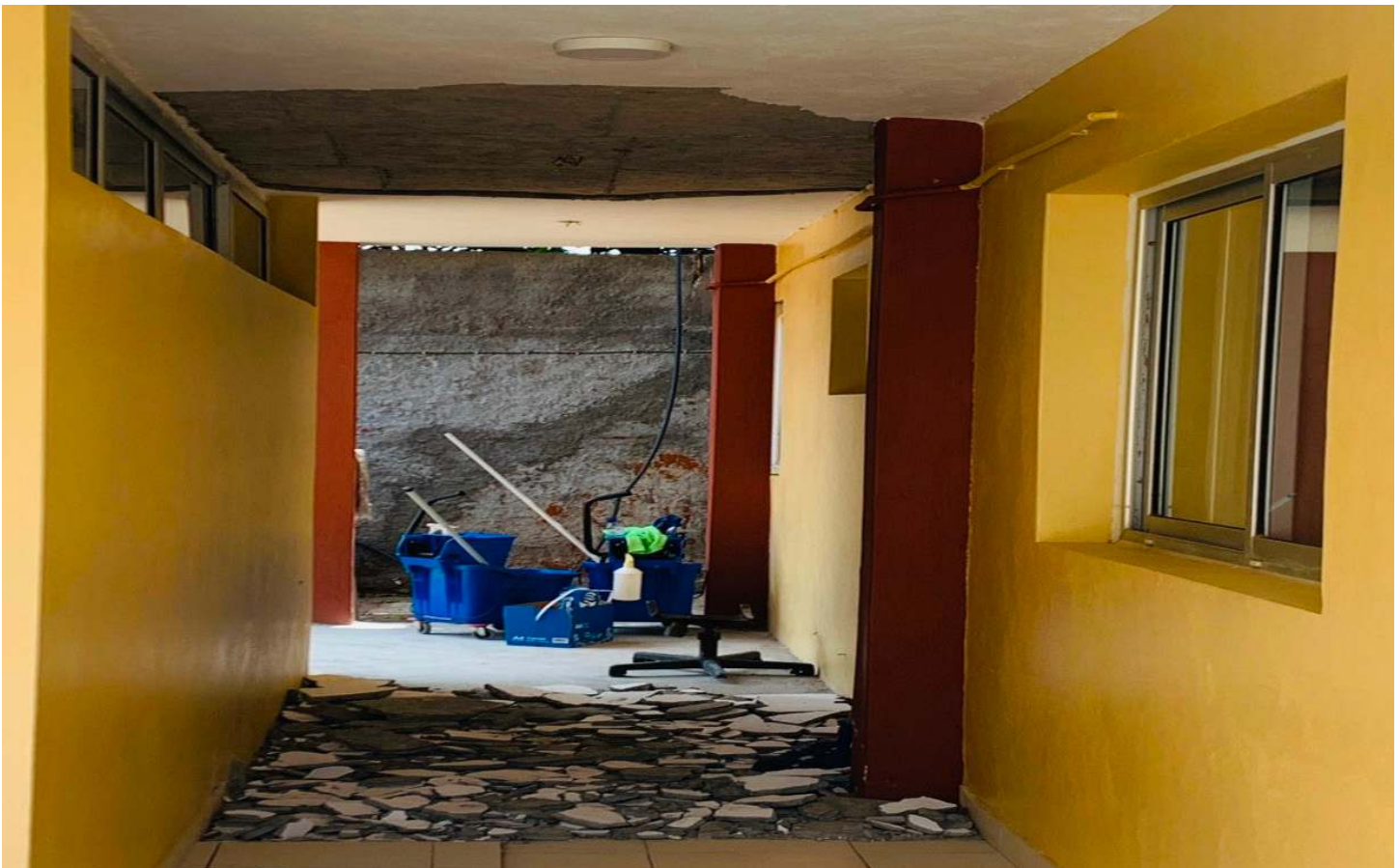


Table 1. Sums involved in mismanagement with signs of corruption in the INGD (in MT)

Year	Sum involved	Description
2020	18 million	Deviation in application of the Disaster Management Fund to acquire six 4x4 vehicles allocated to leaders.
2020	13 million	Diversion of funds from the World Bank for the construction of infrastructures
2020	1.4 million	Diversion of funds from the World Bank to build a bridge.
2021	24 million*	Deviation in application of the Disaster Management Fund to acquire six 4x4 vehicles for leaders of the INGD.
2021	50 million	Diversion of funds intended for response to the COVID 19 emergency.
2021	5.9 million	Doubtful building work with signs of over-invoicing.
2022	83.8 million	Over-invoicing in contracting services to transport goods.
Total	196.1 million	

* Value estimated on the basis of the value of the 6 vehicles acquired previously

Conclusions

Mozambique is a poor country prone to extreme climatic events, due to its geographical location. Poverty increases the vulnerability of people, who are unable to prepare themselves for resilience to the impacts of climate change, and the Government is unable to respond satisfactorily to humanitarian emergencies in order to lessen their impacts. But this is not the only problem.

The Government mobilises funds, particularly from development cooperation partners, to respond to natural disasters, and these funds are being mismanaged by the National Institute for Disaster Management and Risk Reduction, with strong signs of corruption, as shown in this text.

The mismanagement of INGD funds is weakening still further the already feeble capacity of the government to respond to natural disasters. Hence, rather than just continuing to raise funds, it is necessary to investigate the mismanagement of funds intended for humanitarian assistance, and to hold responsible those implicated in this. Only thus can the trust of the partners and of citizens be won, and the impacts of the climate change to which Mozambique is exposed be lessened.

Recommendations

Given the findings of the investigation, it is recommended that an external audit be held into the management of the funds and of public contracting, in order to ascertain the weaknesses that need to be improved. This audit could be held by the Administrative Tribunal or by independent auditing companies.

It is also recommended that the Public Prosecutor's Office undertake further investigations to detect other possible cases of corruption in the management of funds intended for humanitarian assistance by the INGD.

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- ^[4] INGD staff member interviewed in August 2022, in Maputo
- ^[5] The information is contained in a letter from the World Bank, sent to the Minister of Economy and Finance, Ernesto Max Tonela, dated 17 August 2022, signed by the World Bank Director in Mozambique, Indah Pswarayi-Riddihough
- ^[6] INGD staff member interviewed in August 2022, in Maputo
- ^[7] *Café da Manhã* (2023). Antena Nacional of Rádio Moçambique, 13 February
- ^[8] Included in the same World Bank letter, sent to the Minister of Economy and Finance, Ernesto Max Tonela, dated 17 August 2022, and cited above
- ^[9] INGD staff member interviewed in August 2022, in Maputo
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