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Red Alert decreed as cyclone approaches

The Mozambican government's Disaster Management Coordinating Council (CCGC), meeting in extraordinary session in Maputo on 24 April, decreed a red alert, the highest state of disaster readiness, in light of the approach of cyclone Kenneth to the northern Mozambican coast.

The cyclone formed in the Indian Ocean, north of Madagascar, about three days ago. It is now approaching Comoros and is projected to continue heading west, making landfall on the northern Mozambican province of Cabo Delgado on 25 April.

According to the US air force's Joint Typhoon Warning Centre (JTWC) Kenneth is currently moving at a speed of 11 knots (20.4 kilometres an hour). The cyclone is generating sustained winds of 70 knots, with gusts of 85 knots. Within the next day, the sustained wind speed is expected to rise to 105 knots (almost 200 kilometres an hour).

The general director of the Mozambican relief agency, the National Disaster Management Institute (INGC), Augusta Maita, proposed the declaration of a red alert to the CCGC. She called for urgent preventive measures and "the use of all possible means to save lives. We have been coordinating with the provincial governments for the past two days, and our main concern right now is to see that what we have requested is available on the ground. We have been assured that safe places where families can take refuge are being identified".

Maita said resources that had been allocated to the central province of Sofala, where cyclone Idai struck on 14 March, are now being redirected to Cabo Delgado.

This was particularly the case with search and rescue equipment. "It no longer makes sense for some of these resources to remain in Sofala to deal with the Idai situation", she said. "By the end of this afternoon, we shall have a helicopter positioned in Cabo Delgado. We shall step up these resources, as soon as we have a clear indication of what the direct impact will be".

Based on estimates made by the National Meteorology Institute (INAM), and by the National Directorate of Water Resources, Maita put the number of people potentially at risk, in Cabo Delgado and in the neighbouring province of Nampula, at 692,000.

"We have made a preliminary survey of the food and non-food humanitarian assistance requirements, and they are estimated to cost around 100 million meticaïs (about 1.54 million dollars)", said Maita. The amount required could increase, depending on the cyclone's impact.

INAM has issued an alert for shipping in the Mozambique Channel, warning of strong winds, heavy rain, and waves up to seven metres high.

PM demands transparency from Reconstruction Office

Prime Minister Carlos Agostinho do Rosario on 22 April demanded transparent management of the post-cyclone Reconstruction Office, set up by the government.

Rosario was speaking at the Maputo ceremony where he swore Francisco Pereira into office as the executive director of the Reconstruction Office. The main purpose of the new office is to ensure the recovery and reconstruction of the facilities destroyed in mid-March by cyclone Idai, which struck the central provinces of Sofala, Manica, Tete and Zambezia.

To achieve these goals, Rosario urged Pereira "to ensure, with all necessary speed, the creation of the material and human conditions, to put the Office into operation".

The Prime Minister called for permanent and coordinated cooperation between the central government, the local authorities, the municipalities, and international cooperation partners in surveying the needs at all stages of preparation for the international conference, due to be held in Beira in May, in order to mobilise resources for post-cyclone reconstruction.

In setting up the reconstruction office, Rosario said, "the government intends to ensure the recovery of health, education and water supply facilities, roads and bridges, railways, electricity transmission lines, and maritime and air traffic that were affected by the disasters".

He recognised that cyclone victims are already involved in rebuilding their houses and in productive, mostly agricultural, activities, which are contributing to normalising economic and social life in the affected areas and reducing dependence on food aid. He stressed, "to support agricultural production, the government is distributing seeds and tools, as well as rehabilitating key infrastructures such as roads and bridge".

For his part, Pereira said that work on surveying the damage and losses has already begun and a report will be submitted to the government by the end of this month. Once approved, that report would form the basis for a reconstruction plan.

At the end of May, the international conference in Beira will take place, he continued, "where we hope to obtain the resources necessary for the programme to rebuild infrastructures and repair the social and economic fabric".

The 75 year old Pereira has a degree in civil engineering, and since Mozambican independence in 1975, he was always involved in the public works sector. Among the posts he has held are Deputy Minister of Public Works, deputy chairperson of the National Roads Administration (ANE), and chairperson of the Road Fund.

This is a condensed version of the AIM daily news service - for details contact pfauvet@live.com

Attorney-General briefs parliament on debt

Mozambican Attorney-General Beatriz Buchili, in her annual report to the Mozambican parliament, the Assembly of the Republic, on 24 April announced that, after almost four years of investigation, prosecutors have charged 20 suspects in connection with the scandal known as the “hidden debts”. This refers to loans of over US\$2 billion granted by the European banks Credit Suisse and VTB of Russia to three fraudulent companies, Proindicus, Ematum (Mozambique Tuna Company) and MAM (Mozambique Asset Management), on the basis of illicit loan guarantees issued by the government of the time, headed by President Armando Guebuza.

The 20 suspects, Buchili said, are accused of crimes including corruption, money laundering, blackmail, falsification of documents, use of false documents, embezzlement, abuse of office, abuse of trust, and membership of a criminal organisation.

She did not name the suspects, but it is already public knowledge that they include members of Guebuza’s inner circle, including his oldest son, Ndambi Guebuza and his personal secretary Ines Moiane.

At the heart of the fraudulent companies is the intelligence service, SISE, and several former SISE officials are among those detained. They include the man who headed SISE, Gregorio Leao, and the former head of SISE economic intelligence, Antonio do Rosario, who became chairperson of Proindicus, Ematum and MAM.

Nine of the accused are in preventive detention, said Buchili, and prosecutors have also seized 15 buildings, six vehicles and one piece of heavy construction equipment, because of indications that these were illicitly obtained with money from the fraudulent loans. 31 bank accounts belonging to or connected with, the suspects have been frozen.

The Attorney-General’s Office (PGR) has opened an “autonomous case” against four other suspects, including Guebuza’s Finance Minister, Manuel Chang, who is currently under police custody in South Africa. Chang was detained on 29 December at Johannesburg airport on the basis of an international arrest warrant issued by the US authorities, who carried out their own investigation into the scandal. The US claims jurisdiction because US banks were allegedly used to pay kickbacks and bribes to beneficiaries of the scheme, and part of the illicit debts was sold on to American institutions.

Buchili complained that the US authorities had not replied to letters from her office requesting information. She said the PGR had received responses to requests sent to France, Switzerland, Holland and Britain, but received no cooperation from the United Arab Emirates – which is where Prinvest, the company which became the sole contractor for Ematum, Proindicus and MAM is based.

One senior Prinvest figure, Jean Boustani, was arrested on a US warrant in January and is currently awaiting trial in New York. The Prinvest Chief Financial Officer, Najab Allam, has also been indicted but is not yet in custody.

Buchili also announced that the PGR has hired “international experts to help us identify, seize and value other assets” from the fraudulent scheme, that may exist inside and outside Mozambique. It has also initiated a civil suit in a British court against Prinvest and Credit Suisse.

“The fight against such transnational organised crime as corruption, money laundering and terrorism, requires the commitment of all states”, declared Buchili, “and so we are appealing strongly to the countries from whom we have requested information, to ensure that justice can be done and thus contribute to strengthening the credibility of our country”.

Three former ministers denounced

Buchili also strongly denounced the former ministers of labour, finance and transport, respectively Helena Taipo, Manuel Chang and Paulo Zucula, all of whom had held office in the previous government, under President Armando Guebuza.

She did not mention the names of the former ministers, but the details of the cases she mentioned made it very clear who Buchili was talking about.

“One former minister”, she said, “with supervisory powers over a public institute, received, four times in one year, large sums of money from private companies, who had signed contracts to provide services to that institute”.

The Institute in question is the National Social Security Institute (INSS), which falls under the aegis of the Labour Ministry.

“To ensure that the contracts were signed”, said Buchili, “the companies over-invoiced, incorporating the bribes which were later delivered to the former minister by intermediaries”.

In addition to Taipo, who is currently in preventive detention, the INSS case involves eight other suspects, accused of such crimes as corruption, embezzlement and money laundering. Related with this case, 27 vehicles and seven buildings have been seized, and six bank accounts have been frozen.

In a second case, two other former ministers “are accused of having used their positions to receive a bribe from a foreign company, in the context of a contract to build an airport and a coal terminal”.

The company is clearly the Brazilian firm Odebrecht, which built the country’s most modern airport, in the northern city of Nacala, inaugurated in 2014. The airport is hardly ever used, and the only scheduled flights are to Maputo, operated by Mozambique Airlines (LAM).

Indeed, experts have speculated that the airport was only built because of a bribe. Odebrecht operated an international network of corruption, paying bribes in at least a dozen countries to secure contracts.

Charged in a New York court, together with the Brazilian petro-chemical company Braskem, Odebrecht pleaded guilty. The two companies settled the case by agreeing to pay a combined fine of US\$3.5 billion.

The court case showed that Odebrecht had paid bribes of US\$900,000 in Mozambique. Later investigations indicated that the money went to Zucula and Chang.

“One of the ministers omitted his legal duty of diligence”, said Buchili, “and created difficulties for the company at the start of the building work”. Faced with this situation, Odebrecht offered money “which was deposited in banks abroad, via offshore companies”.

Contractual terms favouring Odebrecht were approved, and more money was paid also through offshore companies and foreign banks.

The second minister (clearly Chang) issued state guarantees under the same contract, and once again bribes were channelled to foreign banks.

Buchili used the cases of the former ministers to show that her office does not shirk from charging high ranking individuals with corruption. She admitted that the public perception is that only people guilty of “petty corruption” are ever punished, while those guilty of “grand corruption” escape justice. “But for the public prosecutor, there is neither petty nor grand corruption”, Buchili said, “because any act of corruption has negative effects on society, hence in our action we are governed by the principle of equality before the law”.

Renamo demands sacking of STAE director

Mozambique's main opposition party Renamo on 24 April demanded the immediate sacking of the general director of the Electoral Administration Technical Secretariat (STAE), Felisberto Naife. At a Maputo press conference, the Renamo election agent, Andre Majibire, claimed that the problems facing the current voter registration ahead of the general elections scheduled for 15 October showed the "incompetence and negligence" of STAE.

While there are problems with registration brigades unable to work due to no electricity to power their machines, Majibire claimed there was also deliberate interference in the registration by neighbourhood secretaries and community leaders, aligned with the ruling Frelimo Party, in Niassa, Cabo Delgado, Nampula, Zambezia, Tete and Sofala provinces.

He claimed that these local officials "draw up lists on the basis of which people should be registered, and when these lists are exhausted, the brigade members turn off the machines and allege they have broken down, thus obliging people to go home without registering".

Contacted by AIM, STAE spokesperson Claudio Langa said this was the first he had heard of such complaints. Why, he wondered, had Renamo not made these concerns known to STAE or to the National Elections Commission (CNE) via its monitors? Renamo, Frelimo and the Mozambique Democratic Movement (MDM) all have monitors accredited to watch the voter registration posts, and if they note any anomaly or illegality they should report it at once. Furthermore, all three political parties have appointees in STAE at district, provincial and national levels. But Langa said the Renamo monitors have not reported any of the claims made by Majibire about neighbourhood secretaries or community leaders.

The only role for such local leaders in registration, he added, was to act as witnesses in the case of potential voters who have no identity documents. Lack of identity documents is a particular problem in the central problems where many people lost all their possessions in cyclone Idai and the ensuing floods in mid-March. In such cases, people wishing to register as voters may call on local leaders to vouch for their identity. But the leaders may not stand in for the registration brigades and may not submit lists of people to be registered, said Langa. If anything of the sort is detected, it should be reported to STAE.

Majibire also claimed there are registration posts operating in the back yards of community leaders, allegedly on the instructions of Frelimo committees, and intended to prevent Renamo members and sympathisers from registering. Langa flatly denied this claim. Registration brigades are only working at the posts included on the list published by the CNE, he said.

As for the technical problems with the brigades' equipment and particularly with the power supply, Langa admitted that stoppages were happening, but most of them were temporary. He estimated that between 80 and 85 per cent of the brigades are operating without great constraints.

Solar panels are being distributed to cope with the electricity problems, and distribution should be complete by the end of the week.

Langa thought the results of the registration so far are encouraging. In the first week of registration (15-21 April), 941,601 voters registered, over 12.5 per cent of the target figure of 7.3 million. The registration covers all Mozambicans aged 18 years and above, except those who already registered last year for the October 2018 municipal elections. Over 6.8 million people registered in 2018, in the districts containing municipalities, so the new registration should bring the total electorate to around 14.1 million.

US giant Chevron to buy Anadarko

The US hydrocarbon company Chevron on 12 April announced that it has entered into an agreement with Anadarko Petroleum to acquire the company in a stock and cash transaction valued at US\$33 billion. The deal will be composed of 75 per cent in stocks and 25 per cent in cash.

Commenting on the agreement, Anadarko's chief executive Al Walker said, "the strategic combination of Chevron and Anadarko will form a stronger and better company with world-class assets, people and opportunities".

In Mozambique, Anadarko is the operator of Offshore Area One in the Rovuma Basin, off the coast of the northern province of Cabo Delgado, where reserves of at least 75 trillion cubic feet of gas are known to exist. It is also leading the project to construct two gas liquefaction plants (known as "trains") to produce 12.88 million tonnes of liquefied natural gas (LNG). Anadarko has steadily been putting in place binding Sale and Purchase Agreements to cover the future production of LNG, and it was expected to take the Final Investment Decision in April to go ahead with the project known as Mozambique LNG1. With the binding agreements in place, there is no expectation that the takeover by Chevron will cause a delay in the timetable which will see the project begin to export LNG in 2024.

Chevron is the second largest oil company in the US, and its larger rival Exxon Mobil has a 25 per cent stake in neighbouring Offshore Area Four, where the Italian company ENI is the operator. Interestingly, there is a gas field that straddles the two areas which will need to be developed through cooperation between the two consortiums.

Currently, Anadarko holds 26.5 per cent of the shares in the Offshore Area One consortium. Its partners are Mitsui of Japan (20 per cent), PTT of Thailand (8.5 per cent), three Indian companies ONG Videsh, BEAS Rovuma Energy and BPRL Ventures (10 per cent each), and Mozambique's own National Hydrocarbon Company, ENH (15 per cent).

Cell phone company in deal with Huawei

The Mozambican publicly owned cell phone company Tmcel has agreed, with Chinese partners, to invest US\$153 million in state-of-the-art technologies. An agreement signed in Beijing on 23 April between Tmcel and the telecommunications giant Huawei, says that in an initial phase US\$23 million will come from the Mozambican company's own capital, resulting from the sale of assets that are not the main focus of its business.

The signing coincided with the first day of a six-day visit to China by President Filipe Nyusi. Shortly after his arrival in Beijing, he praised Tmcel for its stance. "We know that, in addition to the government's efforts, the company is using its own capital to achieve the necessary investments", he said, in a meeting with Mozambican business people.

The Minister of Transport and Communications, Carlos Mesquita, said that another bilateral cooperation agreement with China, involving an investment of almost US\$130 million dollars, is about to start. The project involves the renovation of communications technology at a national scale, with the implementation of a fibre-optic service linking the north and south of Mozambique and all the knots which connect neighbouring countries.

President Nyusi is leading the Mozambican delegation to China for the second "One Belt, One Road" International Forum, an event which 37 heads of state and government are due to attend. China's "One Belt, One Road" initiative focuses on improving cooperation and connectivity between a wide range of countries in Asia, Europe and Africa.

Renamo delivers list of officers for police

The leader of Mozambique's main opposition party Renamo, Ossufo Momade, on 16 April announced that Renamo has delivered to President Filipe Nyusi a list of ten officers to occupy senior positions in the police force.

Speaking at a Maputo press conference by telephone, Momade stressed that this list arises from the commitments between Renamo and the government enshrined in the memorandum of understanding that he and President Nyusi had signed in August last year.

That memorandum followed up the truce decreed by Momade's predecessor, the late Afonso Dhlakama in December 2016, and was intended to put a definitive end to the military conflict. It envisaged including senior Renamo officers in the armed forces (FADM), the police and the Security and Intelligence Service (SISE) and demobilising those members of the Renamo militia who will not be absorbed into the defence and security forces. Earlier this year, 14 Renamo officers were incorporated into the FADM military structure. Now, for the first time, Renamo officers will be placed in high-ranking police positions too.

Handing over this list, Momade announced, "represents our unequivocal will to continue with the dialogue and, above all, our desire to see the life of our people return to normal". He urged the government to ensure that these officers are incorporated into the police "as quickly as possible".

Delivery of the list comes a few days after President Nyusi had urged the Renamo leadership to be more flexible "to avoid delays and growing frustration of the hope of their guerrillas who are waiting for the restoration of their lives".

So far, no member of the Renamo militia has been demobilised or disarmed. The general commitment is that this force will be demobilised, and those who cannot be recruited into the defence and security forces will be reintegrated into civilian society. There is no timetable for this and the danger is that, by the time of the presidential, parliamentary and provincial elections scheduled for 15 November, Renamo will still have its own illicit armed force.

IMF loan for post-cyclone emergency aid

The Executive Board of the International Monetary Fund (IMF) has approved a loan to Mozambique of US\$118.2 million under its Rapid Credit Facility (RCF).

An IMF press release says that this financial aid "is intended to address large budgetary and external financing gaps arising from reconstruction needs after cyclone Idai, which caused significant loss of life and infrastructure damage."

The cyclone struck central Mozambique on 14 March, causing a confirmed death toll of 603, wiping out crops across hundreds of thousands of hectares of farmland, and causing material damage that could run into billions of dollars.

IMF Deputy Managing Director, Tao Zhang, described cyclone Idai as "the worst and costliest natural disaster to ever strike the country". He declared that "disbursement under the IMF's Rapid Credit Facility will help address the country's immediate financing needs and play a catalytic role in securing grants from donors and the international community".

Tao Zhang added that the Mozambican government's "room

for manoeuvre is limited and the bulk of emergency assistance and reconstruction needs will have to be covered by the international community mostly in the form of grants to ensure debt sustainability".

"The authorities are committed to creating fiscal buffers, including preparing for, and dealing with, future natural disasters", he added. "They are seeking significant debt relief from private creditors which is important to put public debt on a declining path. While the authorities cautiously proceed with normalization of monetary policy, they should remain vigilant about possible second-round effects on inflation of supply shock caused by the cyclone".

He said the government is "committed to improving transparency, governance, and accountability. Ongoing preparation, with Fund technical assistance, of a diagnostic report on governance and corruption challenges in the areas most relevant for economic activity, will help to further ensure that scarce public resources are put to good use."

"Going forward, it will be critical to increase the economy's resilience and preparedness for natural disasters and climate change", he concluded.

The Rapid Credit Facility was set up to provide immediate financial assistance with limited conditionality to low-income countries with an urgent balance of payments need. RCF loans are interest-free. They should be repaid within ten years and have a grace period of 5.5 years.

Restoring electricity to cost US\$120 million

The publicly owned electricity company EDM estimates that the definitive restoration of the electricity grid to those parts of the central provinces ravaged by cyclone Idai in mid-March will cost US\$120 million.

EDM spokesperson Luis Amado told reporters on 17 April that so far EDM has invested US\$21 million for the preliminary or temporary restoration of the grid to supply about 50 per cent of the power provided by EDM under normal circumstances.

Amado said that a key action in the temporary restoration of the grid was to ensure that the main sub-station in the city of Beira was functioning again. Currently, the sub-station is working at 60 per cent of its capacity, which allows it to supply power to such key facilities as the Beira water pumping station, and the wastewater treatment station. "Right now, work is continuing on the Beira low voltage network", he added, "and we hope that in two months Beira will reach normal power consumption and all EDM clients in the city will have electricity".

Amado said EDM has teams working to repair the grid in Buzi district, much of which was underwater in March. This depends on restoring the Guara-Guara substation to working order. There are other EDM teams working on the connections to Chibabava district (in Sofala province) and to Machaze and Mossurize (in Manica). There are still serious problems with road access to all these areas.

Amado was not sure when the repairs would be complete. The money for restoring the power supply would have to be mobilised by the government and its partners, and that could be a long-term process.

Mozambique News Agency, c/o 26 Withdean Crescent, Brighton BN1 6WH, UK. Tel: +44 (0) 7941890630 - mozambique-news@geo2.poptel.org.uk

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