

# Mozambique News Agency

## AIM Reports

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## Second former Credit Suisse banker pleads guilty

A second former director of the bank Credit Suisse, Andrew Pearse, has admitted to receiving millions of dollars in bribes in the scandal of Mozambique's "hidden debts".

US prosecutors had charged three former Credit Suisse directors with offences such as money laundering and wire fraud arising from the loans of over two billion dollars that Credit Suisse and a second bank, VTB of Russia, had granted to three fraudulent, security-linked Mozambican companies, Ematum (Mozambique Tuna Company), Proindicus and MAM (Mozambique Asset Management).

Because US banks were used to channel bribes and kickbacks, and because some of the fraudulent debt was sold on to US investors, the US claims jurisdiction. A US indictment (based on a million pages of transcripts of phone calls, e-mails and financial documents) names three former Credit Suisse bankers (Pearse, Detelina Subeva and Surjan Singh), Jean Boustani, a key salesman for the Abu Dhabi based Prinvest group, which became the sole contractor for the three fake companies, and former Mozambican finance minister Manuel Chang.

Boustani is under arrest in New York, where he has denied all charges. Chang is under police custody in Johannesburg, fighting possible extradition to the US.

Now two of the three former Credit Suisse bankers have struck deals with the US prosecutors. The first to do so was Subeva who in May pleaded guilty to one count of conspiracy to launder money. As part of the plea bargain, three other conspiracy charges were dropped.

According to the Bloomberg agency, on 20 July before a judge in New York, Pearse admitted to receiving millions of dollars in bribes and pleaded guilty to one count of conspiracy to commit wire fraud. Pearse reportedly told the New York court that Prinvest officials "wired me millions of dollars in unlawful kickbacks from loan proceeds and illegal payments for my assistance in securing loans by Credit Suisse".

He was released on bail of US\$2.5 million and allowed to return to his home in Britain, where he owns a property worth two million dollars. He will be electronically monitored and must report to agents of the Federal Bureau of Investigation once a week.

Pearse is the most senior of the Credit Suisse figures charged, and the US prosecutors regard him as one of the ringleaders in the fraud. His links with Prinvest were so close that, after leaving Credit Suisse, he went to work as a director for the Prinvest-linked companies that operate under the name Palomar.

Prinvest states that it did nothing wrong in the contracts with Proindicus, Ematum and MAM.

### South Africa reviews Chang extradition decision

South Africa's new Justice Minister, Ronald Lamola, is attempting to overturn the decision of his predecessor, Michael Masutha, to extradite former Mozambican finance minister Manuel Chang to Maputo.

According to a press release from the Ministry of Justice and Correctional Services on 13 July, Lamola announced that he has authorised the General Director of the Department of Justice, Vusi Madonsela, to present proof that would strongly argue against an urgent request from Chang to be handed over to the Mozambican authorities.

Chang has been in police custody in South Africa since 29 December. He was detained on the basis of an international arrest warrant issued by the US Justice Department, which wants him extradited to New York to face charges of conspiracy to commit money laundering, wire fraud and securities fraud in relation to the scandal of Mozambique's "hidden debts". In addition, the Mozambican Attorney-General's Office (PGR) wants to put Chang on trial in Maputo.

Faced with requests for extradition from both Mozambique and the United States, Masutha, on 21 May, decided that Chang should be sent back to Maputo.

Lamola's affidavit (which has not yet been filed in court) argues that his predecessor's decision was "irrational, and inconsistent with the constitution" as well as domestic, regional and international treaties.

Lamola's reasons included a concern that Chang's immunity in Mozambique, as a member of parliament, has not been lifted. Furthermore, there was no sign that Chang has been formally charged with any crime in Mozambique. Lamola wanted to review the case and see whether it would be more appropriate to extradite Chang to the United States.

The affidavit pointed out that "the South African Extradition Act requires that the person to be extradited should have been charged for the crimes he is alleged to have committed. In Chang's case, it is not the case since his immunities were not yet lifted".

Chang's immunity, it added, "appears to suggest that any extradition to Mozambique will contravene the SADC (Southern African Development Community) Protocol, the South African Constitution and the Extradition Act. As such, the previous decision may not be legally permissible".

## Water crisis hits Tete city

Residents of the western city of Tete have been deprived of piped water, particularly in the outlying neighbourhoods, because of maintenance work on the pipes undertaken by the government's Water Supply Investment and Assets Fund (FIPAG).

The initial promise was that the interruption in supply would be for a very short period, but the reality is that parts of the city have been without their normal water supply for a week, much to the anger of Tete citizens.

The result is that many households are walking down to the Zambezi River to fetch their water, which exposes them to possible attack by crocodiles. Another alternative consists of the traditional wells in the Nhartanda Valley. But these too are risky, since the water is untreated and poses a threat to public health.

A FIPAG statement of 18 July assured the public that "FIPAG technical staff are on the ground, in order to restore normal supplies of water to the neighbourhoods affected as quickly as possible".

## Renamo corrects police list

President Filipe Nyusi announced on 19 July that the main opposition party, Renamo, has delivered a corrected list of the officers it wants to see integrated into the police force.

Speaking at a rally in Mulotana locality, in Boane district, Maputo province, President Nyusi said the new Renamo list includes men currently living in the bush in the main Renamo base, in the central district of Gorongosa.

The government rejected the previous list of ten Renamo officers to be given senior positions in the police force because they were people who had already served in the armed forces (FADM) and were now demobilised or retired. According to President Nyusi, this violated the agreement between the government and Renamo, under which it was people currently serving in the Renamo militia who should be given police jobs.

President Nyusi said the government will now assess the new list submitted by Renamo. "But in itself, the delivery of the list is advantageous", he added.

Including Renamo officers in the defence and security forces is a key step towards the disbanding and disarming of the Renamo militia, which the government hopes to complete by the end of August.

## President calls for end to bush fires

President Filipe Nyusi on 17 July urged residents of Ponta do Ouro, in the southernmost district of Matutuine, to avoid starting uncontrolled bush fires, which threaten to destroy wildlife and also endanger investment in tourism.

Addressing residents of Ponta do Ouro, President Nyusi said Matutuine is rich in tourism potential, notably because it contains the Maputo Special Reserve with a wide variety of wildlife.

But the president noted that when he travelled past the reserve on his way to Ponta do Ouro, he saw that vast areas of land, which should be covered in vegetation, had been devoured by fires set by local people. Such fires are sometimes set to clear land for agriculture, and sometimes by poachers to drive animals, such as bush rats, regarded as a delicacy, into the open.

The bush fires "are a crime and a disgrace for this district", declared President Nyusi. The fires devour the plants on which the animals of the reserve depend. He urged his audience to understand that the wildlife "is ours and we have to value it".

He contrasted these fires with the conservation efforts in the Niassa Reserve, in the far north of Mozambique, where more than a year has passed without a single elephant being poached, due to the efforts of the game wardens and of units of the defence and security forces. "But here, in Matutuine district, we burn the homes of the animals in order to hunt bush rats. Where are the animals going to stay?", asked the President.

The President warned that animals driven out of their normal habitat by fire may invade the local farmers' fields of maize and cassava, looking for something to eat. He added that the indiscriminate removal of trees has an impact on climate change. Without vegetation cover, soils are prone to drought, leaving people with inadequate access to water. He urged local and community leaders to mobilise people in the villages and localities to stop the practice of bush fires. Otherwise, tourists and investors will be driven away because nobody will invest in a place where everything may go up in flames the following day.

## Logistical poles for agriculture in Nampula

The authorities in the northern province of Nampula intend this year to open seven "logistical poles" to provide integrated assistance to producers throughout the agricultural production value chain.

These poles will provide services of technical assistance, storage and processing intended for producers and traders in each of the seven areas, announced the Provincial Director of Agriculture, Jaime Chissico, on 16 July, during a seminar organised by the Mozambique Merchandise Exchange (BMM).

Chissico believed that this action of the BMM has a direct influence on the good performance of the agricultural sector. "There are clear lessons from how the BMM works", he said, "and replicating this for thousands of producers and traders provides them with more of a basis to facilitate marketing their products".

Chissico added that the recent agricultural campaigns in Nampula had produced excellent results. The production of food and cash crops had risen from six million tonnes in 2015 to over ten million tonnes in the 2018-19 agricultural year. But there were still challenges in producing enough vegetables to meet demand.

"Our challenge is centred on producing vegetables so that production rises from 256,000 to 420,000 tonnes a year", said Chissico. "However, we are self-sufficient in onions, as well as in root crops, producing over eight million tonnes of cassava and sweet potatoes". He added that Nampula is also self-sufficient in grain, producing about 970,000 tonnes a year, as well as in pulses with a production of over 550,000 tonnes a year.

The key cash crop in the province is cashew nuts. Nampula is the province with the largest cashew harvest in the country and the amount has been rising since 2015. "In 2015 38,000 tonnes of cashew nuts were marketed in Nampula", said Chissico, "but in this campaign, the figure is 70,000 tonnes".

## Over a billion Cahora Bassa shares sold

Hidroelectrica de Cahora Bassa (HCB), the company which operates the Cahora Bassa dam on the Zambezi in the western province of Tete, found that demand for its shares was such that, in the public sale of shares that ran from 17 June to 12 July, it sold not the 2.5 per cent of its shares initially planned, but four per cent.

Speaking in Maputo at a ceremony announcing the result of the share offer, HCB chairperson Pedro Couto said the initial offer was for 686,887,315 shares. But the increased demand meant that the company added a further 412,132,389 shares to the offer.

The sale was handled through the Mozambique Stock Exchange (BVM) and resulted in 16,787 Mozambican citizens and institutions (mostly small scale individual investors) becoming HCB shareholders. "More than 16,000 Mozambicans throughout the country, from 142 of the 154 districts, and Mozambicans living in the diaspora who met the requirements, have invested in buying HCB shares", said BVM chairperson Salim Vala. "This is an operation which touched the entire country".

The unit price of a share was three meticaís (about 4.8 US cents at current exchange rates). Only Mozambican individuals, companies and institutions could buy the shares. Small investors could buy a minimum of 20 shares (costing 60 meticaís), and a maximum of 7,500 shares (costing 22,500 meticaís). For collective investors, the minimum they were allowed to buy was 20,000 shares.

Prior to the sale, the Mozambican state-owned 92.5 per cent of the HCB shares, and the remaining 7.5 per cent was owned by the Portuguese company REN (National Energy Networks).

## 35,000 houses to be built by Chinese company

The Housing Promotion Fund (FFH), a body supervised by the Ministry of Public Works, on 17 July signed an agreement with the Chinese company CITIC Construction, for the building of 35,000 houses throughout the country for young people and workers in the public administration.

The Minister of Public Works, Joao Machatine, announced that the work on building the houses will begin in June next year. He said that the agreement was the culmination of negotiations between the Mozambican and Chinese authorities that had lasted a year, in order to reach a partnership model with mutual advantages.

"One of the most important aspects of the discussions was the need to ensure that the price of the houses would not be greater than the target public could afford, bearing in mind the income of most young people and public servants", added Machatine.

The Minister of Youth and Sport, Nyeleti Mondlane, congratulated the two sides on reaching agreement. Access to decent housing was a key issue for young Mozambicans, she said. "This is a very good initiative for Mozambican youth", she declared. "They are clamouring for the opportunity to live in decent houses of their own".

The project will take five years to complete. 15,000 houses will be built in the southern provinces, 10,000 in the centre of the country and 10,000 in the north. Each house will cost between US\$30,000 and US\$40,000 (depending on the size), with possibilities of payment phased over a long period of time.

## Assembly votes to criminalise child marriage

The Mozambican parliament, the Assembly of the Republic, on 15 July voted unanimously to criminalise child marriage. Under the bill, drawn up by the Social Affairs Commission of the Assembly, any adult who marries or enters into a sexual union with a child under 18 years of age will be punished with a prison term of between eight and 12 years. No marriage will be allowed until both partners have celebrated their 18th birthday.

Any public servant who celebrates or authorises a marriage where one of the partners is under 18 may be jailed for between two and eight years. Any agent of a traditional or religious authority who consciously authorises such a marriage faces a two-year sentence.

As for those who hand over children for marriage, in exchange for payment or some material benefit, or to pay off a debt, or to comply with a promise, they can be sentenced to between two and eight years. This clause covers parents, guardians, step-parents and any other direct relative of the child concerned.

The bill eliminates a clause in the Mozambican Family Law, which allowed children to marry at the age of 16 with parental consent (even though the same law stipulates the normal minimum age for marriage as 18). This clause in the law was widely abused, and there were frequent cases of parents marrying off their daughters at a much younger age than 16.

Proponents of the bill pointed out that since 1990 Mozambique has been a signatory of the United Nations Convention on the Rights of the Child, which defines a child as any human being under the age of 18. Furthermore, the African Charter on the Rights and Welfare of the Child states that countries signing the Charter must take legal measure to eliminate marriage, or promises of marriage, where one of the partners is under 18.

Danilo Teixeira, a deputy of the ruling Frelimo Party, noted that most child marriages result from an agreement between families. He called for the Mozambican legislation to be amended to bring it into line with the international undertakings Mozambique has signed.

Marriage of girls under 18, usually to much older men, was a violation of their sexual and reproductive rights, he said. "We all know that girls in child marriages stop going to school, in order to take up their new role as wives", said Teixeira. "In situations where the husbands abandon their child wives, the latter stay with the babies that result from this marriage, which implies great insecurity, both for the adolescent mother and for the baby".

Child marriage thus brings "devastating impacts on health, education, maternal and infant mortality, and the rights of thousands of Mozambican children, particularly girls", added Teixeira. Such marriages "contribute to reproducing the cycle of poverty that affects the development of the country. The girls are greatly exposed to violence, to the health risks associated with premature pregnancy and to HIV/AIDS".

The bill now goes back to committee for possible amendments. The second and final reading of the bill in the Assembly plenary will take place later this month.

## Two Renamo parliamentarians defect to MDM

Two prominent members of the Mozambican parliament, the Assembly of the Republic, have defected from the main opposition party Renamo to the smaller Mozambique Democratic Movement (MDM). They are the former Renamo Sofala provincial delegate Albano Balaunde and the party's former Beira delegate Sandura Ambrosio.

At a rally in Beira on 14 July, the MDM leader and mayor of Beira, Daviz Simango, announced that Balaunde will be the MDM candidate for governor of Sofala in the provincial elections scheduled for 15 October.

This is a major catch for the MDM. Balaunde joined Renamo in 1980, during the war of destabilisation, and rose to the rank of brigadier in the Renamo army. He was a member of the Renamo National Council and was its Sofala delegate from 2012 to 2018. He is said to have been one of the strategists advising the late Renamo leader Afonso Dhlakama, who died in May 2018. In the January 2019 election to choose Dhlakama's successor, he backed the loser, Dhlakama's younger brother, Elias.

The new Renamo leader, Ossufo Momade, sacked both Balaunde and Ambrosio. The supporters of both men claimed that Momade's action was contrary to the Renamo statutes and that the provincial and city delegates should be elected rather than appointed.

Ambrosio said he had the support of Renamo members in the city, but he was eventually pushed out and replaced by Momade's appointee. Ambrosio told reporters he will be a member of the MDM list of parliamentary candidates.

Simango also announced that Luis Boavida will run as MDM candidate for governor of Zambezia province. Boavida was an outspoken Renamo member of parliament from 1995, until he switched to the MDM, shortly after Simango founded the party in 2009. For several years, he was the MDM general secretary, and he is a member of the party's national political committee. Boavida will compete against the mayor of Quelimane, Manuel de Araujo, who defected from the MDM to Renamo last year.

## Second dose of anti-cholera vaccination

Brigades from the Health Ministry began on 12 July to administer a second dose of cholera vaccine to people living in parts of the central province of Sofala that were struck by cyclone Idai in March.

According to a report on the television station STV, the target is to give the oral vaccine to 850,000 people over the age of one in the city of Beira, in Buzi, Dondo and Nhamatanda districts, and selected areas of Muanza and Cheringoma districts. The purpose is to guarantee the immunity to cholera of people living in the cyclone-hit areas, avoiding fresh outbreaks of the disease, particularly during the next rainy season, which begins in October.

Ilesh Jani, the general director of the National Health Institute, told reporters that, by taking two doses of the

vaccine, people will be protected from cholera for about five years. Taking one dose alone only gives protection for six months. "From the public health point of view", he said, "if in these districts, we manage to vaccinate 80 per cent of the population with two doses, then we can be relatively tranquil about the occurrence of cholera outbreaks for the next five years.

Jani stressed that vaccination is a complementary measure. The main key to fighting cholera remained ensuring that water supplies are clean, decent sanitation, and other basic individual and collective hygiene measures.

The outbreak of cholera immediately following cyclone Idai affected about 6,700 people, eight of whom died.

## Post cyclone aid to arrive from August

Mozambique's international partners are expected to start disbursing promised post-cyclone reconstruction aid as from August, according to the Minister of Public Works, Joao Machatine, cited in the Maputo daily "Noticias"

Cyclone Idai struck the central provinces on 14 March, while cyclone Kenneth hit the northern province of Cabo Delgado on 25 April.

"The government and our partners are now drawing up a survey of the priorities by sector, for the reconstruction of the infrastructures devastated by cyclones Idai and Kenneth", said Machatine. After the survey, Machatine continued, the donors will start disbursing the US\$1.2 billion that was promised at a pledging conference held in Beira on 31 May - 1 June.

The total budget for rebuilding what was destroyed by the two cyclones is US\$3.2 billion for a period of five years. Machatine said the government is making efforts to fill the gap between what was pledged in Beira and the full requirements.

The known death toll from Idai was 604, while 1.8 million people in the central provinces were directly affected. Kenneth was less lethal, killing at least 45 people, and affecting a further 250,000.

## Crops lost because of pesticide abuse

In the 2018-19 agricultural campaign, Mozambique lost over 40,000 hectares of cultivated land because of the abuse of pesticides in the attempt to control insect pests.

Interviewed by the news agency Lusa, Aderito Lazaro of the Plant Health Department in the Ministry of Agriculture, said "the use of chemicals should be a last resort. However, at the first sign of a pest, the producers grab their pesticides, and one of the mistakes is that they use the same substance repeatedly. They should rotate".

Lazaro cited the case of Boane district, 30 kilometres west of Maputo, where farmers had doubled the amount of pesticides used per week – without getting rid of the pests damaging the maize crop. Insects are showing signs of resistance to pesticides throughout the country.

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