

AFRICA RISK CONSULTING

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The Southern African Development Community (SADC) Mission in Mozambique (SAMIM) captures an insurgent base of the Al Sunnah wa Jama'ah in Cabo Delgado province as President Filipe Nyusi (2019-present) welcomes the European Union (EU) mission to train the Forças Armadas de Defesa de Moçambique (FADM) (Mozambican armed defence forces). Mineral resources and energy minister Max Tonela calls for oil companies to resume contracts amid increased security in Cabo Delgado. President Nyusi officially launches Mozambique's candidacy for a non-permanent membership of the United Nations (UN) Security Council for the 2023/2024 term. Switzerland-based Basel Institute on Governance ranks Mozambique fifth out of 110 countries for money laundering and terrorist financing risk in its 2021 Anti-Money Laundering (AML) Index. A Maputo court hears evidence against a further 19 people in the "hidden debt" case. The Covid-19 positivity rate continues to decline, measuring 4.9% on 17 September, the lowest rate since 14 June.

Security forces advance in Cabo Delgado ...

Advances by security forces in northern **Mozambique** have sparked hope of an imminent end to the violent insurgency that has plagued **Cabo Delgado** for almost four years and led to more than 3,300 deaths, including those of 1,492 civilians, since it began in October 2017.¹ **Southern African Development Community (SADC) Mission in Mozambique (SAMIM)** forces captured an insurgent base of the **Al Sunnah wa Jama'ah**, known as the "*Sheik Ibrahim Base*" and located south of **Messalo River** in **Macomia** district, on 14 September.² The insurgents left behind light and heavy weapons during the raid, as well as communication devices and video content.³ The advance by SAMIM, together with the recent advances of the **Rwanda National Defence Force (RDF)** and the **Forças Armadas de Defesa de Moçambique (FADM)** (Mozambican armed defence forces) (see *ARC Briefing Mozambique August 2021*), have increased optimism that residents can soon return to their homes in Cabo Delgado. However, people on the ground in **Mocimboa da Praia** are sceptical:

*"The insurgents have better capabilities than the Mozambican armed forces, and they have graduated from machetes to AK-47s to more heavy mortars and machine guns (...) Mocimboa da Praia is completely empty, and it seems like there is more affinity with the insurgents than the armed forces."*⁴

President **Filipe Nyusi** (2019-present) received the **European Union (EU)** training mission on 17 September, marking the beginning of its support in training the **Forças de Defesa e Segurança (FDS)** (Mozambican defence and security forces) to "*combat terrorism*".⁵ The EU mission, led by **Portuguese** national **Brigadier Nuno Lemos Pires**, is planned for two years and will according to Pires "*defend the populations of Mozambique*" alongside the FDS.⁶

Over the last week, dozens of women and teenagers kidnapped from **Macomia** and **Muidumbe** districts have reappeared after nearly two years in the hands of the insurgent groups, following the

¹ ACLED, 14 Sep 2021

² Defenceweb, 19 Sep 2021

³ Defenceweb, 19 Sep 2021

⁴ ARC source, Mocimboa da Praia

⁵ Club of Mozambique, 20 Sep 2021

⁶ Club of Mozambique, 20 Sep 2021

advance of the RDF and FADM on insurgent territory.⁷ Several of the teenagers and women claim to have been sexually abused during their captivity and were reportedly only set free because of the imminent threat of attack on the base where they were kept.⁸ The RDF and FADM took control of the **Mbau** area 50km southwest of Mocimboa da Praia on 20 August after a “*fierce battle*”.⁹ An article by local news agency **Carta de Moçambique** reported on 8 September that the advance could attack and dismantle the famous insurgency base known as **Siri 1** “*at any time*”.¹⁰

*“The Rwandan forces are extremely professional and behaving like a first world army (...) but they are only here until end October which is soon. The concern is that the insurgents will come back once the Rwandan forces leave.”*¹¹

Several political analysts see a parallel between the possibility of insurgents returning to Macomia district once the Rwandan forces leave and the return of **Taliban** control in **Afghanistan**. Despite the advances by the RDF, FADM and SAMIM, there is concern that the insurgency will not end until the government targets the root causes of the violence, such as limited local access to mineral resources in the region and lack of jobs and opportunities for the younger generation. **United Kingdom (UK)**-based analyst **Jonathan Powell**, who was chief of staff to former UK prime minister **Tony Blair** (1997-2007), argues that wars do not end until “*you talk to the people with guns*”:

*“We have to learn the lessons from Afghanistan elsewhere in the world. How are we going to deal with the armed Islamist groups across northern **Africa**, in **Somalia** (another ‘forever war’), in Mozambique and in **Nigeria**? Are we going to continue kidding ourselves that we can defeat them by military means alone?”*¹²

Mineral resources and energy minister **Max Tonela** noted on 10 September that the improving security situation in Cabo Delgado should allow for the **Rovuma Area 1** liquefied natural gas (LNG) megaproject to plan a renewed schedule and resume contracts.¹³ The Area 1 project is led by **France**-based **TotalEnergies** (formerly **Total SA**), which represents the largest private investment on the African continent at about \$20 billion. It was scheduled to begin production in 2024 and was under construction until its suspension in March this year due to insurgency violence and attacks. Tonela said on 10 September that the LNG projects would resume when security in the region is assured.¹⁴ **African Development Bank (AfDB)** president **Akinwumi Adesina** announced on 27 August that TotalEnergies would restart its LNG project in Cabo Delgado by the end of 2022.¹⁵

... as President Nyusi launches UN Security Council candidate

President Nyusi officially launched Mozambique’s candidacy for a non-permanent membership of the **United Nations (UN) Security Council** for the 2023/2024 term at a ceremony on 16 September in **Maputo**, prioritising peace.¹⁶ Securing the seat would consolidate support for the Mozambican government in the conflict in the north and boost the status of the **Frelimo**-led parliament. Nyusi is likely also hoping that this will result in increased investment in the country.¹⁷ Nyusi claims Mozambique has the support of the 15 SADC countries and 54 member states of the **African Union (AU)**. Foreign affairs and cooperation minister **Veronica Macamo**, who is also the SADC Chair of

⁷ VOA Portugues, 16 Sep 2021

⁸ VOA Portugues, 16 Sep 2021

⁹ allAfrica, 21 Aug 2021

¹⁰ Carta de Moçambique, 8 Sep 2021

¹¹ ARC Source, Mocimboa da Praia

¹² The Guardian, 10 Sep 2021

¹³ Lusa, 13 Sep 2021

¹⁴ Lusa, 13 Sep 2021

¹⁵ Mail&Guardian, 12 Sep 2021

¹⁶ Lusa, 17 Sep 2021

¹⁷ Source, Mozambique analyst

Councils of Ministers, announced the region's support of Mozambique a year ago.¹⁸ Mozambique is to date the only declared candidate for the seat.¹⁹

The UN Security Council comprises five permanent and ten non-permanent members that are elected for two years. The elections are scheduled for 2022 with the term starting on 1 January 2023. In his speech, Nyusi stressed that:

*"Mozambique's commitment to the peace agenda within the Security Council is all that motivates us because we know how harmful the absence of peace is and how beneficial harmony is."*²⁰

... amid renewed focus on corruption perceptions

President Nyusi has admitted that Mozambique is seen as *"a land of corruption where everybody is corrupt"*.²¹ Speaking at a meeting of the **Conselho Nacional de Coordenação entre os Órgãos Executivos de Governação Descentralizada Provincial e Sectores de Nível Central** (national council of coordination between decentralised provincial bodies and central state organs) in Maputo on 25 August, Nuysi urged provincial and local governors and managers in public administration to fight corruption in Mozambique and heighten their supervision of colleagues and staff.²² Government departments registered an increase in disciplinary action cases on the basis of corruption to 1,290 in 2020 from 911 in 2019.²³

In the 10th public edition of its **Anti-Money Laundering (AML) Index** released on 13 September, the **Switzerland-based Basel Institute on Governance** ranked Mozambique fifth out of 110 countries for its money-laundering and terrorist financing (ML/TF) risk.²⁴ The index measures the risks of countries' vulnerability to ML/TF and their ability to counter it, rather than the actual amount of ML/TF in each country. Mozambique's score of 7.71 out of 10 indicates it is at 'high risk' of money laundering and terrorist financing.²⁵

The AML Index is based on five indicators including quality of AML framework; bribery and corruption; financial transparency and standards; public transparency and accountability; and legal and political risks. Amongst its neighbours, Mozambique is at highest risk, followed by **Madagascar** (7.40), **Zimbabwe** (6.79), **Tanzania** (6.22), **Zambia** (6.03) and **Malawi** (5.78). **South Africa** was not included due to lack of **Financial Action Task Force (FATF)** evaluation, but received a score of 5.00, while there was no mention of **Eswatini**.

Basel AML Index 2021 ²⁶							
	Madagascar	Malawi	Mozambique	South Africa	Tanzania	Zambia	Zimbabwe
Ranking (out of 110)	7	35	5	N/A	22	27	12
Score (out of 10) ²⁷	7.40	5.78	7.71	5.00	6.22	6.03	6.79

¹⁸ Lusa, 17 Sep 2021

¹⁹ Lusa, 17 Sep 2021

²⁰ Lusa, 17 Sep 2021

²¹ AIM, 26 Aug 2021

²² AIM, 26 Aug 2021

²³ AIM, 26 Aug 2021

²⁴ Basel AML Index 2021, 10th Public Edition, 13 Sep 2021

²⁵ Basel AML Index 2021, 10th Public Edition, 13 Sep 2021

²⁶ Basel AML Index 2021, 10th Public Edition, 13 Sep 2021

²⁷ The highest score given is to Haiti with 8.49, ranked as no. 1, most vulnerable to money-laundering and terrorist financing and least able to counter it.

... and “hidden debt” developments

The AML rankings come amid further developments in Mozambique’s “hidden debt” scandal. A further 19 people faced charges in a Maputo court on 10 September in connection with the “hidden debt” scandal.²⁸ An independent audit by **United States (US)**-based corporate investigative firm **Kroll Associates** into **Mozambique Asset Management (MAM)**, **Proindicus** and **Ematum (Mozambique Tuna Company)** has found that **United Arab Emirates (UAE)**-based investment group **Prinvest Shipbuilding** over-invoiced the three companies by more than \$700m.²⁹ The companies obtained loans worth \$2.2 billion from Switzerland-based financial services provider **Credit Suisse** and **Russia**-based investment bank **VTB Capital** based on illicit loan guarantees under the government led by then President **Armando Guebuza** (2005-2015).³⁰ The loans were directed to Prinvest, the sole contractor for the three companies (see *ARC Briefing Mozambique February 2021*). **Renato Matusse**, political advisor to former president Guebuza, is accused of receiving a \$2m bribe from Prinvest, and allegedly tried to gag the press. Judge **Efigenio Baptista** has denied the request by defence lawyers to exclude the press from the proceedings for a third time.³¹ Matusse denies the bribery accusation but admitted that senior Prinvest official **Jean Boustani** purchased goods and property for him valued at \$1.66m.³²

The **Johannesburg High Court** in South Africa ruled on 17 September that it will continue to reserve judgement on whether former Mozambican finance minister **Manuel Chang**, accused by the Mozambican government of accepting bribes from Prinvest, will be extradited to Mozambique. Chang has been detained in South Africa for more than two years awaiting the court’s decision on whether he is to be sent back to Mozambique or to the US.³³ The civil society umbrella of watchdog NGOs, **Fórum de Monitoria do Orçamento (FMO)** (budget monitoring forum), challenged the decision by South African justice minister **Ronald Lamola** on 20 August to extradite Chang to Mozambique, expressing concern that he will not be prosecuted in Mozambique.³⁴

Inflation rate remains in single digits ...

Despite the impact of the continuing **Covid-19** pandemic on Mozambique’s economic outlook, the **Comité de Política Monetária (CPMO)** (monetary policy committee) of the **Banco de Moçambique** (central bank) decided on 10 September to keep the policy interest rate at 13.25%, aiming to maintain the outlook of single-digit inflation rate this year.³⁵ Annual inflation was recorded at 5.6% in August and 5.5% in July.³⁶

The CPMO reports that gross-domestic product (GDP) grew by 2% in the second quarter of 2021 compared to the same period in 2020 and predicts that “*the recovery of most sectors of economic activity*” and external demand will drive economic recovery in 2021 and 2022.³⁷ Other factors that will impact Mozambique’s economic recovery include improvement in the security situation in Cabo Delgado, allowing for the return of the LNG projects and foreign investment, as well as the country’s Covid-19 case count and vaccination rate (see below).

... as Covid-19 cases decline

Mozambique is experiencing a downward trend in new cases of Covid-19. The health ministry announced on 17 September that the positivity rate – the number of people testing positive with the coronavirus – continues to decline. On 19 September the health ministry recorded a positivity rate of

²⁸ AIM, 20 Sep 2021

²⁹ AIM, 20 Sep 2021

³⁰ AIM, 20 Sep 2021

³¹ AIM, 10 Sep 2021

³² AIM, 10 Sep 2021

³³ Daily Maverick, 17 Sep 2021

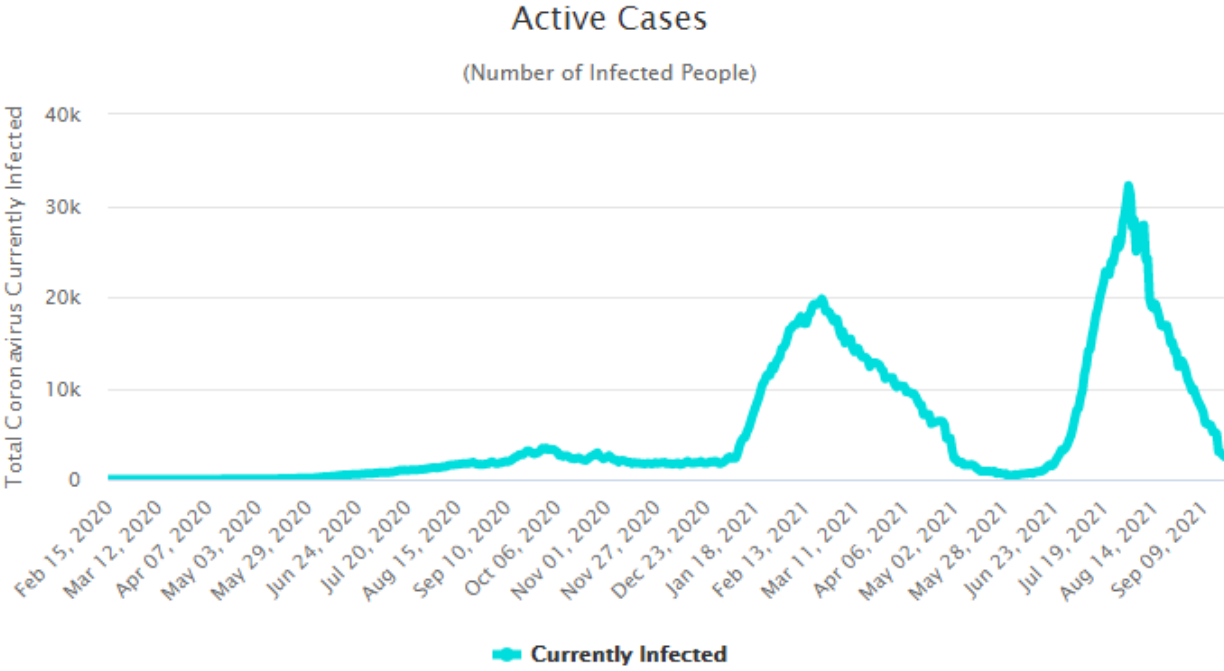
³⁴ Daily Maverick, 17 Sep 2021

³⁵ Banco de Moçambique, 10 Sep 2021

³⁶ Lusa, 10 Sep 2021

³⁷ Banco de Moçambique, 10 Sep 2021

4.9%, down from 6.5 % on 16 September and 7.8% on 15 September. The last time the rate of positive cases was as low as 4.9% was 14 June.³⁸ On 19 September, Mozambique recorded 37 new cases of Covid-19, bringing the number of active cases to 2,509.³⁹ As of 21 September, Mozambique had recorded a total of 150,067 cases of Covid-19 in its population of approximately 31.5 million, with 1,903 Covid-19-related deaths and 145,659 recoveries.⁴⁰



Source: Worldometer Covid-19, accessed 20 September 2021

The health ministry reported on 9 September that it had fully vaccinated 1,667,192 people against Covid-19 since vaccination began on 8 March, while 1,864,229 people have received at least one dose of a Covid-19 vaccine.⁴¹ On 17 September a batch of 188,160 **AstraZeneca** doses donated by the UK arrived in Mozambique as part of the international **Covax** vaccination initiative.⁴² Mozambique has so far received 1,032,160 doses through Covax.

³⁸ AIM, 20 Sep 2021
³⁹ Worldometer Covid-19, accessed 20 Sep 2021
⁴⁰ Worldometer Coronavirus, 21 Sep 2021
⁴¹ AIM, 10 Sep 2021
⁴² Covax, 20 Sep 2021

Planner

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

Chronology

19 Sep 2021 **Maputo (Mozambique)** *DefenceWeb*. **Southern African Development Community** mission in **Mozambique** captures an **Al Sunnah wa Jama'ah** insurgent base in **Cabo Delgado**;

14 Sep 2021 **Maputo (Mozambique)** *BBC*. **Mozambique** police say they do not have a motive for the killing of **Révoat Karemangingo**, a lieutenant in the **Rwandan** army before President **Paul Kagame** overthrew the Rwandan government in 1994, who was shot dead in Mozambique after telling police there was a plot to kill him;

1 Sep 2021 **(Africa)** *Mail&Guardian*. Research institute **Afrobarometer** reports bribery to get public services is increasing across **Africa**, as the proportion of people who paid a bribe for one of these services increased from 16% to 28% in the 30 countries where Afrobarometer has data;

30 Aug 2021 **Maputo (Mozambique)** *AFP*. Former president **Armando Guebuza's** son, **Ndambi**, denies allegations he took bribes to facilitate a \$2 billion secret government loan over alleged links to a 2013 corruption case known as the "hidden debt" scandal;

27 Aug 2021 **Maputo (Mozambique)** *Reuters*. **African Development Bank** president **Akinwumi Adesina** says **France-based TotalEnergies'** liquefied natural gas project in **Mozambique** could be back on track within the next 18 months;

25 Aug 2021 **Johannesburg (South Africa)** *Reuters*. A **South African** court order shows the extradition of former **Mozambique** finance minister **Manuel Chang** to his home country has been blocked pending a court hearing after a local civil society organisation objected;

11 Aug 2021 **Harare (Zimbabwe)** *AFP*. Information ministry says it has signed a \$1.3 billion joint venture agreement with **United Kingdom-based Coven Energy** to develop a fuel pipeline from capital **Harare** to the **Mozambican** port city of **Beira**.

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