



# RHULA WEEKLY

## MOZAMBIQUE MEDIA REVIEW



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**In Focus – Insurgency haunts Mozambique gas fields**



**Three suspected rail line vandals arrested – Page 8**



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## Jean Boustani acquitted in case over US\$2 billion loans



**Further roadside ambushes in Central Mozambique**



**Economy slows for third consecutive quarter**



## The Peace Process Progresses Amid Further Roadside Ambushes in Central Mozambique

Isolated attacks and roadside ambushes in Central Mozambique have continued over the last week, with at least three incidents reported since 26 November in the Manica Province. These shootings come after an apparent lull in reported attacks in the region. To date, figures show that the armed attacks and roadside ambushes in Central Mozambique have killed at least 12 people, while many others have been injured. According to statements made by local PRM departments, the attacks are being attributed to armed members of the Renamo Military Junta, currently under Mariano Nhongo's leadership. Last month, President Nyusi publicly promised that the state would hunt down those responsible for the attacks, with a subsequent manhunt for Nhongo recently being launched.

Last week, several Junta bases were reportedly attacked by Mozambican Security forces. In a statement, Nhongo confirmed that his central base in Piro, which is situated next to Gorongosa, along with other bases, were infiltrated by the security forces on Wednesday, 27 November. Later reports, also released on Wednesday, indicated that Nhongo had been "disarmed", adding that his guard was "neutralised". It should be noted that some reports coming from the region have in the past been fabricated. Information regarding Nhongo's claimed offensives against his bases and subsequent disarming have not yet been verified.

Despite attacks in the central provinces, the European Union's (EU) Ambassador to Mozambique, António Sanchez-Benedito, announced that he is optimistic about the peace process between the government and Renamo. In an interview with *DW Africa*, Sanchez-Benedito confirmed that the EU has already disbursed €10 million to support the peace agreement as well as the implementation of social and reconciliation projects in the region. Another €50 million was promised to be released in 2020. He further stated that an estimated 5000 Renamo guerrillas have been registered to be demobilised.

A recent announcement that the first ten Renamo guerrillas have completed their basic training to be reintegrated into the PRM indicates some progress in the Disarmament, Demobilisation and Reintegration (DDR) process. However, it has been almost four months since the signing of the peace accord and no other major actions in the process are known, or at least not publicly stated. In theory, the DDR process should have incorporated all 5000 Renamo guerrillas before the general elections took place on 15 October. Of these 5000, news on only ten of them has recently been published. The existence of an unknown number of Renamo guerrillas who did not register for the process further complicates matters, not to mention the number of armed Junta men who reputedly refuse to take part in the DDR process.

In a statement, Renamo's Secretary-General, André Magibire, provided little assurance of the inclusivity of the process. He stated: "The DDR process is going, but we cannot go into depth given the sensitivity of the issues. What we had to do we are doing, the others will come, so Renamo is doing its part."

The EU's announcement that a further €50 million will be made available for the process in 2020, could possibly persuade some of the remaining armed elements to join the DDR process. However, the minimal publicly available information about the process may deter and hamper participation as it opens the door for alternative narratives. Earlier this year, Nhongo stated that poor conditions in camps where Renamo members are waiting to be demobilised could be motivating some elements to carry out attacks in the central provinces. Although this claim was not verified, statements such as these – painting the DDR process as ineffective and not worthwhile – can be used to dissuade Junta members from joining the process. In this regard, the success of the DDR process will not only depend on funding and how the programme is designed but also on the transparency of the process in order to draw the participation of Renamo dissidents, as well as other members, who have not yet registered to partake in the process.

## Travel Warnings Updated for Mozambique

This week, the British Foreign and Commonwealth Office (FCO), the Canadian government and the United States (US) Embassy in Maputo updated their travel advice for Mozambique. The FCO's updated security alert regarding Central Mozambique advised against "all but essential travel" between certain points along the EN1 and EN6 (*See Rhula Travel Advisory TA 191205-SA001*). The risk of armed confrontations and clashes between armed groups, security forces and civilians remain high to very-high due to the ongoing insurgency in Northern Mozambique. In this regard, the US Embassy in Mozambique reiterated its travel advice for Cabo Delgado, advising strong caution to be taken when traveling to the province. The security alert specified security risks in the Mocimboa da Praia, Nangade, Palma, Macomia, Ibo, Ancuabe, and Quissanga districts (*See Rhula Travel Advisory TA 191204-SA001*). In addition to the high-risk districts highlighted by the US Embassy, the Canadian government included more districts to avoid in Cabo Delgado, adding Meluco and Muidumbe to their security notice.

## Hidden Debt Scandal: The Shock of Boustani's Verdict

On Monday (2 December) the US jury acquitted the Privinvest salesman, Jean Boustani, on charges that he helped to defraud US investors in bonds backed by the Mozambican government. In a nutshell, Boustani's defence focused on two aspects. Firstly, that Boustani did pay Mozambican officials (at their request) but he had no role in packaging the loans for investors and as such, never defrauded US investors (the crime he was charged with). Secondly, Boustani's lawyers argued, quite successfully, that the case did not belong in the US, Boustani has never visited the US and if any crime was committed, it was not committed in the US.

The not guilty verdict was handed down in New York and subsequently sent shock waves through Mozambique where other co-conspirators are awaiting trial. Evidence and arguments presented in the courtroom will undoubtedly have an impact on the defence of individuals charged in Mozambique. However, the potential effect that Boustani's verdict could have on former Finance Minister, Manuel Chang's extradition decision is particularly interesting. Chang is currently in custody in neighbouring South Africa, with ongoing legal battles surrounding his extradition to either the US, where charges have been laid against him, or Mozambique, where no official criminal charges have yet to be made.

A key component of the argument to extradite Chang to the US, rather than to Mozambique, rests on the belief that a trial in his home country would not result in criminal accountability. Even though Chang's political immunity has been revoked as a result of his decision to resign his seat in parliament, many still believe that the Mozambican justice system will not enforce accountability – after all, none of the suspects charged in the hidden debt scandal been convicted in Mozambique. Boustani's verdict complicates this argument – even though Boustani and Chang's roles in the scandal are very different, the verdict brings to light the question of jurisdiction to prosecute (an argument previously made by Public Prosecutor, Beatriz Buchili, in favour of Chang's extradition to Mozambique). However, the converse can also be argued. In this regard, Boustani's acquittal based on the argument that *he* did not defraud US investors, could frame a backdrop to place the blame on Mozambican authorities, such as Chang, particularly in a US courtroom.

The decision on Chang's extradition has not yet been made and it remains to be seen how lawyers in South Africa will use Boustani's case to support their arguments for or against Chang's extradition to Mozambique.

In the meantime, the Mozambican government confirmed that it will continue with its legal action in London against Credit Suisse and Privinvest's Iskandar Sifa, despite the acquittal of Privinvest's sales director in the US.

## Sugar Scandal

While evidence continues to emerge regarding corruption within the Mozambican government, news of illicit practices in the corporate world has also made headlines this week. On Friday, 29 November, PricewaterhouseCoopers (PwC) published an investigation into South African sugar giant, Tongaat Hulett. The probe revealed that ten senior executives artificially inflated profits and assets of the company between fiscal 2013 and 2019. This is the second investigation PwC has conducted on a South African company this year. Before this, PwC investigated Steinhoff International Holdings, and the financial scandal that followed brought the retail giant to its knees. The Tongaat Hulett board is now considering taking legal action against those named in the PwC report and has reportedly approached authorities in Mozambique and Zimbabwe, where some of the malpractice is believed to have taken place.

Tongaat Hulett is the dominant share holder in two Mozambican mills and cane estates, namely, Xinavane (Maputo Province) and Mafambisse (Sofala Province). Further investigation into the Mozambican entities may possible provide another blow to the Frelimo government's reputation as the PwC report alluded to "governance and financial oversight" as contributing factors in the scandal.

## INSURGENCY HAUNTS MOZAMBIQUE GAS FIELDS

Impoverished by years of neglect and under-development, the discovery of large natural gas fields in Mozambique's northern Rovuma basin has the potential to create significant wealth in the region, but the struggle against a local Islamist insurgency could threaten investment. Since 2017, attacks on villages, government structures and local transport networks have been launched by Islamist militants, who thrive in a region beset by poverty.

The historic roots of discontent in the northern region date to a perceived economic bias towards the south of the country that began under Portuguese colonists and was later exacerbated by the ruling Frelimo party. Poverty, unemployment and lack of education in the north have allowed insurgent leaders to exploit feelings of bitterness and marginalisation among local communities. Yet the motivation behind the attacks, which commenced in late 2017, remains unclear. Locally the group is known as Al Sunna wa Jamma'ah (ASWJ), while others refer to it as Al Shabaab, despite no known links to the Somali jihadist network of the same name. Its attacks have largely targeted civilians.

According to reports of police arrests, the disparate group, which consists mostly of locals with some foreign militants from Tanzania, Uganda and Kenya, has killed over 250 villagers and destroyed local businesses. On at least two occasions, buses carrying oil workers have been attacked along key trading routes connecting Mocimboa da Praia, the port closest to the offshore gas sites, to other villages in Cabo Delgado. While analysts suggest the incidents were isolated events, the recent recruitment of Russian military contractors suggests that the government is increasingly concerned by developments.

An ambush in Cabo Delgado's Muidumbe District in October reportedly resulted in the death of 20 Mozambican troops and five security personnel employed by the Wagner Group, a private Russian military firm that is active in many conflict zones around the world and is widely held to act as a proxy for the Russian government.

While ending the insurgency is crucial for Mozambique, which hopes to exploit its vast energy reserves in order to revive the fortunes of the neglected region, an excessive response by a government seeking to impose its will could inflame the situation and exacerbate violence. In an essay for the Lawfare blog, researchers Hilary Matfess and Alexander Noyes argued that the government's response has been "extremely heavy-handed and militarised," including shutting mosques and detention without trial.

"Mozambique needs to handle this growing security challenge in a way that will tackle the problem instead of exacerbating it with heavy-handed tactics justified as being "tough on terrorism." A more comprehensive approach, which focuses on shared socioeconomic development and leverages international partnerships, would be more effective in fighting extremist groups like ASWJ," they argue.

### Gas-fired developments

The insurgency comes at a time when the government is hoping to ramp up investment in oil and gas projects. The government believes that LNG projects have the potential to create over 15,000 jobs while supporting offshoot projects including electricity generation. A 2019 World Bank report on poverty assessment in Mozambique notes that GDP grew at an average rate of 7.2% per year between 2000 and 2016. However, poverty rates remained largely unchanged in the Cabo Delgado region.

In October ExxonMobil confirmed that it plans to invest more than US\$500 million in the initial construction phase of its LNG project, a planned US\$30 billion venture to be jointly operated with Italy's Eni. The project will have a capacity of more than 15 million tonnes a year.

ExxonMobil did not respond to questions from African Business about the security of its investment in the region, but the company's website describes Rovuma LNG as "a project designed for success... [which will] pave the way for industrialization that will benefit generations to come."

### Local grievances

Despite the promise of such investment, local citizens accuse President Filipe Nyusi of prioritising the safety of foreign companies over ordinary northerners. Augusto Omarr, 68, a shop owner in Pemba, the capital of Cabo Delgado, says that the government's blindness to local grievances continues to stoke tensions.

"It's like all they want to do is to protect the oil, but the local people are not safe. Almost every day, you hear a village has been attacked because the government doesn't seem to be able to stop Al Shabaab... They will just arrest anyone they think is involved with Shabaab, but still, we are not safe."

Zenaida Machado, Angola and Mozambique researcher with Human Rights Watch says that the security forces' inability to deal with the problem risked creating more discontent: "Security forces should engage communities and build an environment of trust and collaboration instead of committing abuses against them by arbitrarily arresting and ill-treating anyone they suspect to be an insurgent."

President Nyusi and the ruling Frelimo party were re-elected in an October contest in which he promised peace and prosperity to the people of the north. Over the next five years, Nyusi will attempt to court further investment while ensuring the low-level conflict in the north does not escalate.

Khaled Sherif, vice-president for regional development, integration and business delivery at the African Development Bank, has suggested that Mozambique could create a sovereign wealth fund to manage future revenues for the benefit of the nation and local communities.

"At this point, Mozambique might consider setting up a sovereign wealth fund or other financial vehicle as a cushion against future shocks and to help the Mozambican people," he told *Lusa*, the Portuguese news agency, in November.

Companies can also play their role, according to Matfess and Noyes, by urging the government to respond in a responsible manner.

"International corporations operating in the region can play a role and could be encouraged to engage with local communities through corporate social responsibility programs and fair labour practices. They can also use their influence to help push the government in the right direction."

The original article can be read [here](#)

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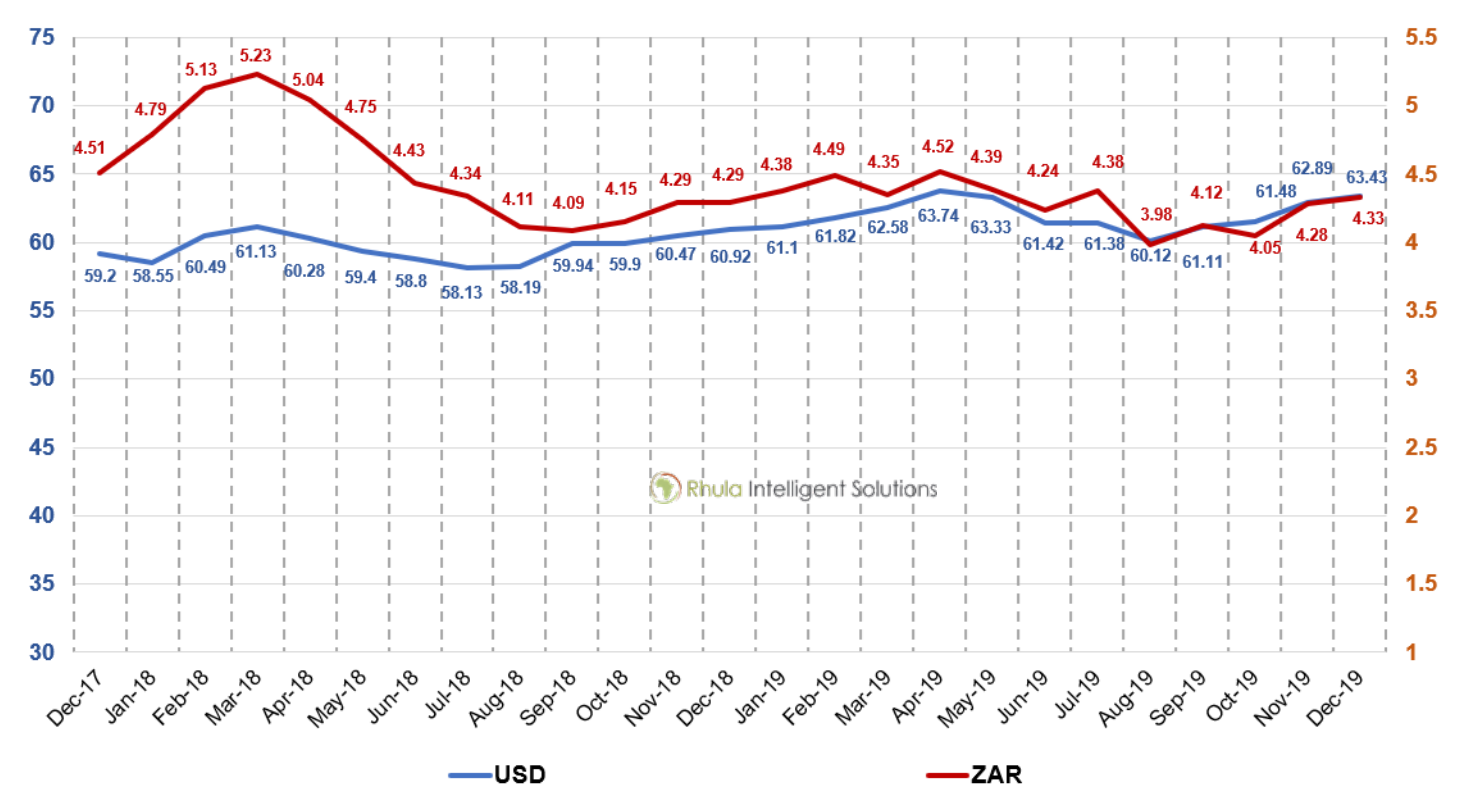
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GRAPH 1 – MOZAMBIQUE CURRENCY EVALUATION



**2016 MOZAMBIQUE POLITICAL INCIDENT MAP**

This map includes all incidents in Mozambique from 01 January 2016 to the 12 August 2016

**148** Total Incidents

Map Key:

- Armed Conflict: 148
- Property Related: 148
- Vehicle Attack: 148
- Armed Conflict: 148
- Property Related: 148
- Vehicle Attack: 148

Information Note: From 01 January 2016 to 26 June 2016 a total of 148 incidents were recorded.

**UPDATED RISK INDICATORS**

Property Related Risk: High

Vehicle Attack Risk: High

Armed Conflict Risk: High

**Region 7 – Northern Mozambique**

Incidents in Niassa and Nampula City

Map Key:

- Armed Conflict: 148
- Property Related: 148
- Vehicle Attack: 148
- Armed Conflict: 148
- Property Related: 148
- Vehicle Attack: 148

Information Note: From 01 January 2016 to 26 June 2016 a total of 148 incidents were recorded.

**MOZAMBIQUE SECURITY INCIDENT ALERT**

REQUIRED MILITARY ACTIONS PLANNED FOR NAMPULA PROVINCE

Date: 1 September 2016

Time: 18:00:00

Type: Armed Conflict

Status: Unconfirmed

Action 1: Reinforce

Action 2: Evacuate

Source: Social Media

Location: Nampula Province

Incident Description:

Information circulating on social media suggests that Renamo's armed wing is planning to launch full scale military actions targeting (Frelimo) strongholds and major cities in Nampula Province on or Thursday 1 September 2016. The source advised all residents to stay indoors on Thursday as a precaution.

Additional information seen by Rhula Intelligent Solutions correlates with the above. According to the information, Renamo has elected to intensify attacks in the lead up to the resumption of talks with international mediators on 12 September.

Unconfirmed information suggests that Renamo plans to make a statement by targeting some of the larger and more prominent towns and cities, while at the same time continuing with attacks on the main roads to disrupt the flow of traffic and goods. Attacks on smaller Frelimo strongholds are also said to be part of this plan. Information additionally indicates that Renamo activities in Zambezia, Manica, Sofala and Inhambane provinces are to increase. A possible attack in Gaza/Maputo province is also rumored to be in the pipeline. The attacks are likely to be postponed due to the fact that details have been leaked and therefore compromised.

**Current Risk Level:**

The current risk level for Nampula Province is High, and will likely remain so in the coming days. If the information proves to be false, the risk in the area will be lowered due to a decrease in fear and panic.

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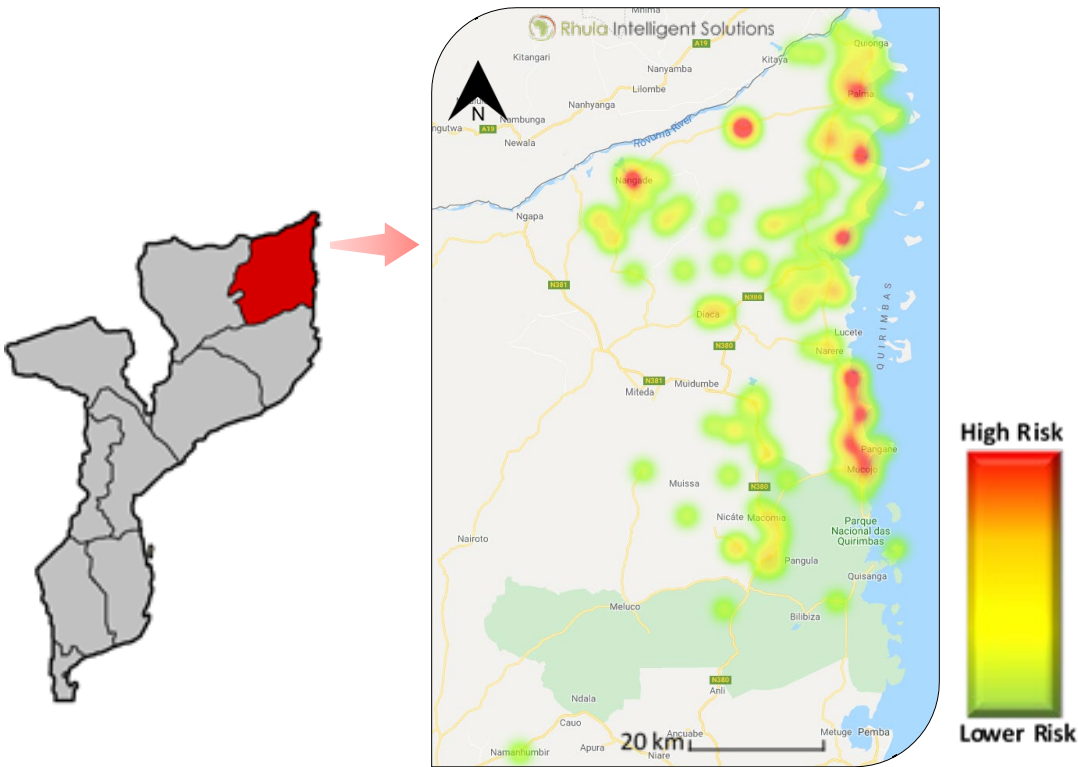
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SECURITY & CRIME

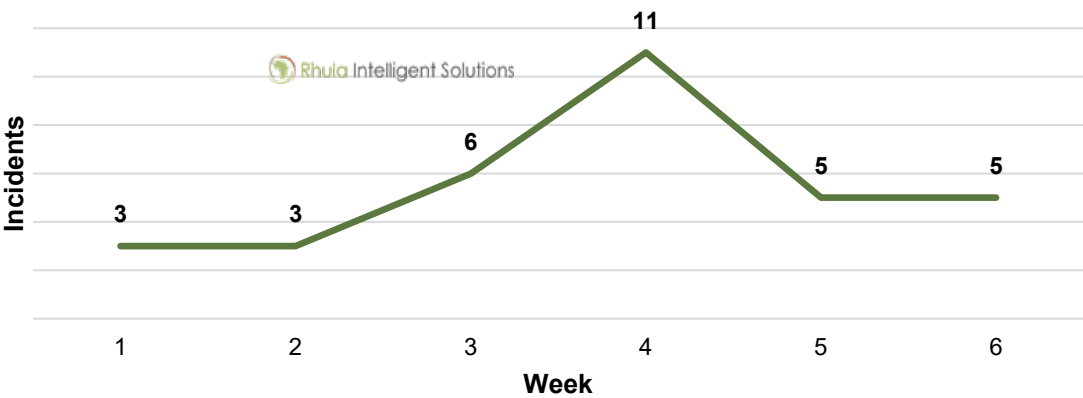
POLITICAL AND SECURITY INCIDENTS

(01/01/2018 – 04/12/2019)



TOTAL RECORDED MILITANT INCIDENTS OVER 6 WEEK PERIOD

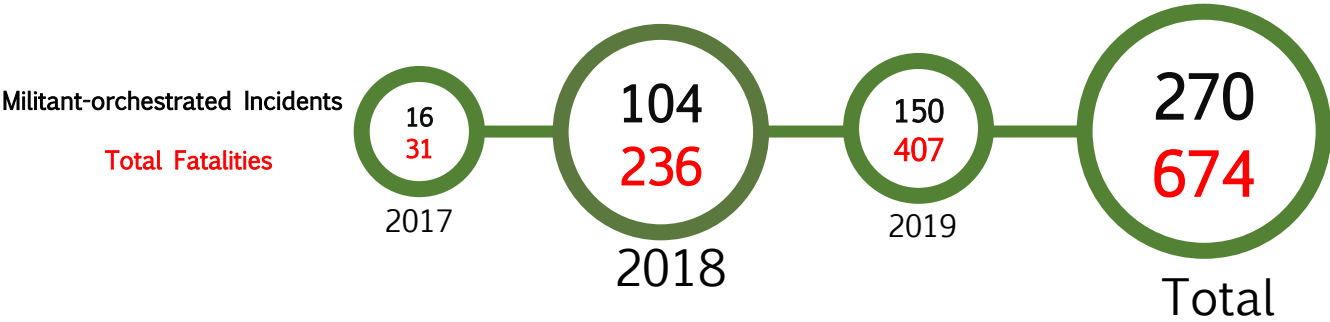
(24/10/2019 – 04/12/2019)



REPORTED INCIDENTS THIS WEEK

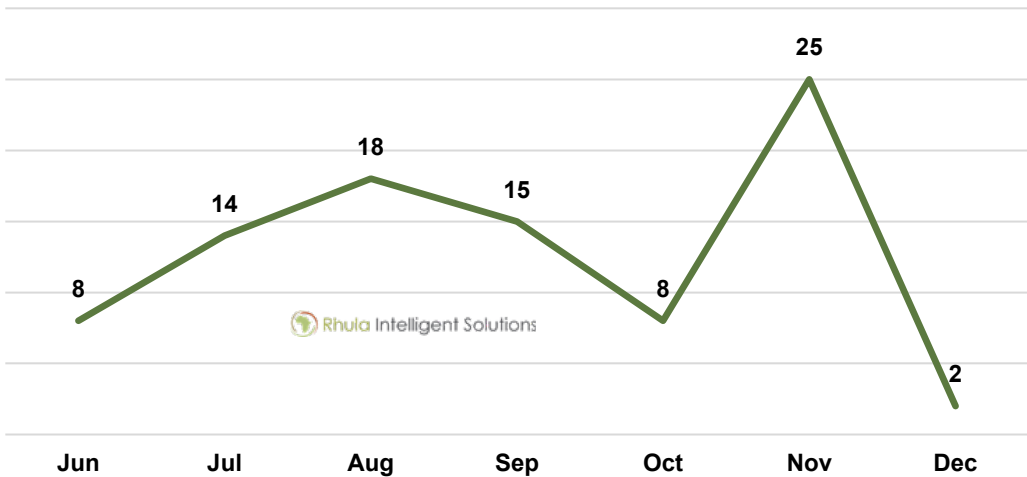
Incident Type(s)	Date	Validity
Armed Incursion (Nangade District)	27/11/19	Unconfirmed
Armed Incursion (Palma District)	29/11/19	Unconfirmed
Armed Incursion (Macomia District)	29/11/19	Unconfirmed
Armed Incursion (Palma District)	30/11/19	Unconfirmed
Roadside Ambush (Palma District)	03/12/19	Unconfirmed
Roadside Ambush (Palma District)	03/12/19	Unconfirmed

TOTAL MILITANT INCIDENTS



TOTAL RECORDED MILITANT INCIDENTS OVER 6 MONTH PERIOD

(CABO DELGADO)



Disclaimer: These figures refer only to militant-orchestrated incidents recorded in Cabo Delgado Province and do not include operations carried out by the FADM or by the population.

## Insecurity in the North

### Vehicles, merchandise and homes destroyed in Tingina, Cabo Delgado

A group attacked a village in northern Mozambique on Wednesday night (27 November), in a region living under armed violence for two years, destroying vehicles, merchandise and homes, residents told *Lusa*.

The raid took place in Tingina (or Litingina) village, in Nangade District, Cabo Delgado province, at 20:00 on 27 November.

The attackers set fire to three cashew-laden trucks belonging to a merchant who was going to sell them elsewhere in the region.

They also destroyed five light vehicles and several homes of poor construction, made of adobe, thatch and zinc sheets, which are the norm in the region, among the scattered forests of the province.

Nangade District is about 100 kilometres north of Muidumbe, where the latest clashes with the population occurred and deaths were reported, and 100 kilometres west of Palma, where megaprojects for natural gas exploitation are being built.

The Cabo Delgado region has been facing attacks from armed groups since October 2017, after years of latent conflict between Muslims of different origins, with violence reportedly being born in radicalised mosques.

At least 300 people have died, according to official and population figures, and 60,000 residents have been affected, many forced to move to other places in search of security, according to the United Nations.

[Source: Lusa/Club of Mozambique](#)

### EU calls for 'strategic alliance' against violent extremism in the North

The European Union ambassador to Mozambique on Thursday (28 November) called for urgent action to create a strategic alliance coordinated with the government of President Nyusi to address violent extremism in the north of the country.

"It is important to establish a strategic and coordinated alliance to identify the threat we face and create approaches to safeguard regional sustainability" in southern Africa, António Sánchez-Benedito Gaspar said at the opening of a seminar on violent extremism in the region, taking place in Pretoria, South Africa.

According to the ambassador, the current insecurity in the province of Cabo Delgado, northern Mozambique, threatens to spread to

other parts of southern Africa, namely neighbouring South Africa and the hinterland countries.

"We do not have 40 years at our disposal for actions which don't produce results. We have to find solutions to mitigate this problem in the next five years," he said.

"It is necessary to consider new methods to address not only the causes of this phenomenon but also its possible evolution and the rapid changes that occur due to digitisation and technology, among others," he added.

"It is interesting to note that in the last two years the EU's involvement in combating violent extremism has increased, compared to combating terrorism activities," he said.

In the case of Mozambique, the European Union ambassador later told *Lusa* that the Mozambican government should spearhead a comprehensive strategy to address the growing violence in Cabo Delgado, taking into account the different players on the ground.

"As partners, we are able to assist, but we must also count on local communities, civil society organisations as well as private companies, not only those operating in the oil and gas sector, but from all industries," he said.

"There may be sharing on the part of the government and a strategic alliance in which we can all invest more in creating better conditions for local people, providing basic services, creating employment opportunities for Mozambicans in a multi-pronged approach," António Sánchez-Benedito Gaspar told *Lusa*.

The seminar "Addressing the Threat of Violent Extremism in Southern Africa" was organised by the European Union (EU) in coordination with regional partners, namely the South African Institute for Security Studies (ISS), and brought together on 27 November in the South African capital researchers, academics, diplomats, and experts in terrorism and regional security to analyse the emerging phenomenon of radical groups in Mozambique and Southern Africa.

[Source: Lusa/Club of Mozambique](#)

## Central Mozambique

### Four injured, one of them critically, in Manica bus attack

Four people were injured in an armed attack on a Transportadora Etrago bus registered in the Gondola District of Manica at around 6:00 on Friday (29 November). One is in a serious condition, and the three others suffered minor injuries.



The attack took place in the vicinity of Muda Serração, about 75 kilometres from the city of Chimoio. The target was an Erago Company bus on the Maputo-Quelimane route.

A hospital source in Gondola District said that four people were injured, one of them seriously, but stressed that hospital staff was not authorised to give interviews, and victims were not to be approached.

Our reporter was prevented from taking pictures inside the Gondola District hospital, where a security detail was stationed at the emergency room door to prevent images from being captured.

The seriously injured victim was transferred to Chimoio Provincial Hospital in a municipal ambulance at around 11:30 on Friday (29 November).

[Source: O País/Club of Mozambique](#)

### **Another armed attack on a bus in Central Mozambique – two injured**

Another armed attack on a bus on National Road 1 (EN1) in central Mozambique on Monday (2 December) caused minor injuries to two, local sources told *Lusa*.

The bus was hit by a “blast of bullets” to its side near Muda Serração, Gondola district, Manica Province, a few minutes after it resumed progress on its journey towards Maputo.

The attack was launched at Ponte Nova, the same place a bus was attacked on Friday (29 November).

“We [passengers] had barely woken up. Many were still sleeping when panic shook the bus,” Matias Saule, one of the passengers, told *Lusa* by telephone.

“Then we realised it was an attack. The windows were broken and two women were wounded,” he added.

The shots came out of the woods where the road passes between two hills about 300 metres from the village of Chibuto, another passenger continued. The driver drove on to the village of Muxúnguè, where the victims were treated.

Mozambican police have not yet commented on Monday’s attack (2 December), but have already blamed the Renamo dissidents of the self-proclaimed Military Junta for Friday’s incident (29 November).

Mateus Mindu, a spokesperson for the Police of the Republic of Mozambique (PRM), said Mozambique’s defence and security forces had intensified patrols along the EN1 to ensure the road remained passable.

Mindu said six passengers were injured in Friday’s attack, two more than witnesses told *Lusa* at the scene. One of them remained in a serious condition and was transferred to Beira Central Hospital, *Lusa* has learned.

The attacks follow others which have killed 10 people since August on roads and settlements in the provinces of Manica and Sofala, where dissident guerrillas led by Mariano Nhongo are entrenched.

The group has threatened to resort to armed violence in its search for better social reintegration conditions than those agreed by its party with the government, but also refuses to take responsibility for the attacks.

[Source: Lusa/Club of Mozambique](#)

### **Three suspected rail line vandals arrested in Central Mozambique**

Police in Dondo District, Sofala province, have detained three citizens and seized a lorry of rails cut from the Machipanda line.

The three men are allegedly part of a group that specialised in railroad vandalism, Miramar reports. The steel, cut from the Machipanda railway line, was destined for sale to Dondo’s scrap yards and clandestine smelters.

Eight individuals were reputedly involved in routine theft of Mozambique Railway Company property, police say.

Acting on a tip-off, police chased the group, successfully catching three. The other five escaped.

The driver of the truck carrying the rails said he was not part of the group, and had only rented his vehicle out for transport, adding that he did not know at the time that the cargo was railway rails, and that he charged 25,000 meticaïs for his services.

Another of those detained said he was simply hired to help load the rails into the vehicle, a job for which he was to be paid 500 meticaïs.

A source from CFM, who was unwilling to record an interview, said he feared the constant vandalising of CFM property, which had already caused incalculable damage, could one day lead to a full train derailment.

[Source: Club of Mozambique](#)



## Southern Mozambique

### Son of Mozambican businessman kidnapped in Matola

Shelton Lalgy, son of businessman Juneide Lalgy, was kidnapped on Thursday morning (28 November) in the Matola city, Maputo Province,

The PRM Provincial Command in Maputo province confirmed to *O País* what has happened.

According to the police, the kidnapping was carried out by unknown individuals using a white Toyota Noah car with no registration plate. “They intercepted citizen Shelton Lalgy on his way to his residence, coming from a physical activity somewhere in the city of Matola,” reads the communique issued by the police.

Police also said the kidnappers blocked the victim’s vehicle and ordered him to get into their own car.

“Due diligence is underway to clarify the case,” police added.

This occurs at a time when the wave of kidnappings and abductions had apparently declined in the cities of Maputo and Matola.

Transportes Lalgy, which began operations in the 80s, is one of the leading freight transport companies in Mozambique, with operations extending to some southern African countries.

[Source: Club of Mozambique](#)

## Russia in Mozambique

### Russian mercenaries fight a shadowy battle in gas-rich Mozambique

A deployment of Russian guns-for-hire, with links to the Kremlin, has sustained casualties in its fight against Islamist militants in Mozambique, multiple sources have told *CNN*.

In another example of Russia's growing reach into Africa, dozens of private military contractors are aiding the Mozambique army which is battling an insurgency in its northern-most province.

The mercenaries in this resource-rich southern African country appear associated with Yevgeny Prigozhin, a St. Petersburg oligarch so close to the Kremlin that he is known as President Vladimir Putin's “chef.”

Prigozhin, whose reach in the region stretches into Sudan, Libya and the Central African Republic, is thought to be the financier of the Wagner group, hundreds of whose fighters have also been deployed into Syria. His companies have been previously sanctioned by the US Treasury Department for their actions in Syria

and his financing of the Internet Research Agency, which was responsible for Russian attempts to interfere in the 2016 US elections.

Prigozhin has routinely denied any connection to Wagner.

The fast-expanding insurgency in Mozambique threatens to disrupt crucial foreign investment in the country's natural gas reserves, believed to be worth billions of dollars.

Multiple sources have told *CNN* that the Russian intervention has not begun well. Two contractors, ages 28 and 31, have been killed during clashes with the insurgents, sources said. And there are unconfirmed reports of additional casualties.

Yevgeny Shabayev, who acts as an unofficial spokesman for Wagner fighters, told *CNN* that the bodies of the two men had already been returned from Mozambique to their home region of Vladimir, east of Moscow.

The role the mercenaries are playing in the country – combat or advisory – is still unclear. *CNN* has obtained photographs showing Russian fighters and equipment in the port city of Pemba. Mozambican sources told *CNN* the mercenaries are also based further north in the coastal town of Mocímboa da Praia and have been involved in several operations along the northern border with Tanzania, where the Islamist insurgency is growing in strength.

Sources in the country also told *CNN* that the Russians are poorly equipped for combat in the dense bush and that the relationship between the mercenaries and Mozambique army is strained.

One Mozambican soldier told a producer working with *CNN* that the Russians “are doing nothing in terms of reducing the impact of the attacks” and that Mozambican troops had refused to take part in some operations.

Dmitry Peskov, Russian President Vladimir Putin's spokesperson, told reporters in early October that “as far as Mozambique is concerned, there are no Russian soldiers there.”

The deployment of Russian contractors in September followed a visit by President Filipe Nyusi in Moscow a month earlier, the first visit by a Mozambican head of state in two decades.

During the visit, Presidents Putin and Nyusi signed agreements on mineral resources, energy, defence and security.

Shortly after the trip, 160 guns-for-hire arrived in Mozambique, according to an eyewitness. They arrived on 13 September in a giant Russian Antonov An-124 plane, according to flight data.

Twelve days later, a second Antonov An-124 touched down at Nacala Airport carrying military equipment, including a Mi-17 attack helicopter.

At least one of the An-124s that flew into Mozambique belonged to the 224th Flight Unit of the Russian air force. The Russian Defence Ministry previously signed a contract, details of which were seen by *CNN*, with a Prigozhin company, for the use of transport aircraft of a similar air force unit, the 223rd Flight.

Between August 2018 and February 2019, two planes of the 223rd Flight made at least nine flights to Khartoum (Sudan), as Russia carried out an ultimately unsuccessful plan to keep deposed Sudanese President Omar al-Bashir in power.

Russia sees big opportunities across Africa as the US military presence there is scaled back and as cash-strapped governments seek security assistance. Moscow has signed more than 20 defence agreements with African governments, and last month Putin welcomed 43 heads of state or government from Africa to a summit in the Black Sea resort of Sochi.

In return, the Kremlin gains strategic influence and preferential access to the continent's vast natural wealth, from gas to gold.

*CNN's* investigation in the Central African Republic earlier this year showed that one of Prigozhin's companies, Lobaye Invest, was granted several concessions to mine for diamonds and gold.

There is now plentiful evidence, if no public confirmation, that Mozambique has become the latest African theatre for Prigozhin.

And as elsewhere in Africa, companies linked to Prigozhin have carried out well-disguised social media campaigns in Mozambique.

#### Social media shutdowns

Last month, Facebook closed networks of accounts that were actively targeting a total of eight African countries. It said that: "Although the people behind these networks attempted to conceal their identities and coordination, our investigation connected these campaigns to entities associated with Russian financier Yevgeniy Prigozhin."

In Mozambique, one was called Onda da Frelimo and was set up to support President Nyusi ahead of his victory in elections in Mozambique last month.

It highlighted a "poll" (the publication of which is illegal in Mozambique during campaigning) purportedly carried out by another entity affiliated with Prigozhin – the International

Anticrisis Centre – which predicted a sweeping win for Nyusi.

According to the Stanford Internet Observatory, which examined Russian social media activity in Africa, Onda da Frelimo was one of four Facebook accounts set up on 23 September. Another account promoted government success against the insurgents, while a third criticised the opposition presidential candidate.

Also active in Mozambique is a group called AFRIC, which is linked to Prigozhin according to the Dossier Centre, an investigative group in London run by exiled Russian businessman Mikhail Khodorkovsky. AFRIC is led by a Mozambican, Jose Matemulane, who lived in St. Petersburg for several years. It denies any connection to Prigozhin. Matemulane told the *New York Times* last month that AFRIC was launched last year with support from a St. Petersburg businessman he declined to name.

AFRIC, a self-described NGO, conducts a number of activities including election monitoring; it only receives donations in cryptocurrency and was involved in the pre-election poll.

AFRIC's Facebook page was suspended at the end of October. Facebook said AFRIC was associated with Prigozhin and had attempted to interfere in the domestic politics of African countries.

#### A growing threat

Mozambique's huge unexploited resources, especially liquified natural gas (LNG) and precious minerals, such as gold, diamonds and rubies, have made it an attractive target for outside investment.

Russian energy giant Rosneft is competing with other international companies for a slice of what could become one of the world's largest sources of LNG. In August, it signed an agreement with Mozambique's state-owned energy company to help develop gas fields in the region. Additionally, the Russian diamond giant, Alrosa is carrying out geological surveys in Mozambique.

But pacifying northern Mozambique may be beyond a few dozen Russian mercenaries and a poorly trained-and-equipped Mozambican army that's largely relying on artillery. The insurgents are already threatening energy infrastructure being built near the border with Tanzania. There have been at least two attacks on vehicles carrying oil workers in recent months.

The insurgency has intensified over the last two years as hundreds of young Muslim men have

become radicalised and joined a group called Ahlu Sunna wa Jama.

Counterterrorism analysts are concerned that ISIS may be grafting itself onto the insurgency in northern Mozambique. It has claimed several attacks since June, claims that have not been verified by *CNN*. Last month, ISIS's online magazine Naba claimed that "multiple soldiers from the Mozambican and Russian armies mounted a joint attack on positions of the mujahideen in Cabo Delgado, where the mujahideen clashed with them with a variety of weapons."

In early November, ISIS claimed its "Central African Province" had killed eight Mozambican soldiers. That was followed by reports of a clash on the border with Tanzania, close to international infrastructure being developed for exporting LNG supplies.

Just how far ISIS is really connected to the insurgency is unclear. Emilia Columbo, a senior associate for the Africa Program at the Centre for Strategic and International Studies in Washington, is sceptical about links between local militants and ISIS. "This conflict still seems to be very local in nature, stemming from a dispute between radicalised youth and their religious elders over what is true Islam," she told *CNN*.

"They set up their own mosques and schools, prompting the established religious leaders to call on the government to take action against these upstarts," Columbo said. While established religious leaders benefited from government largesse, local youth are not.

#### Competing with Prigozhin

The Russians were not without competition in offering security assistance to Mozambique. Sources in the military contractor business told *CNN* that at least three firms made a bid for a role in combating the insurgency.

One was a little-known South African company called Umbra Aviation, which recommended the use of attack aircraft and helicopters as well as a range of armoured vehicles, in what it described as "a proposal for the effective defeat/destruction of the hostile/anti-government components."

Umbra's proposal, obtained by *CNN*, concluded: "We will need to ensure that the operation is conducted as covertly as possible, with all successes and recognition going to the Mozambican Military."

Another company that bid was OAM, run by John Gartner. Gartner told *CNN* that his plan had emphasised "the need for a long-term engagement with Mozambique Army through a

training and advisory assistance role," to be followed by embedding advisers with the local military.

Gartner says the deal with the Russians was no surprise. "The Russians gain another foothold in Africa, on the eastern seaboard, while the Mozambique government receives military support for a minimal cost – though there may be longer term political costs based on the bad publicity attached to Wagner."

The Russian contingent now in Mozambique may find themselves in for a prolonged struggle. Columbo says the insurgency is growing more capable and that "the security services' response to the insurgents seems to go from a total failure to act, to over-reacting to the point of violating human rights." President Nyusi earlier this year described the insurgents as "faceless evil-doers" who "sow terror, kill, destroy and plunder the goods of defenceless populations."

Columbo told *CNN* that Mozambican security forces are not trained in counter-extremist operations and lack the discipline, equipment, and military intelligence to combat the insurgency. But without a more comprehensive approach to dealing with economic and social problems in northern Mozambique, she believes the insurgency will become an entrenched and long-term security problem.

Gartner sees a similar risk. "While not a strategic threat at this stage, these insurgencies tend to gain momentum as the central government cracks down, deploying poorly trained troops who do not come from the communities in which they are deployed, thereby creating an oppressive environment."

But he believes the Russians are also in it for the long haul. "Reports that they have recently withdrawn from the immediate area of operations are probably accurate, but this is not to say that Wagner will abandon their mission," he told *CNN*. "They will regroup and reassess their tactics and strategies before redeploying. Failure is really not an option."

[Source: CNN](#)

#### **Russian mercenaries regroup after a setback in Mozambique**

When the Russians landed in northern Mozambique in late September to fight the local insurgents, they brought a sophisticated array of high-tech military tools, including drones and data analytics.

But neither their modern weaponry nor their experience in war zones such as Syria was enough to conquer their opponents. After



suffering a series of ambushes and nearly a dozen reported deaths, the Russian private military contractors have gone into a “strategic retreat” as they seek a new operational plan, analysts say.

The retreat shows the complexity of combatting the shadowy Islamist insurgency in Cabo Delgado, the gas-rich north-eastern province of Mozambique and the site of up to US\$60 billion in announced gas projects by multinational energy companies, the biggest planned investment in Africa to date.

It also shows the obstacles faced by Moscow as it attempts to expand its influence across Africa by using a combination of military, political and economic levers. This year alone, Russian military contractors have been active in Libya, Mozambique, Sudan and the Central African Republic.

An estimated 200- to 300-military contractors from the Wagner Group, a private company owned by a Russian businessman with close Kremlin connections, arrived in Cabo Delgado in late September. Just a few weeks earlier, Mozambique President Filipe Nyusi had visited Moscow and reached an agreement with Russian President Vladimir Putin on several military and economic co-operation deals, including possible energy projects for Russian investors.

About 500 people have died in hundreds of insurgent attacks in Cabo Delgado over the past two years. The insurgency is believed to be linked to Islamist forces, including some fighters who may have crossed borders from East Africa. But there is no single organization behind all of the attacks, and other factors could include the high unemployment and economic desperation in the province, the presence of an international drug trade in the region and widespread fears of being excluded from the natural gas boom.

Alex Vines, a Mozambique expert who heads the Africa program at the London-based Royal Institute of International Affairs, believes Mr. Putin offered the deployment of the Wagner Group during the meeting in Moscow in August, and Mr. Nyusi accepted the offer.

“The Russians naively thought that technology, drones, analytics, and experience in Syria and elsewhere would mean that this is a pretty easy operation for them,” Mr. Vines said at a briefing this week in Johannesburg. “They’ve been rather shocked,” he said. “They are finding it difficult. They have done a strategic retreat to rethink their operational plan.”

Reports by media outlets in Mozambique, South Africa and Moscow have suggested that at least

10 or 11 of the Russian military contractors were ambushed and killed in several battles in densely forested districts of Cabo Delgado, and several of the Russians were beheaded. Some bodies have reportedly been brought home to Russia for burial.

Mr. Vines, at a briefing organized by the South African Institute of International Affairs this week, said the reports of Russian deaths are still unconfirmed. The Russian contractors have regrouped and will make another effort to fight the insurgents, he said.

“I was in Moscow fairly recently, talking to Russian officials, and they admit the complexity of Cabo Delgado,” he said. “They underestimated how difficult it was.”

The tactics against the insurgents in Cabo Delgado so far are reminiscent of the “clumsy authoritarian” tactics of the early campaigns against the Islamist militia known as Boko Haram in Nigeria, Mr. Vines said.

The Mozambique authorities should realize that the deployment of private military contractors could backfire and make the crisis worse, he said.

“This methodology at the moment isn’t going to deliver, and they need to think very carefully about how to move forward. It’s a smallish problem still, despite how horrible it is, but it could get way worse over the next year if they’re not very careful.”

Another analyst, David Matsinhe, said the Russian military contractors could also be hampered by tensions between the Russians and the Mozambique army, which has a heavy presence in Cabo Delgado. “The Mozambique army has a lot of business interests, and there is an underground economy that the army is benefiting from,” Mr. Matsinhe told *The Globe and Mail* in an interview.

“The army wants to retain full control, and if the Russians are seen as limiting this, it won’t go down well”. Mr. Matsinhe, co-author of a report on Cabo Delgado last month for the Africa-based Institute for Security Studies, was travelling with a fellow researcher in Cabo Delgado last December when they were detained by Mozambican soldiers and held incommunicado under armed guard at a military camp for two days.

Mozambique’s ruling party, Frelimo, doesn’t understand the insurgency in Cabo Delgado and hasn’t been able to respond effectively to the attacks, he said. “It reminds me of the United States in Vietnam.”

[Source: The Globe and Mail](#)

## ADDITIONAL ARTICLES:

- Eight poachers detained for poaching and wildlife trafficking (P)
- The absence of state presence could worsen radicalisation of conflict in northern Mozambique – NGO (E)
- US embassy warns against travelling to Cabo Delgado (E)
- Three persons reportedly murdered in Litingina attack (E)
- Insurgents kill three more in Nangade (P)
- Wagner private military force licks wounds in northern Mozambique (E)
- Insurgents kill four people in yet another Macomia attack (P)
- Attacks in Cabo Delgado: Canada adds more districts to the list of places to avoid (P)
- Briefing: Mozambique's post-cyclone problems multiply (E)
- New attack in central Mozambique (P)
- Mariano Nhongo practically "unarmed" (P)
- Gondola: Armed attack makes a serious wound and three minor injuries (P)
- New armed attack injures two in central Mozambique (E)
- India: Mozambique Defence Minister meets Rajnath, both reiterate commitment to bilateral cooperation (E)
- Mozambique and India study cooperation in maritime defence and security (P)
- MITESS and SERNIC fine-tune strategies to combat Social Security fraud (E)
- NGO's, government and judiciary redefine poaching strategies (P)
- Attacks in Cabo Delgado: European Union calls for "strategic alliance" (P)
- Cabo Delgado: Wagner Group mercenaries return to "theatre of operations" (P)
- Travel industry promotes the sexual exploitation of children (E)
- Minor escapes abduction in Tete (E)
- Dismantled gang of robbers in Gaza (P)
- Two arrested in Matola for murdering their boss and hiding his body in a pit (E)

## POLITICS

**Traditional leader says she was jailed for supporting the opposition in the election**

Ana Margarida Fernando Martunato, also known as Queen Macuta, was forced to cease her duties as "Queen" of Mogovolas, Nampula, allegedly for supporting an opposition party.

Macuta was detained for seven days in the civil jail of Mogovolas and was forced to resign her post and surrendered her uniform and insignia. The arrest took place at the beginning of September while the election campaign was underway. The queen understands that the removal of their functions has political motivations.

Interviewed by the *Bulletin*, Macuta said that the Mogovolas District administrator had made the complaint. "It was not the government that removed the uniform, it was the Chief of Staff who went to complain to the administrator and ordered the police to take me to jail," Macuta said. "After seven days in jail they took me to court, and there they demanded that I hand over the uniform, saying that if you do not hand in your uniform, we will return you to jail."

The queen told the newsletter that she delivered the uniform and was required to pay a security deposit of over 1,000 meticaís.

During the election campaign, the queen says she was supporting the ruling party, Frelimo, as she always did in the years when elections were held. However, she says she was banned from campaigning for Frelimo. "The district secretary of the Frelimo party in Mogovolas did not want me to campaign."

Since September, the queen has not performed her duties in the governorate of Mogovolas. "Right now, who has taken my place is my nephew, Ezequiel Mário, who is not doing his job properly," Macuta said, explaining that Community members still turn to her when she has problems to resolve.

Frelimo District Secretary João Pereira denied having prevented the Queen from campaigning for Frelimo. "Her behaviour did not please Frelimo members, she is confused," said Pereira.

Ana Margarida is 51 years old, single, has no children and lives with two grandchildren, children of her nieces. Macuta served as Queen in Mogovolas from 2008

Queen Macuta was sympathetic to an opposition party from 2003 to 2005. But since then she has supported Frelimo, she says.

[Source: Mozambique Political Process Bulletin/Club of Mozambique](#)

**Delegates arrested in Gaza – 18 released on bail and four still in jail six weeks after the election**

Four MDM party delegates (poll watchers) were arrested on 15 October on polling day in Chókwè District, Gaza. MDM spokesman Fernando Bismarque said on Tuesday (3 December) that the party through lawyers is fighting for the release of delegates, but without success. He said the four detainees have not yet been tried and have been transferred from Chókwè jail to Xai-Xai jail.

Also arrested on 15 October were 18 delegates of the New Democracy (ND) party. Chókwè District court finally on 26 November agree bail of 40,000 meticaïs (US\$650) each and gave them five days to raise the money. The money was raised and the 18 were released on bail on Saturday (30 November). They are 12 men and 6 women.

Neither the relatives of the detainees nor the party had the required US\$12,000. As a result, the amount was gathered through a fundraising campaign that ran shortly after the court ruling. Quitéria Guirengane, ND party agent, said that for the money was from domestic and foreign sources, notably “by Southern Africa Human Rights Defenders and Amnesty International through the CDD,” said. The ND representative also explained that part of the amount collected in the country was used to “fund the rent of vehicles that were used to transport delegates to different points of Gaza province and to provide basic assistance to 18 delegates.”

“Those who kidnapped our delegates must be held responsible in the bars of justice. All this concert of illegality has a father, a godfather but, above all, there are key actors from the electoral bodies and the police who refuse to respect our legislation in Mozambique,” Guirengane told Radio France International (RFI).

The delegates were detained by the police under the guidance of the Technical Secretariat of Electoral Administration (STAE), allegedly because their credentials were false. Detainees are charged with crimes of forgery and use of false documents and not of electoral wrongdoing.

But STAE and CNE refused to issue credentials to ND delegates, which is also a crime, but none of their staff has been detained.

Failure to issue credentials is covered by the crime of obstructing delegates, punishable by up to three months imprisonment (Law No. 2/2019 of 31 May, Article 235). Delegates are charged with falsifying documents, which is punishable by a penalty of two to eight years imprisonment (Law No. 2/2019 of 31 May, Article 239).

[Source: Mozambique Political Process Bulletin/Club of Mozambique](#)

## Hidden Debts

### Lebanese salesman acquitted in case over US\$2 billion Mozambique loans

A US jury on Monday (2 December) cleared a lead salesman for a Lebanese shipbuilding company of charges that he helped to defraud

US investors in bonds backed by the Mozambican government.

Jean Boustani, 41, was acquitted of the charges by a jury following a trial in federal court in Brooklyn, which shed new light on a corruption scandal that contributed to Mozambique’s debt default in 2016.

John Marzulli, a spokesman for federal prosecutors, had no immediate comment.

“Jean never met, spoke to, had a relationship, or lied to any investor,” Randall Jackson, one of Boustani’s lawyers, said in a statement after the verdict. “This is a critical fact.”

The case revolved around three contracts awarded by Mozambique to Boustani’s employer, Privinvest, to build a coastal defence system, a tuna fishing fleet and a shipyard.

The projects were financed with nearly US\$2 billion in loans from Credit Suisse Group AG and Russian lender VTB.

Prosecutors said Boustani, a Lebanese citizen, paid hundreds of millions of dollars in bribes and kickbacks to Mozambican officials and Credit Suisse bankers to secure the contracts and loans.

Credit Suisse went on to sell parts of those loans to investors, including some in the US, who were falsely told that all the money was being used for the legitimate government projects, according to prosecutors.

While Privinvest did deliver ships and equipment to Mozambique, prosecutors said, their value was grossly inflated.

Eventually, the loans defaulted, and investors lost their money.

Boustani, who testified in his own defence at the trial, never disputed that he paid officials, but said he had no role in packaging the loans for investors.

His lawyers had argued that the case did not belong in the US, which Boustani never visited.

Three Credit Suisse bankers previously pleaded guilty in the case. Two of them, Andrew Pearce and Surjan Singh, testified against Boustani at the trial.

Former Mozambique Finance Minister, Manuel Chang was also charged in the case. Prosecutors said Chang, who is fighting extradition in South Africa, secretly had the country’s government guarantee the loans in exchange for bribes. Chang denies wrongdoing.

When the loan guarantees became public in 2016, foreign donors to cut off support and Mozambique defaulted on its sovereign debt. It



remains among the world’s most indebted countries.

[Source: Reuters](#)

**Renamo requests extraordinary parliament session for Government to clarify hidden debts**

The Renamo parliamentary bench has urgently requested that an extraordinary session of the Assembly of the Republic be convened for the Government to clarify the hidden debts matter in light of the new revelations.

Renamo spokesman José Manteigas, said at a press conference on Friday (29 November) that the parliamentary bench of Mozambique’s largest opposition party had requested on Wednesday (27 November) that the standing committee holds an extraordinary session aimed at convening a full parliamentary session for the executive to explain recent developments in the hidden debts saga.

“The Mozambican people have been following with growing concern the revelations made in the Brooklyn Court in New York, where defendants are being tried for the

unconstitutional and illegal debts known as the ‘hidden debts’,” he noted.

“Due to its seriousness of these revelations and the negative impact on Mozambican society, we consider it urgent that the Government go to the People’s House to explain itself, given that the country’s good name and the credibility of the President of the Republic – who has been mentioned in the statements – are at stake,” Manteigas added.

Renamo, Manteigas declared, had yet another concern, too: the climate of insecurity in the country, particularly in the province of Cabo Delgado.

“For more than two years there have been armed attacks on the population and on public and private institutions in Cabo Delgado province. The attacks are mounted by groups not yet identified by the Defence and Security Forces. Due to the negative impact of the cruel deaths and the resulting destruction, it is imperative that the Government clarify to the Mozambicans the contours of these attacks and the corresponding solution,” he said.

[Source: O País](#)

ADDITIONAL ARTICLES:

- European Union implements support for an effective peace process in Mozambique (P)
- First ten Renamo guerrillas able to integrate into the PRM (P)
- Angoche Municipality officials on strike (P)
- Hidden debts and attacks: “It is urgent that the government go to the people's house to explain,” says Renamo (P)
- Complaint against Judge of Nampula court (P)
- President of Mozambique attends ICASA 2019 Conference in Kigali, Rwanda (E)
- Nyusi says the country will mobilise more resources to fight AIDS (P)
- Frelimo on edge as verdict due on boat scandal, as the war on terror overshadows case (E)
- Tony Blair meets Filipe Nyusi in Nampula (E)
- New magistrates were sworn in to seven provinces of the country (E)
- Nyusi says “Mozambican state has considerably increased health resources over the past decade” while cutting HCM and MISAU budget (P)
- Declaration of nullity by the Constitutional Council is nothing more than “dead letter” (P)
- Johannesburg to decide Chang’s fate in December – report (E)
- Maleiane can be criminally charged by the US Justice Department (P)
- What comes after Boustani’s absolution? (P)
- Mozambique sees UK cases against Credit Suisse, Privinvest chief unaffected by US verdict (E)
- How a Credit Suisse banker helped fuel an alleged US\$2 million debt fraud in Mozambique (E)
- How did the Mozambicans react to Boustani’s acquittal? (P)
- Hidden debts: “Mozambican State is to blame” (P)
- Five things to know about the Jean Boustani case (P)
- Court demands 720,000 meticaís bail to release 18 ND monitors (E)
- Gaza: New Democracy youth on provisional release; party raised funds in 48 hours (P)
- Mozambique: 18 ND election monitors released in Gaza (E)

**ECONOMY & BUSINESS**

**Macroeconomy**

**Economy slows for a third consecutive quarter**

Mozambique’s Gross Domestic Product (GDP) grew 2% in the third quarter of this year compared to the same period of the previous year, which means that the Mozambican

economy slowed for the third consecutive quarter, the country’s National Statistics Institute (INE) announced on 3 December.

In the first quarter of this year, GDP had registered a year-on-year growth of 2.5%, which fell to 2.3% in the second quarter and then to 2%, according to the INE’s quarterly national accounts bulletin.

The International Monetary Fund (IMF) forecasts that the Mozambican economy will grow by 2.1% this year.

As in the previous quarter, the performance of economic activity in the third quarter of 2019 is led by the tertiary sector of services, “which grew by 2.8%, with greater emphasis on the branches of transport, storage, auxiliary transport activities, information and communications”, the document states.

Following the same trend, agriculture, livestock, hunting, forestry, related activities and fishing sectors continued to be the sector with the largest participation in the economy, with a weight in GDP of 22.3%”.

According to the most recent data from the INE, the Mozambican economy grew by 3.4% in 2018 compared to 3.7% in 2017.

[Source: Lusa/Club of Mozambique](#)

### **Mozambican government pays the state's debt to 4,000 companies**

Four thousand state creditors for the provision of goods and services from 2007 to 2017, but whose payments required approval by the Administrative Court will receive the arrears owed to them, the Confederation of Economic Associations of Mozambique (CTA) announced.

The president of the CTA, Agostinho Vuma, said the CTA had received a communication from the government about payment of debts and that the decision will contribute to the recovery of the targeted companies.

The willingness to settle these debts was also noted by the Minister of Economy and Finance at a recent meeting with journalists in Maputo, during which he explained that in 2017 the Government had made the decision to “strengthen the relationship with economic agents by paying what was due to them to encourage companies to produce more and create jobs,” according to Mozambican newspaper *Notícias*.

Adriano Maleiane said at the time that the state owed these companies around 19 billion meticaïs (US\$296.875 million) for the 2007/2017 period, of which about 16 billion meticaïs were owed by central government bodies and three provincial ones.

Following validation after that decision by the Inspector General of Finance, according to Maleiane, the debt was split into three large groups, the first consisting of creditors who had contracts targeted by the Administrative Court, or a total of 1,196 companies.

The second group is made up of 1,933 companies where inspectors found that they had actually provided goods and services but either did not have the contracts or, if they had them, were not targeted by the Administrative Court.

In the third group, according to the Minister of Economy and Finance, there are 1,158 companies, which, according to the inspectors, had neither a contract nor evidence of providing any goods or services to the State.

From the assessment then made, out of the 19 billion meticaïs of arrears, 5.7 billion were unrecognised and 2.6 billion were validated, but were not paid due to lack of contracts or other documentation.

[Source: Macauhub](#)

### **Mining**

#### **Vale to shutter Mozambique coal operations for three months**

Vale SA, the Brazilian mining giant, plans to place its Mozambican coal operations on maintenance for three months, essentially closing the tap on about one-third of the southeast African country's export earnings.

The move could have severe implications for the country's balance of payments and currency, as coal is by far its biggest source of export earnings. Mozambique exported US\$1.7 billion worth of the fuel used in power stations and steel plants last year, with Vale operations in the centre of the country accounting for almost all of that.

The company completed a review of its Mozambican coal mines and decided to shift the focus to producing more metallurgical coal – used to produce steel – and less of the lower-value product that power stations burn. Under the new plan, the assets will produce at a rate of 15 million tons per year by the end of 2020, up from less than 12 million tons last year, but still well short of Vale's target to export 22 million tons from the mines in central Mozambique.

Vale will this quarter write down the assets by US\$1.6 billion, it said in a statement.

[Source: Bloomberg](#)

#### **Vale Group plans to increase coal production in Mozambique in 2020**

The Vale mining group intends to produce 15 million tons per year at the Moatize coal mine, Tete province, Mozambique, in the second half of 2020, the Brazilian group said in a statement announcing US\$3.2 million in impairments.

The statement on impairments in the base metals and coal segments said that Moatize mine

operations will undergo maintenance in 2020 for a period of three months, while a new operating model will be applied to increase productivity and yield.

The group, which mines coal through its own operations or partnerships in Australia, China and Mozambique, has announced impairments in this segment of US\$1.6 billion, which will be recorded in the accounts for the fourth quarter of 2019.

“Vale has identified that its expectation of metallurgical and thermal coal income has changed since the project’s conception, mainly due to technical problems,” the statement said, adding that the production plan has been revised, as well as the price scenarios for metallurgical and thermal coal used in the valuations.

The group also identified impairments of US\$1.6 billion in the base metals segment, more than half of about US\$3.0 billion in assets, due to problems related to the production and processing of ore from operations in New Caledonia.

Impairments occur when the actual value of an enterprise’s asset is less than the amount recorded in its accounts and impairment losses should then be recorded.

[Source: Macauhub](#)

## Business

### **Tongaat forensic probe shows senior executives inflated profits**

An investigation into alleged wrongdoing at Tongaat Hulett Ltd. found that a group of at least 10 senior executives at the sugar maker used accounting methods that led to profits and certain assets being overstated.

The report by PwC also found the company recognized revenue too early from land sales between fiscal 2013 and 2019 and overstating the value of cane assets and of sugar sales in Zimbabwe, according to a summary of the findings published by Tongaat. PwC also pointed to governance failures and a “culture of deference” that contributed to the financial misstatements.

Chief Executive Officer Gavin Hudson started a comprehensive review of Tongaat after taking the helm in February, including allegations that came through the company’s whistle-blowing line. Shortly after, investigators at PwC were appointed to carry out the probe.

“It soon became clear that, over and above the operational difficulties facing Tongaat Hulett, there was insufficient internal accountability, governance and financial oversight,” according

to a 6-page summary of the report published Friday (29 November).

### Ex-CEO Named

Former Chief Executive Officer Peter Staude, who headed the company for 16 years, was among those identified. He didn’t immediately respond to messages left on his phone.

The board may start legal action against those involved, to recover bonuses and benefits paid and applications to have the relevant people be declared delinquent directors or otherwise incapable of occupying fiduciary positions.

It’s also working with the police and National Prosecuting Authority, and the equivalent authorities will be engaged in Zimbabwe and Mozambique, where some of the wrongdoing is alleged to have occurred.

This is the second forensic probe PwC has provided this year on a South African company. Its investigation into Steinhoff International Holdings NV’s financial scandal, which brought the retailing giant to its knees, found that a group of former executives – with the help of others outside the company – structured fictitious transactions that substantially inflated profits and asset values.

### Tougher Measures

These cases have spurred South Africa’s Independent Regulatory Board for Auditors to weigh tougher measures for the profession. Tongaat will include findings from the PwC report as it calculates restatements to its 2018 financial results, as well as the delayed 2019 figures. Both will be published in the week starting on 9 December.

The company’s stock had fallen 76% this year before its suspension in Johannesburg in June after the results were postponed. Shareholders shouldn’t expect more than Friday’s summary as the company says the full report is subject to legal privilege and won’t be published.

The Tongaat, South Africa-based company will “be as transparent as is prudent and possible in the circumstances on the work it is doing to turn around the business and restore the company’s reputation,” it said. “A fundamental reshape of the business is needed to restore trust and put the business on a sustainable footing.”

[Source: Bloomberg](#)

## Agriculture

### **Minister says subsidising agriculture is not feasible in Mozambique**

Asked about a possible reintroduction in Mozambique of the tax benefit for agriculture in



the IRPC [Corporate Income Tax], Minister Ragendra de Sousa said last Friday (29 November) that it was not feasible to subsidise the sector. “Who will pay for it, and how will they pay for it?” he asked.

The Constitution of the Republic states that “agriculture is the basis of development” in Mozambique, but it is still one of the sectors receiving the least investment. Parallel to this, peasant farmers are incapable of accessing the few incentives available, and there are no tax benefits to attract entrepreneurs.

Among the few subsidies available, until 2016, was the reduced tax on profits from 32 to 10% asked during the 6th Scientific Journey of the Tax Authority, the Minister of Industry and Commerce said that, “In agriculture, we are still debating the reduction of the IRPC”.

“We talk a lot about subsidies, take it from here put it in there,” Ragendra de Sousa added. “In the structure of our economy, 80% of the population is in agriculture. Our formal sector is already performing all possible somersaults and employs 1 to 1.5 million people. We number 30 million. How can 1 million subsidise 29 million? If you know the answer, please share it with me.”

“We are being asked to subsidise [agriculture]. A small sector, the government and the private formal sector, to subsidise 70% of the population. Who will pay for it, and how it will be paid for?” the minister asked.

[Source: A Verdade](#)

## Other

### UN chief says humanity’s ‘war against nature’ must stop

Devastating impacts of global warming that threaten humanity are a pushback from Nature under assault, UN chief Antonio Guterres warned Sunday (1 December) ahead of a key climate conference.

“For many decades the human species has been at war with the planet, and now the planet is fighting back,” he said, decrying the “utterly inadequate” efforts of the world’s major economies to curb carbon pollution.

“We are confronted with a global climate crisis and the point of no return is no longer over the horizon, it is in sight and hurtling towards us.” Guterres flagged a UN report confirming the last five years are the warmest on record, with 2019 likely to be the second hottest ever.

“Climate-related disasters are becoming more frequent, more deadly, more destructive,” he said on the eve of the 196-nation COP25 climate change talks in Madrid.

Human health and food security are at risk, he added, noting that air pollution associated with climate change accounts for seven million premature deaths every year.

The Paris Agreement calls for capping global warming at under two degrees Celsius, but recent science has made clear that the treaty’s aspiration goal of 1.5C is a far safer threshold.

### Pelosi in Madrid

A UN Environment Programme report last week concluded that CO2 emissions would need to drop a vertiginously steep 7.6% per year over the next decade to stay within that limit. But Guterres insisted that the 1.5C goal is doable. All that is missing, he said, is political will.

“Let’s be clear – up to now, our efforts to reach this target have been utterly inadequate,” he said. “The world’s largest emitters are not pulling their weight.”

Current national pledges – if carried out – would see global temperatures rise by at least 3C, a recipe for human misery, according to scientists.

The UN chief’s comments were clearly aimed at the handful of countries responsible for more than half of global greenhouse gas emissions, though he did not call them out by name. President Donald Trump has set in motion the process that will see the United States withdraw from the Paris deal by year’s end.

At the same time, a US Congressional delegation going to Madrid will be headed by House Speaker Nancy Pelosi, listed by the Spanish government among heads of state and VIPs.

“We want to give every opportunity to the US to remain within the commitments in the fight against climate change,” a spokesperson for the Spanish prime minister’s office told *AFP*. Other major emitters – China, India, Russia and Brazil – have given scant indication that they will deepen their commitments in the near term.

Guterres did single out the European Union as playing a constructive role. “Europe has an absolutely essential role to play, and must be a cornerstone in the global negotiations leading to carbon neutrality,” he said. The European Commission’s new president Ursula Von der Leyen is trying to steer the bloc towards a target of “zero net emission” by 2050 but continues to face resistance from members such as Poland and Hungary.

Despite growing public pressure for decisive action, the 12-day negotiating session is likely to remain technical in nature, focused on finalising the “rulebook” for the Paris Agreement, which becomes operational at the end of next year.

[Source: AFP/Club of Mozambique](#)

**ADDITIONAL ARTICLES:**

- IMF's Selassie in Maputo: Regional Economic Outlook for sub-Saharan Africa 2030 Challenges and Opportunities for Mozambique – Unabridged (E)
- Tongaat forensic probe shows senior executives inflated profits (E)
- Maputo water company to cut illegal consumption, non-paying customers (E)
- Cabo Verde's first lady in Massachusetts to raise money for Mozambique (E)
- Beira fishing port in Mozambique to be privately managed (E)
- New tolls on EN6 road: The "scary fees" making the rounds (E)
- Mozambique government will pay debt to suppliers with contract issues – Vuma (E)
- Mozambique: Zambia owes US\$70 million to EDM (E)
- Mozambican commercial banks see solid performance in 2018, KPMG says (E)
- Mozambique Stock Exchange launches Third Market (E)
- Corumana Water Treatment Centre only starts operating on 20 December (P)
- Government denies aggravated Eswatini border road tax (P)
- IMF defends macroeconomic stability for greater investment appeal (P)
- Armed violence could undermine the economy, warns IMF representative in Maputo (P)
- Assumed by the Minister of Transport and Communications: Maritime cabotage will start in the first quarter of 2020 (P)
- Loans and advances increased by 8 billion Mts in banking (P)
- Standard Bank expects 1.7% growth for Mozambican economy (P)
- Borrowing could be cheaper in December (E)
- Billion-dollar LNG project in southern Mozambique expected in 2020 (E)
- Gigajoule and Total sign Joint Development Agreement for the importation of LNG and power generation (E)
- The government took US\$248 million from capital gains for "emergency expenses" (E)
- India's BPCL gets cabinet approval for additional equity investment in E&P arm, Mozambique LNG Project (E)
- The appointment of discord (P)
- South African sugar giant accused of illicit practices in Mozambique (P)
- South African business "should turn its eyes to Mozambique" (E)
- Eni recruits 19 young Mozambicans for internships in "Coral Sul" project (P)
- Kenmare gets the green light to move plant (E)
- Vietnamese Buddhists send 100 tons of rice to Mozambique storm victims (E)
- World Bank, government disburse €119 million for roadworks in rural areas (E)

**END**

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