

# Mozambique News Agency

## AIM Reports

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## President Nyusi announces death of terrorist leader

President Filipe Nyusi on 7 October declared that the defence and security forces have killed a man described as an influential leader of the terrorist groups operating in the northern province of Cabo Delgado.

Speaking at the close of a course for police special forces, at the Makandzene Special Forces Training School, in Maluana, Maputo province, President Nyusi named this terrorist leader as Muhamudu and said he had been involved in the 2019 massacre of 51 young men in Xitaxi village, Muidumbe district. They were murdered because they refused to join the terrorists.

Accompanied by the Defence and Interior Ministers, Jaime Neto and Amade Miquidade, and representatives of the Rwandan contingent that is fighting alongside the Mozambican forces, President Nyusi watched the course graduates demonstrate simulations of a hostage rescue, a surprise attack, and reaction to an ambush.

This training, the President declared, is happening at a time when the Mozambican forces and their allies need to defend the gains made on the battlefield against the ISIS terrorists. He pointed out that “after the action in Awasse (in Mocimboa da Praia district), with the help of the Rwandan forces, we occupied several enemy bases. There were long battles, but we cannot yet consider that the situation is secure”.

The General Commander of the Mozambican police, Bernadino Rafael, gave more details of this clash, in which a joint operation between Mozambican and Rwandan forces ambushed a terrorist unit. “This man was an individual who was responsible for spreading terror in Cabo Delgado, since the start of the terrorist phenomenon”, said Rafael. “He was killed in Limala, nine kilometres from the Mbau administrative post”.

Rafael added that it was Muhamudu and his companion, named Abdulaim, who in 2019 murdered 51 young people in Xitaxi village. Abdulaim was killed in a clash in late 2020.

“In this ambush, two terrorists were killed, and others fled”, said Rafael. “Right now, the joint forces of Mozambique and Rwanda are encircling the zone and are pursuing the enemy”.

President Nyusi warned that the sophisticated methods used by organised crime and by terrorism demand a reaction from the State to face these challenges, which is why there have been changes in the training of the police. “The enemies are multiplying and changing”, he said. “We don’t want merely defensive forces; we also want forces that can react”.

### Mariano Nhongo dies in combat in Sofala

The leader of the self-styled Renamo Military Junta, Mariano Nhongo, died on 11 October in an exchange of fire with a unit of the Defence and Security forces in Cheringoma district in the central province of Sofala.

Addressing a media briefing, the General Commander of the police force, Bernadino Rafael, said Nhongo died in combat in the bush of the Njovo area, along with one of his closest lieutenants named as Wulawucama.

Rafael said it was Nhongo and his men who began the clash, opening fire against the patrol unit. He added that Nhongo’s death was not the desired end, because the Mozambican forces had hoped to take him alive, so he could be held accountable for crimes he had committed in Sofala and Manica. “There had been repeated calls for Nhongo to join the Demobilisation, Disarmament and Reintegration (DDR) of the Renamo militia which is currently underway”, said Rafael. “But unfortunately he declined the offer and continued to fight”.

The Defence forces had during the previous week struck against Nhongo’s hideout in the Zove hamlet deep in Inhaminga district, where they seized food, kitchen utensils and other items used by the Junta leader.

Nhongo split from Renamo in mid-2019 and formed the “Military Junta”. He denounced Renamo leader Ossufo Momade, who had been elected leader of Renamo at a party congress in January of that year, as “a traitor”, and refused to recognise the peace agreement signed by President Nyusi and Momade in August 2019. Nhongo declared that he was the real leader of Renamo and appointed himself to the rank of general.

Throughout 2020, Nhongo’s men staged ambushes on the main roads in Manica and Sofala. He demanded that President Nyusi tear up his agreement with Momade and negotiate a new one with him. The government said the only option open to him was to join the Renamo demobilisation and that there would be no new peace agreement.

Over the past few months, members of the junta have been surrendering, including some of Nhongo’s close aides, and have applied for demobilisation pay.

There is no obvious successor to Nhongo, and so his death may signal the end of the Military Junta.

## Hidden debts: Credit Suisse and VTB fined

The banks Credit Suisse and VTB have agreed to pay fines to the United States and British authorities for their role in the Mozambican “hidden debts” crisis.

In 2013 and 2014, the two banks decided to lend over US\$2 billion to three newly set up security-related companies, Proindicus, Ematum (Mozambique Tuna Company) and MAM (Mozambique Asset Management), based on illicit loan guarantees issued by the government of the day, headed by former President Armando Guebuza.

The banks should have found out through their due diligence procedures that the loan guarantees were illegal since they smashed through the ceiling for guarantees set in the 2013 and 2014 budget laws. Furthermore, the three companies had no track record and were run, not by bona fide businesspeople, but by agents of the Mozambican intelligence service (SISE).

The guarantees meant that when, within a few years, when the companies all went bankrupt, the Mozambican state was held responsible for repaying the loans.

The United States became involved in this saga because US investors bought shares in the syndicated loan to Proindicus of US\$622 million and purchased the bonds that Credit Suisse and VTB financed for Ematum (amounting to US\$850 million).

A release on 19 October from the US Securities and Exchange Commission (SEC) announced that Credit Suisse has agreed to pay almost US\$475 million to the US and British authorities “for fraudulently misleading investors and violating the Foreign Corrupt Practices Act (FCPA)”.

The syndicated loan and the Ematum bonds raised over US\$1 billion. These funds, the SEC says, “were used to perpetrate a hidden debt scheme, pay kickbacks to now-indicted former Credit Suisse investment bankers along with their intermediaries, and bribe corrupt Mozambique government officials”.

The Credit Suisse bankers, it added, “hid the underlying corruption and falsely disclosed that the proceeds would help develop Mozambique’s tuna fishing industry. Credit Suisse failed to disclose the full extent and nature of Mozambique’s indebtedness and the risk of default arising from these transactions”.

The SEC said that the scheme “resulted from Credit Suisse’s deficient internal accounting controls, which failed to properly address significant and known risks concerning bribery”.

Summarising the case, the SEC said “the Proindicus and EMATUM projects were vehicles through which the Credit Suisse Bankers and intermediaries received kickbacks and corrupt Mozambique government officials obtained bribes”. The three bankers, the SEC added, “received kickbacks totalling at least US\$50 million. Together with Mozambican government officials, the improper payments and kickbacks totalled at least US\$200 million”.

The situation worsened in 2016 when Credit Suisse learned that Ematum would not be able to meet its

repayment obligations. Instead of coming clean about the real situation, “Credit Suisse and VTB structured the Exchange Offer to allow investors to exchange the payment notes they already held for new sovereign bonds issued directly by the government of Mozambique”.

The total penalties that Credit Suisse has agreed to pay are US\$99 million to the SEC, a US\$175 million fine imposed by the US Department of Justice, and US\$200 million to the British Financial Conduct Authority

Separately, VTB agreed to pay US\$6.4 million to settle SEC charges related to its role in connection with the 2016 bond offering. According to the SEC, the Russian bank “consented to an SEC order finding that it violated negligence-based antifraud provisions of the federal securities laws. Without admitting or denying the findings, VTB agreed to pay over US\$2.4 million in disgorgement and interest along with a US\$4 million penalty”.

According to the British Financial Conduct Authority (FCA), Credit Suisse has agreed to cancel US\$200 million of debt owed by Mozambique. This is part of the deal reached by Credit Suisse, the FCA and the Securities and Exchange Commission (SEC) of the United States. Under the agreement, Credit Suisse must forgive US\$200 million of debt which Mozambique owed the bank “as a result of these tainted loans”.

Mark Steward, Executive Director of Enforcement and Market Oversight at the FCA, pointed out that “the fine would have been higher if not for Credit Suisse agreeing to provide the debt write-off of US\$200 million”. He added that the FCA’s fine “reflects the impact of these tainted transactions which included a debt crisis and economic harm for the people of Mozambique”.

## MRG Metals confirms very high grade minerals found at Koko Massava

The Australian based mining company MRG Metals on 19 October announced that samples taken from its concession between the towns of Koko Massava and Malahice, which lies in its Corridor Central project in the southern Mozambican province of Gaza, confirm that the area contains three very high grade heavy mineral sand zones.

A total of 1,448 samples were taken, giving an inferred mineral resource of 1,133 megatonnes at 5.3 per cent. This translates to an estimated sixty megatonnes of total heavy minerals composed of 42 per cent ilmenite, seven per cent ilmenite/titanomagnetite, two per cent zircon, one per cent rutile, one per cent leucoxene, and 0.2 per cent monazite. The other substances found in the heavy minerals are less valuable.

Ilmenite and rutile are used to make white pigments for paints, paper, and plastic. Titanium can be extracted from these ores and used to manufacture metallic parts where lightweight and high strength are needed. Zircon is used for abrasive and insulating purposes and monazite contains rare earth elements.

## **Mozambique receives funds for reducing carbon emissions**

Mozambique has become the first country in the world to receive a payment from the Forest Carbon Partnership Facility (FCPF) for reducing carbon emissions.

The Forest Carbon Partnership Facility, which is a World Bank trust fund, paid the country US\$6.4 million for reducing carbon emissions by 1.28 million tons since 2019. This is the first of four payments under the country's Emission Reductions Payment Agreement (ERPA) with FCPF that could unlock up to US\$50 million for reducing CO<sub>2</sub> emissions in the central province of Zambezia by 10 million tons.

Under the agreement, the Zambezia Integrated Landscape Management Programme (ZILMP) is pursuing a strategy of reducing deforestation and forest degradation whilst implementing measures to improve the lives of rural people. The programme covers nine districts in Zambezia where three million hectares of forest cover 56 per cent of the territory. It has been calculated that over one per cent of this woodland is being destroyed each year, due largely to slash and burn practices by small scale farmers, charcoal production, and illegal logging.

Mozambique received the payment after submitting an official monitoring report confirming the emission reductions along with an independent third-party verification which was carried out between September 2020 and May 2021.

According to the World Bank's representative in Mozambique, Idah Pswarayi-Riddihough, "preventing deforestation and increasing efforts to restore those forests that have already been damaged are the twin actions essential to ensuring a safer, climate-resilient, and more prosperous future for local communities and the country as a whole". She added that the funds will "provide much-needed finances to improve sustainable forest management and resilience".

For the World Bank, "the payment is an acknowledgement of Mozambique's contribution to the implementation of emission reduction activities, such as adopting sustainable agriculture practices, monitoring use of forest resources or restoring degraded land".

The programme covers the districts of Alto Molocue, Gile, Gurue, Ile, Maganja da Costa, Mocuba, Mocubela, Mulevala, and Pebane. In these districts, local communities will receive payments based on their contribution to reducing deforestation. According to the World Bank, "this will allow the stakeholders to continue promoting community management of natural resources and restoration of degraded areas while stimulating conservation-friendly, nutrition-sensitive, and climate-smart farming models".

The recognition of the country's carbon emissions reduction was welcomed by the Minister of Land and Environment, Ivete Maibaze, who stressed that "forest communities are the real winners here. This agreement will allow Mozambique to secure long-term finance to provide alternatives to deforestation and reward efforts

to mitigate climate change, reduce poverty, and manage natural resources sustainably to meet the Nationally Determined Contributions (NDCs) targets". She added, "this is a major step forward to the country's ongoing efforts to save forests and halt deforestation".

The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous Peoples' organisations. Seventeen donors have made contributions and commitments totalling US\$1.3 billion which are managed by the World Bank. The Facility aims to support countries' efforts to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks.

## **Presidents Nyusi and Ramaphosa praise Samora Machel's heroism**

President Filipe Nyusi and his South African counterpart, Cyril Ramaphosa, on 19 October declared that Samora Machel, Mozambique's first president and founding leader of the State, is a universal hero.

The two statesmen hailed Samora Machel's qualities at a ceremony in Mbuzini, in the South African province of Mpumalanga, where the presidential flight on 19 October 1986 crashed killing 35 people on board.

President Nyusi praised the internationalism displayed by Samora Machel when he gave Mozambican support to the struggles of the Zimbabwean and South African peoples to overthrow white supremacist rule. Samora Machel, he added, supported Tanzania in its fight against the Ugandan dictator, Idi Amin, and also opened Mozambique's borders to host refugees from Chile, Argentina, and East Timor.

"The 35th anniversary of the Mbuzini tragedy should call our attention to the need to preserve the legacy of Samora Machel and praise the courage of the man who was a freedom fighter of the region and the world", the President declared.

President Cyril Ramaphosa said the annual tribute by the South African government shows the importance his country attaches to the sacrifice Samora Machel made to the liberation of South Africa from the Apartheid regime. He also regretted the fact that 35 years after the tragic accident, the root causes of the accident that killed Samora Machel have not yet been cleared up. It is widely suspected that the apartheid military caused the crash by electronic interference that diverted the plane from its correct flight path.

President Ramaphosa lamented that "the tragedy remains a mystery. We always suspected that Samora Machel had been murdered. As people from South Africa and Mozambique we want to know the truth".

To honour Samora Machel's legacy, especially his commitment to the liberation of the South African people, Ramaphosa guaranteed that his country will grant unconditional support to the fight against terrorism in the northern Mozambican province of Cabo Delgado.

## Former British PM calls for just transition for Africa

Former British Prime Minister Tony Blair has called for a just transition to net-zero greenhouse emissions for Africa as countries prepare to meet in Glasgow in November for the UN Climate Change Conference (COP26).

Writing the foreword to a report from the Tony Blair Institute for Global Change, 'A Just Transition for Africa: Championing a Fair and Prosperous Pathway to Net Zero', he warns that "placing climate-change mitigation and Africa's development in opposition will be counterproductive".

Blair stresses that the future for Africans will be determined by "our success in both addressing the climate crisis and supporting the continent's development. One cannot be delivered without the other". He adds that "as with its development plans, Africa's response to climate change must be Africa-led. For their part, high-income countries must support African nations to both deliver their development visions and respond to climate change".

For Blair, "high-income countries must bear the greatest responsibility for cutting emissions and financing measures globally to adapt to the inevitable consequences of climate change. These countries developed in large part by exploiting their fossil-fuel reserves; as well as bearing the most responsibility, they also have the greatest capacity to act".

He notes that the approach to net-zero emissions in Africa often fails to take into account "the urgent need to develop and industrialise across much of the continent".

This theme is taken up in the body of the report and Mozambique is one of the examples where "the future of Africa's fossil-fuel endowments gets to the heart of the climate-justice issue". Here, the report highlights a very real dilemma: "on the one hand, it is problematic to question the desire and rights of African countries to monetise their (oil and gas) reserves as many high-income countries have done. On the other, the science of climate change is undeniable, and it serves neither the global effort to reduce carbon emissions nor Africa's long-term interests for the continent to be locked into a high-carbon pathway".

The report points out that the Mozambican government "has prioritised the development of its gas resources, not only to generate export revenues, but also to stimulate industrialisation at home, with up to a quarter of the gas planned for use in domestic power, fuel, and fertiliser production".

It claims that once developed, the natural gas found so far will increase Mozambique's GDP by 40 per cent per annum and argues that "in a country where nearly half the population lives beneath the poverty line and the annual income per capita is approximately 500 dollars, it is difficult to argue with this approach".

For the authors of the report, "this is why climate change and the necessity for reductions in fossil-fuel consumption present major risks to countries, such as Mozambique, that are looking to follow the example of high-income countries in exploiting carbon deposits to drive their own development".

Blair points out that "ultimately, Africa must achieve net-zero, but not at the expense of its development. If high-income countries attempt to limit development opportunities – for example, by ceasing funding for energy generated by gas, without making provisions for equally affordable alternatives – they risk condemning countries to continuing poverty and food insecurity".

He concludes that "the tools do exist to strike the right balance. But for Africa to prosper and ultimately achieve net

zero ... will need real partnership and real leadership, starting with the agreements reached at COP26".

Enormous quantities of natural gas have been found in the northern province of Cabo Delgado which are due to be monetised through three projects to liquefy the gas for export. The Italian company ENI is progressing well with its Floating LNG plant which will produce over three million tonnes of LNG per year beginning in 2022. The French company TotalEnergies will develop an onshore LNG plant with production beginning in 2026, ramping up to 13.1 million tonnes of LNG per year. The third project, led by the US giant ExxonMobil, has yet to reach its final investment decision but its plans are based on producing 15.2 million tonnes per year of LNG.

According to the Mozambican government, the Cabo Delgado gas reserved for domestic use will not only pave the way for industrialisation and import substitution but will also enable the further electrification of the province, leading to improvements in living standards and job opportunities. The urgency of this is underlined by forecasts by the African Development Bank that climate change could cost the African continent US\$50 billion annually by 2040 and could lower Gross Domestic Product by up to 3 per cent per year by 2050.

## Mozambique removed from UK red list travel restrictions

The British government on 11 October removed Mozambique from the red list of countries that have the highest level of Covid-19 travel restrictions. These restrictions were put in place on a total of 54 countries due to concerns over the spread of variants of the coronavirus that causes the Covid-19 respiratory disease. However, the government has now reduced this list to just seven.

Under the red list, people are only allowed to enter the United Kingdom if they are either a British or Irish national or have residence rights in the UK. Even then, people entering the UK are required to quarantine in specified hotels at a cost of over £2,000.

Under the rules for travellers *not* coming from a red list country, those who are fully vaccinated with an approved vaccine and have a recognised certificate to prove it can enter with the obligation to take a PCR test on day two after arrival. Later this month the restrictions will be eased when arrivals will be able to use a cheaper lateral flow test.

For Mozambican travellers, meeting this threshold may not be so easy. Only four vaccines have been approved: Oxford/AstraZeneca, Pfizer BioNTech, Moderna, and Janssen. This includes the AstraZeneca Covishield version that has been used in Mozambique but does not include the Chinese Vero-Cell vaccine.

Another hurdle is that the UK does not recognise documentation from Mozambique (which is written in the official language, Portuguese) as proof that people have been fully vaccinated. As a result, travellers will be required to take a pre-departure test and to book and pay for PCR tests on days two and eight after arrival in Britain. Travellers will also be asked to quarantine in the place they are staying for ten days. This may be reduced if a third test is taken on day five and proves to be negative.

Travel restrictions are subject to change at short notice and travellers are advised to check the official rules before travelling.

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