

AFRICA RISK CONSULTING

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Mozambique Summary 21 July 2021

The Southern African Development Community (SADC) confirms that it will deploy a standby force mission to Cabo Delgado province, but the Mozambique government has yet to sign the agreement. Rwanda contributes 1,000 military and police personnel to fight the conflict in Cabo Delgado, arriving before the SADC mission and sparking criticism from both main opposition party Resistência Nacional Moçambicana (Renamo) leader Ossufo Momade and South Africa's defence minister, Nosiviwe Mapisa-Nqakula. New court papers and trade documents from the 'hidden debts' scandal lawsuit in which the Mozambique government is suing Lebanon-based Prinvest, show that a payment of \$1m to President Filipe Nyusi (2019-present) in 2014 was completed through United Arab Emirates (UAE)-based scrap metal company Sunflower International Corp FZE. President Nyusi announces stricter Covid-19 restrictions, including expanded curfew, school closures and tighter travel restrictions as the third wave of Covid-19 arrives in Mozambique. The number of active cases increases from 1,610 on 20 June to 22,514 on 20 July.

SADC decides to deploy standby mission in Cabo Delgado...

The **Southern African Development Community (SADC)** decided at an **Extraordinary Summit** in **Maputo** on 23 June to deploy a standby force mission to **Mozambique** to combat terrorism and violent extremism in **Cabo Delgado** province.¹ SADC executive secretary **Stergomena Lawrence Tax** presented instruments of authority for deployment of the standby force to the force commander of the SADC mission on 17 July, marking an important step in the process of deploying the troops.²

The arrival of the SADC standby force was scheduled for 15 July, but the Mozambique government has yet to sign the status of forces agreement, which is necessary to allow SADC forces into the country.³ Without the agreement there is uncertainty about the leadership and composition of the SADC mission, although it is expected to include about 3,000 soldiers as proposed by the technical team that visited Cabo Delgado in April (see *ARC Briefing Mozambique May 2021*).

The violence in the region began in October 2017 but has escalated significantly in recent months (see *ARC Briefing Mozambique Jan-Jun 2021*). The insurgencies in Cabo Delgado have resulted in the displacement of more than 700,000 people, while more than 1.3 million people are estimated to require "immediate humanitarian assistance and protection".⁴ The **United Nations (UN)** reports that more than 900,000 people are experiencing severe food insecurity. The UN **International Children's Emergency Fund (UNICEF)** is calling for \$96.5m to provide life-sustaining and lifesaving services for children and their caregivers.⁵

... as Rwanda deploy 1,000 military and police personnel ...

At the official request of President **Filipe Nyusi** (2019-present), **Rwanda** is contributing 1,000 military and police personnel to fight the conflict in Cabo Delgado, with 700 soldiers from the

¹ SADC News, 23 Jun 2021

² SADC News, 17 Jul 2021

³ Reuters, 14 Jul 2021

⁴ AA, 12 Jul 2021

⁵ UNICEF, 13 May 2021

Rwanda National Defence Force (RDF) and 300 soldiers from the **Rwanda National Police (RNP)**.⁶ The joint force arrived in Mozambique on 9 July and will support the **Forças Armadas de Defesa de Moçambique (FADM)** (Mozambican armed defence forces) in the fight against the violent insurgencies in Cabo Delgado.⁷

Speaking to the national military units in **Sofala Province** on 12 July, President Nyusi stated that SADC had given its consent to the deployment of Rwandan troops and that SADC respects that Mozambique is “*a sovereign country*”.⁸ Nevertheless, surprise and negative reactions from both national and international players have greeted the news of Rwanda’s military intervention. Main opposition party **Resistência Nacional Moçambicana (Renamo)** leader **Ossufo Momade** stated in a press release on 12 July that the Rwanda military is in Mozambique “*illegally*” because other SADC members were surprised by the news and because the **Assembleia da República** (assembly of the republic) was not informed.⁹ **South Africa**’s defence minister, **Nosiviwe Mapisa-Nqakula**, said on 17 July that it was “*regrettable*” that the Rwandan troops had arrived in Mozambique before the SADC mission.¹⁰

The multinational military interventions in Cabo Delgado by Rwanda and SADC troops come alongside a **European Union (EU)** military training mission in Mozambique, led by **Portugal**’s General **Nuno Lemos Pires**, and will last 28 months.¹¹ The aim of the EU military training, which was confirmed on 12 July, is to support and train FADM to restore safety and protect civilians in Cabo Delgado. EU foreign policy chief **Josep Borrell** says that 200-300 personnel could be deployed by the end of 2021, and Portugal is prepared to offer 50% of the mission.¹²

... amid new ‘hidden debt’ developments

New developments have emerged in the \$2 billion ‘hidden debts’ loan scandal. Court papers and trade documents from the trial in which the Mozambique government is suing **Lebanon**-based shipbuilder **Privinvest** reveal that a payment of \$1m to President Nyusi in 2014 was completed through **United Arab Emirates (UAE)**-based scrap metal company **Sunflower International Corp FZE**.¹³ The Mozambique government launched its suit against Privinvest in **London’s High Court (United Kingdom (UK))** in December 2019, accusing the company of bribing politicians and intelligence officials to win the \$2 billion contract to build new naval vessels and a tuna fishing fleet.¹⁴ Privinvest denies the accusations, claiming that all its payments were legitimate, and if it is to be found guilty of corruption and bribery, the payment of \$1m to President Nyusi would also be corrupt.

The court papers and lawsuit by the Mozambican government do not mention any payments to Nyusi, who was Mozambique’s defence minister at the time. However, trade records and court documents now show that the payment was completed through the UAE-based scrap metal company.¹⁵ Sunflower International Corp FZE is not listed on the UAE public register, but **London (UK)**-based news company **Zitamar** has confirmed with **India**-based importers that Sunflower International Corp FZE was selling scrap metal from Mozambique to India at the time the payments were alleged to have been made.¹⁶ The trial continues in the London High Court.

The hidden debts contributed to an economic downturn in Mozambique in 2016, and according to **Germany**-based non-governmental organisation **Transparency International (TI)**, represented a threat to Mozambique’s efforts to reduce poverty and inequality:

⁶ AIM, 14 Jul 2021

⁷ AIM, 14 Jul 2021

⁸ AIM, 14 Jul 2021

⁹ Lusa, 13 Jul 2021

¹⁰ Lusa, 13 Jul 2021

¹¹ Reuters, 12 Jul 2021

¹² Reuters, 12 Jul 2021

¹³ Zitamar, 6 Jul 2021

¹⁴ Zitamar, 6 Jul 2021

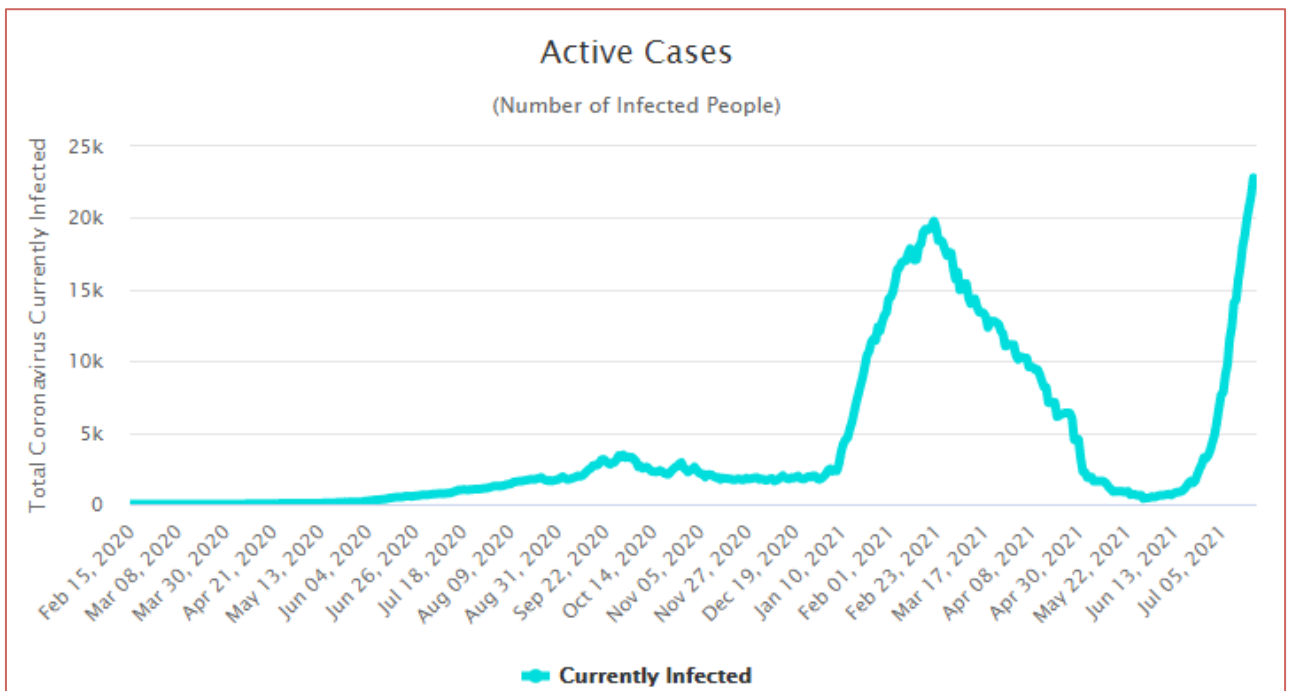
¹⁵ Zitamar, 6 Jul 2021

¹⁶ Zitamar, 6 Jul 2021

“Funds that should have been available for investment in the [sustainable development goals] SDGs, such as education and support to small-scale fishing communities, have instead been squandered.”¹⁷

Tighter restrictions aim to combat third wave of Covid-19

Active cases of **Covid-19** have increased significantly in Mozambique over the last month with the arrival of a “*third wave*”, from 1,610 on 20 June to 22,514 on 20 July (see below).¹⁸ The health ministry reported on 19 July that the country had surpassed 100,000 cases of Covid-19, with 1,373 new cases in its population of approximately 31.5 million.¹⁹ Mozambique has recorded a total of 1,138 Covid-19-related deaths as of 19 July.²⁰ Speaking at a scientific conference on Covid-19 on 16 June, health minister **Armindo Tiago** warned that Mozambique should prepare for “*the worst-case scenario*” of a third wave of the coronavirus.²¹



Source: Worldometer, accessed 21 Jul 2021

Speaking at a press conference on 15 July, President Nyusi announced stricter Covid-19 rules, including the enforcement of a night curfew from 9pm to 4am in all provincial capitals, cities, municipalities and towns across the country.²² Schools and classes are suspended for 30 days in the **Maputo** metropolitan area, which includes the district of **Manhica**, as well as in the district of **Xai-Xai** in **Gaza** province, the city of **Inhambane** in Inhambane province, the city of **Tete** in Tete province and the city of **Dondo** in Sofala province.²³ All private social events are prohibited, and religious services and celebrations are suspended. The ban on the sale of alcohol remains and foreign travel into the country now requires passengers to provide a negative Covid-19 PCR test performed 72 hours before departure, even if passengers have a vaccination card.²⁴

¹⁷ Transparency International’s 2019 CPI Report

¹⁸ Worldometer Covid-19, 21 Jul 2021

¹⁹ Lusa, 19 Jul 2021

²⁰ Lusa, 19 Jul 2021

²¹ Lusa, 16 Jun 2021

²² Club of Mozambique, 16 Jul 2021

²³ Club of Mozambique, 16 Jul 2021

²⁴ Club of Mozambique, 16 Jul 2021

President Nyusi stated on 17 July that the government aims to vaccinate 11 million people against Covid-19 by the end of 2021.²⁵ President Nyusi extended the second phase of Mozambique's vaccination campaign until 20 July to allow the administration of second doses of **Covishield**, the **India**-based **Serum Institute** version of **AstraZeneca**. Eleven million doses of Covid-19 vaccine are due to reach Mozambique by the end of August.²⁶

Planner

2023 **(Mozambique)** Local elections;
 2024 **(Mozambique)** Provincial and presidential elections;
 2025 **(Mozambique)** **Area 1** LNG production expected to commence;

Chronology

15 Jul 2021 **Maputo (Mozambique)** *News24*. Defence minister **Jaime Neto** says government sent a signed "status of forces" agreement to **Southern African Development Community** to officially request military intervention in **Cabo Delgado** from neighbouring countries;

13 Jul 2021 **Maputo (Mozambique)** *News24*. **South Africa's** defence minister, **Nosiviwe Mapisa-Nqakula**, says the **Southern African Development Community's Standby Force** is expected to be deployed to **Mozambique** on 15 July but Mozambique has not yet signed the legal document allowing it to enter the country;

12 Jul 2021 **Maputo (Mozambique)** *CNBC Africa*. **Banco de Moçambique** (central bank) fines **South Africa**-based **Standard Bank**, **Africa's** largest lender, \$4.6m for manipulation of the exchange rate, implementing an illegal payments network based outside the country and carrying out irregular operations of financial derivatives;

12 Jul 2021 **Maputo (Mozambique)** *Africanews*. **European Union** formally establishes a military mission for **Mozambique** to help train its armed forces battling an insurgency in **Cabo Delgado** province;

8 Jul 2021 **Johannesburg (South Africa)** *City Press*. **State Security Agency** foreign operations head **Robert McBride** is suspended following diplomatic embarrassment earlier this year when **South African** spies ended up stranded during a failed operation in **Cabo Delgado, Mozambique**;

7 Jul 2021 **Maputo (Mozambique)** *Zitamar*. Trade records and court documents show the \$1m bribery payment allegedly made to President **Filipe Nyusi** in 2014 during the 'hidden debts' scandal was paid via a **Middle Eastern** scrap metal company;

30 Jun 2021 **Cabo Delgado (Mozambique)** *AFP*. **European Union** ambassadors give green light to setting up a military mission in **Mozambique** to help train its armed forces battling jihadists in **Cabo Delgado**;

28 Jun 2021 **(Africa)** *Reuters*. **International Monetary Fund** managing director **Kristalina Georgieva** says **Covid-19** infections in **Africa** are likely to exceed previous peaks within days, underscoring an urgent need to accelerate vaccine supplies and financing to the region.

28 Jun 2021 **Johannesburg (South Africa)** *Business Day*. **Nedbank** Africa Regions managing executive **Terence Sibiyi** says the bank is assessing possibilities to expand into countries on the **East African** seaboard after the rebranding of its subsidiary in **Mozambique**;

27 Jun 2021 **(South Africa-Mozambique)** *Bloomberg*. **South Africa** state-owned **iGas**

²⁵ Club of Mozambique, 19 Jul 2021

²⁶ Club of Mozambique, 19 Jul 2021

and **Mozambique** state-owned **Companhia Moçambicana de Gasoduto** exercise pre-emptive rights to acquire a 30% share, valued at R4.1 billion (\$290m), in **Sasol's Rompco** gas pipeline;

24 Jun 2021 **(Africa)** *Times Live*. **Africa CDC** director **John Nkengasong** says **Africa** is not winning its fight against the **Covid-19** pandemic as a third virus wave sweeps the continent and countries struggle to access enough vaccines for their populations;

24 Jun 2021 **(Africa)** *EWN*. **South Africa**-based start-up **Afrigen Biologics** says it expects a decision in mid-July on partners to produce **Africa's** first **Covid-19** vaccine using the mRNA platform;

23 Jun 2021 **(Southern Africa)** *News24*. Regional bloc **Southern African Development Community** approves deployment of standby force to combat terrorism and acts of violent extremism in **Cabo Delgado (Mozambique)**, and **Portugal's** foreign minister, **Augusto Santos Silva**, says the **European Union (EU)** could approve an EU military mission to Mozambique at a meeting scheduled for 12 July;

22 Jun 2021 **Maputo (Mozambique)** *Moneyweb*. **Mphanda Nkuwa** hydropower dam director **Carlos Yum** says government plans to sell a majority stake in the planned \$2.4 billion dam;

22 Jun 2021 **(Africa)** *EMPEA*. Global venture capital fund **Berkeley Energy** reaches a €130m (\$158m) first close for its **Africa Renewable Energy Fund II**, which has an initial target of \$300m and will primarily focus on hydro, wind and solar projects, and battery storage opportunities across **sub-Saharan Africa**;

17 Jun 2021 **Maputo (Mozambique)** *S&P Global*. **Italy**-based oil and gas major **Eni** spokesperson says **Eni** is on track to start up its **Coral South** floating LNG production facility offshore **Mozambique** in 2022;

16 Jun 2021 **Maputo (Mozambique)** *Human Rights Watch*. **United States**-based NGO **Human Rights Watch** calls on **Mozambican** authorities to urgently reveal the whereabouts of **Rwandan** journalist **Cassien Ntamuhanga**, an opponent of **Rwandan President Paul Kagame's** regime, who was arrested in late May;

14 Jun 2021 **Maputo (Mozambique)** *Business Day*. **Portugal**-based **Galp Energia**, a partner in **ExxonMobil**-led gas consortium in **Mozambique**, says it will not invest in onshore plants there until authorities guarantee security and social stability;

11 Jun 2021 **Maputo (Mozambique)** *International Crisis Group*. Transnational NGO **International Crisis Group** say **Mozambique's** government should combine its military response to a spiralling insurgency in **Cabo Delgado** with aid to disenfranchised communities and dialogue with militants;

10 Jun 2021 **Pretoria (South Africa)** *EWN*. President **Cyril Ramaphosa** says the insurgency in neighbouring **Mozambique** is being monitored in case it spills over into **South Africa**;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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