

# MOZAMBIQUE News reports & clippings

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## Scary warnings and missed deliveries:

G-mail issued frightening warnings about the 14 March bulletin (441) and some servers may have blocked it. We think this was because one of the cyclone map websites we hyperlinked is on the blacklist of spamhaus.org. A safe pdf can be downloaded from [bit.ly/MozBul441](http://bit.ly/MozBul441)

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**Heroin:** The Mozambique papers on the heroin transit trade cited at a Maputo conference last week are available in English on <http://bit.ly/Moz-heroin> and in Portuguese on <http://bit.ly/Moz-heroina>

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## Worst cyclone in decade hit Beira Friday; no electricity, phones, food; main road cut

Cyclone Idai, billed as the worst in a decade, hit Beira Friday morning with 200 km winds, high waves and heavy rain. The airport was badly hit with building, planes and landing aids seriously damaged, but daytime flights landed today (Sunday).



Otherwise communication is largely cut off and information remains sparse. *O Pais* estimates 55 dead in Beira and 13 in Dondo, with at least 1500 injured. Trees and electricity and telephone poles are down and many buildings damaged, with roofs blown off. More flimsy buildings in the suburbs have been destroyed. All businesses remain closed.

The main N6 road, which provides the only normal access from the west and Maputo, is cut off by flooding and a washout at Lamego:

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Electricidade de Moçambique has restored electricity from the Mavuzi and Chicamba dams in Manica along the N6 as far as Dondo, but cannot restore power to Beira because the main substation at Munhava is under water. <https://cartamz.com/index.php/politica/item/1323-beira-vai-continuar-as-escuras-por-mais-dias-e-sem-telecomunicacoes-agua-e-pao>

The cyclone drove up the N6 causing damage and flooding in Mancianha province and Manicaland in Zimbabwe, with an estimated 31 deaths in Zimbabwe. Reports remain very limited but a report on social media said 70 people were stranded on a roof of a building in Gruja, Buzi district. Luabo and Chinde at the mouth of the Zambeze River remain cut off.

Thus in its erratic track, the storm has killed at least 209 people.

**A storm with a long history.** This has been a very unusual cyclone. A tropical depression formed in the Mozambique Channel on 4 March and moved over Zambézia and then Malawi. Very heavy rain on 6 and 7 March caused major flooding in Tete and Zambézia, as well as Malawi. Many roads were flooded and closed. At least 45 people died in Malawi in the first phase of the storm, according to the EU-funded Floodlist, and 66 in Mozambique according to Ana Comoana, spokesperson for the Council of Ministers, on 12 March.

Then over Malawi the storm made a u-turn and moved back eastwards and into the Mozambique Channel. On 9 March it was upgraded to a tropical cyclone. It intensified rapidly and was named Idai and by 13 March began again moving west toward Beira.

The national meteorological officer predicts heavy rain in the affected zone over the next three days. And many roads flooded by the first part of the storm remain closed. The World Food Programme map of closed roads is attached.

## Secret Debt

### **Nigeria rejected a Prinvest \$2 bn shipyard debt deal**

After Mozambique agreed the \$2 bn secret debt deal with Prinvest, Nigeria rejected a very similar deal proposed by Prinvest, the finance minister at the time, Ngozi Okonjo-Iweala, revealed in a book published last year, *Fighting Corruption is Dangerous*. (MIT Press)

Prinvest had been in discussion for months and had signed a memorandum of understanding with the Nigerian navy when the finance minister joined the discussion in 2014. When she asked for a business plan, Okonjo-Iweala was told there was none. She found that the plan to set up a modern shipbuilding and repair facility required a government guaranteed loan of \$2 bn. And she points out that in Nigeria, a government guarantee of a loan requires approval of parliament.

In the book, Okonjo-Iweala points out the similarities to the Mozambique \$2 bn secret debt, and says by refusing the deal, "we saved the country from what could easily have become an embarrassing and burdensome fiscal situation."

She has good reason to know the Mozambique situation. Mozambique was an early backer of her candidacy to be World Bank president in 2012, and she later became the Africa candidate, but was beaten by the US candidate, Jim Yong Kim. *Noticias* (27 Mar 2012) pointed to her "excellent relations with Mozambique" over a long time.

Okonjo-Iweala later became a senior consultant for Lazard Bank and is credited with gaining Mozambique's agreement to use Lazard to negotiate with secret debt bondholders (*Indian Ocean Newsletter*, 2 Sept 2016), which led to a proposed settlement that was unexpectedly generous to the bondholders.

### **Mozambique not paying**

Prime Minister Carlos do Rosário stressed to parliament in statements and response to questions on 13, 14 March that Mozambique is not making any payments on the secret debt. He also stressed again the inclusion of the secret debt in the 2015 state accounts in no way constituted a legalisation of the debt, but was required by the 2002 financial administration law to be listed as a possible liability. (*Savana, Noticias* 15 Mar) This point is expanded in a leaflet on Mozambique's debt published by MEF on 28 February, which includes \$1.9 bn of the secret debt in the "public debt stock" but which stresses that the \$1.1 bn syndicated loans remain illegal and unconstitutional. <http://www.mef.gov.mz/index.php/documentos/sala-de-imprensa/folhetos/1610-ultima-versao-folheto-sobre-a-divida-publica-ii-28-02-19>

But there are clearly differences in government as to whether or not to pay. In his presentation on 14 March Finance Minister Adriano Maleiane stressed that "the guarantees exist" and must be "respected" and thus the government needs to negotiate with creditors. But he also pointed to the legal action being taken in the High Court in London. The loan contracts say the English court will decide any dispute based on English law, and thus the London court must decide if the guarantees are valid. (Lussa 14 March)

**Comment:** We have noted in this newsletter that based on a recent ruling, the English High Court would be likely to decide that that government guarantees on the \$1.1 bn syndicated loans, signed by Manuel Chang without parliamentary authorization, are not enforceable. *ih*

### **Security head's wife's sudden wealth**

The secret debt was negotiated with three companies owned by the security services (Serviço de Informação e Segurança do Estado - SISE) and its then head Gregório Leão, was arrested in Maputo on 19 February, followed by his wife Angelina on 7 March. With the pair in jail, *Savana* (15

Mar) could tell the tale of Angela Leão's ostentation, starting in 2013, when she suddenly had a lot of money. She bought luxury cars and flats and in 2013 brought the rapper 50 Cent to Maputo (at a cost said to be near \$1 mn).

**Manuel Chang's hearing on extradition to the US** takes place Monday 18 March in Kempton Park, Johannesburg.

## **Cabo Delgado**

### **Press censorship but senior police on trial**

Three senior police went on trial 13 March for arresting and beating the renowned investigative journalist Estácio Valoi. The police are Augusto Guta, provincial police press spokesperson; Cornélio Duvane, commander of the Pemba Municipal police; and Aires Aurélio Tequia, then head of the Pemba 2nd squadron but now district commander of Montepuez. Valoi was detained for taking photographs at a women's day rally 7 April 2017. His mobile telephone, camera and notebook were confiscated.

In his defence Tequia, head of the squadron where Valoi was taken, first said that his actions were justified because of the attacks then taking place, but it was pointed out that the attacks only started 6 months later. Second, he said the problem was that he had not recognised that Valoi was a prominent journalist. But prosecutor Nélia Madeira pointed out that any citizen had a right to take photos at the rally. The court ruling will be given on 27 March. (*Carta* 15 Mar)

But Cabo Delgado governor Júlio Parruque called a press conference for provincial journalists on 23 February, the day after community radio journalist Germano Aduabi was arrested. Parruque told the journalists they would no longer be allowed to report on attacks, corruption, illicit enrichment, drug trafficking, illegal fishing and other social problems and politicians. Journalists Germano Aduabi and Amade Abubacar remain in detention. (*Carta* 13 Mar)

## **Corruption**

**From *Carta de Moçambique*** <https://cartamz.com/>

**Former Maputo finance vereador murdered.** Célia Cumbe, who was *vereador* for administration and finance in the previous administration of David Simango, was killed and the body burned on 5 March. Her bank cards were taken. *Carta* (15 Mar) reports that in December Cumbe was coming under strong pressure, particularly from other vereadores, to make improper payments, including over-invoicing. Maputo "was being looted in the last weeks of the term of David Simango," writes *Carta*. (*Veradores* are local ministers or local cabinet members, responsible for a sector.)

**President Nyusi's brother accused.** In 2016, Baldeu Chande, then administrator of the Quirimbas National Park (PNQ), was removed for alleged corruption. Celso Correia, Minister of Land, Environment and Rural Development, appointed Albino Jacinto Nhusse as administrator of the PNQ. Albino Jacinto Nhusse is the brother of the President of the Republic (PR), Filipe Jacinto Nyusi (Deifferent name spellings, but brothers nonetheless.) But, *Carta* (12 Mar) says, "the environment of disorder and malaise in local communities has not changed." Albino Nhusse denies involvement in corruption in Quirimbas Park.

The community living in the area around the PNQ accuse the park administration of demanding bribes from those who collect shellfish or engage in fishing activities. As soon as he took the lead of the PNQ, Albino Nhusse promoted a ranger who sold crabs confiscated under the pretext of inspection, selling them to Chinese at the PNQ's own premises, claims *Carta*.

**Sentenced to jail but presenting business meetings.** In 2018 Setina Titosse, former head of the Agriculture Development Fund (FDA), was sentenced to 18 years in jail for stealing \$3 mn from the fund. But she has never gone to jail. It was advertised that she was hosting a business promotion seminar at Hotel VIP on 15 March. (*Carta* 13 March) Forever Living, a US pyramid



cosmetics company, had hosted meetings at Hotel Vip on 15 December and 23 February to recruit salespeople. Titosse using a similar looking poster and the Forever Living eagle logo, but the poster never actually mentions Forever Living and uses the name "Forever Business".

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## Background reading

### Special reports

#### Gas for development?

Gas\_for\_development\_or\_just\_for\_money?\_2015 [bit.ly/MozGasEng](http://bit.ly/MozGasEng)

Gás\_para\_desenvolvimento\_ou\_apenas\_dinheiro?\_2015 [bit.ly/MozGasPt](http://bit.ly/MozGasPt)

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

Special report on four poverty surveys: [bit.ly/MozPoverty](http://bit.ly/MozPoverty)

2018 Constitution - <http://bit.ly/2KF588T>

Minimum wage and exchange rates 1996-2018 -- <http://bit.ly/MinWage18>

#### \$2bn secret debt - in English

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz-full>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

#### In Portuguese:

Parliamentary Report on the Secret Debt (complete) [bit.ly/MozAR-debt](http://bit.ly/MozAR-debt)

**Election study collaboration:** We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozEIData>

Election newsletters are on <http://bit.ly/2H066Kg>

**Eight books by Joseph Hanlon can be downloaded, free:** <http://bit.ly/Hanlon-books>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014)

Há Mais Bicicletas – mas há desenvolvimento? (2008)

Moçambique e as grandes cheias de 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996)

Mozambique: Who Calls the Shots (1991)

Mozambique: The Revolution Under Fire (1984)

#### Two more will be available shortly to download:

Apartheid's 2nd Front (1986)

Mozambique and the Great Flood of 2000

#### These are still available for sale:

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)

Zimbabwe takes back its land (2013)

Just Give Money to the Poor: The Development Revolution from the Global South (2010)

Do bicycles equal development in Mozambique? (2008) (free in Portuguese)

Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

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