

MOZAMBIQUE News reports & clippings

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Constitutional Council rules secret debt null and void

The secret loans to MAM and Proindicus are "null and void", the Constitutional Council (CC) ruled Friday (8 May). That means that the highest court in Mozambique has ruled that the loans and the guarantees should be treated as if they never had existed. It is an extremely strong ruling which will give essential support to the government in cases being brought in the London High Court.

The two non-concessional, commercial loans were a \$622 mn loan granted to Proindicus in 2013 by Credit Suisse supposedly for maritime security and a \$535 mn loan granted to Mozambique Asset Management (MAM, official name is in English) by the Russian state bank VTB to construct shipyards and naval repair facilities in Pemba and Maputo.

In its decision, the CC cited the special parliamentary commission of inquiry which found that the loan guarantees given by the state had not been authorised by parliament, and thus violated the constitution. It also cites the audit court (Tribunal Administrativo - TA) to say that the loans were never included in accounts submitted to the TA, and the government "unequivocally violated" the constitution.

The actual case was brought by 2000 citizens and the NGO N'weti, which is part of the Budget Monitoring Forum which has taken the lead on the debt issue. N'weti wanted a declaration that the inclusion of the loans in the government accounts of 2017 was illegal or unconstitutional. The case brought to the CC did not include the Ematum loan and bond issue, which is more complicated because parliament did approve the issue of new bonds. But the CC notes that the original Ematum loan is equally illegal.

Comment: Why this is important As structured, the ruling is particularly important to back up the government in the London High Court, where it is being sued by Credit Suisse, VTB and Privinvest. International loans always say where disputes are adjudicated, and in this case it is the London High Court, acting under English law. Traditionally, the High Court has given little importance to the laws of the countries involved. But this changed in a case in the High Court in 2018 about Ukraine debt in which judge William Blair said that under certain circumstances national law and constitution could be taken into account. The debtor country had to show that the debt was unconstitutional and that government had never recognised the debt as legal. Ukraine lost its case because, although the loan was unconstitutional, the government had included the money in its budget and on its website. But the nature of the CC ruling is that the debt is unconstitutional, under Mozambique law it never existed (which nullifies the one government attempt to include it in the 2017 budget, which was the basis of this case), and the CC stresses

that both the parliamentary commission and the TA rejected the loan and guarantee so the debt was never accepted as legal. The cases against Mozambique are largely based on the government guarantees signed by Manuel Chang and others, but which the CC says must be treated as if they never existed. The CC ruling is so strong and so complete, that it will make it very difficult for Credit Suisse, VTB and Proindicus to make their case. *jh*

The ruling is on http://www.cconstitucional.org.mz/content/download/1290/7782/file/Acordao_7.CC.2020.pdf The Portuguese text of the decision is: "O Conselho Constitucional declara a nulidade dos actos relativos aos empréstimos contraídos pelas empresas Proindicus, SA, e Mozambique Asset Management (MAM, SA), e das garantias soberanas conferidas pelo Governo, em 2013 e 2014, respectivamente, com todas as consequências legais."

Proindicus, Ematum and MAM should be dissolved, the office of the Public Prosecutor told the Maputo City Court on 8 and 9 April. The companies have suspended their activities for more than three years, and the liquidity of the three companies, owned by the security services and set up with money from the hidden debts, is less than half the value of their capital stock. (TVM, LUSA, Zitamar, AIM)

Coordinated Cabo Delgado attacks to capture transport links

A coordinated series of insurgent attacks since Monday has been aimed at controlling the main N380 road from the Montepuez River to Mocimboa da Praia, to control important ports (Mocimboa da Praia, Mucojo and Quiterajo), and to control an important link to Tanzania. Following the failure of an attack on the Frelimo heartland on the Mueda plateau, taking control of the N380 and the road through Nangade also cuts Mueda's access to the sea.

Mocimboa has been under attack since Tuesday, and electricity and mobile phone service in Mocimboa and Palma have been cut.

Most of this comes from Pinnacle News (<https://www.facebook.com/pinnaclenews79>) but with enough corroboration to suggest it is approximately correct.

Taking control of the N380 involved a series of attacks by different groups. From South west to northeast:

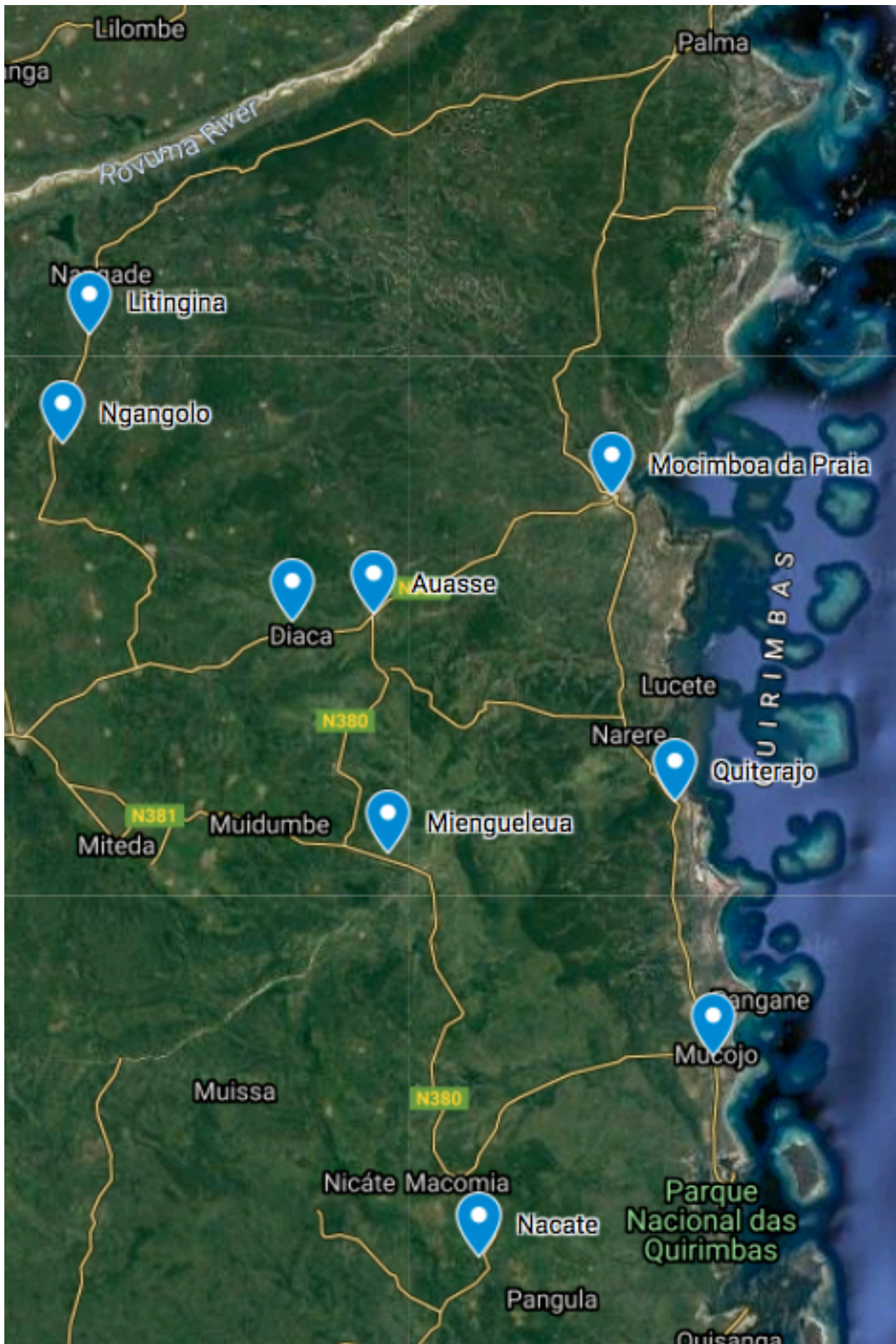
Koko and Nacate on the N380 in southern Macomia attacked on 12 May. Pinnacle News correspondent writes: Koko is 12 kilometres from the residence of the District Administrator of Macomia. Insurgents entered this village at 2pm and went quietly, burning one by one the remaining houses and granaries, while some occupants watched or fled. Estimated 47 houses burned. Insurgents stayed the night in Koko.

Miengueleua, a large town in south east Muidumbe just over the River Messalo from Macomia, was attacked twice on 11 and 12 May, and houses burned. Insurgents collected weapons and ammunition hidden along the nearby Messalo river. From Miengueleua, the road divides at Xitaxi with one route going to Mueda and Nangade and the other north to where it joins the Mueda-Mocimboa road at Auasse (also Oasse, Owasse, Ouasse and Awasse.) The town of Diaca is 10 km to west, toward Mueda.

Auasse, Mocimboa da Praia. Town captured and police station destroyed, 12 May. A major electricity substation which serves both Mocimboa and Palma was damaged, cutting electricity to both cities and cutting mobile telephone links since Monday. An armoured car was captured and the photo posted on social media by Islamic State. Believed to be one of the armoured cars donated by China. The armoured car was used to damage two small bridges, including one on the main road, which prevented repair crews from reaching the damaged Auasse substation. Three men decapitated.

Diaca also captured and held for some time; no one was killed but houses were burned and several men were forced to join the insurgents. [Eyewitness account]

Mocimboa da Praia. Several villages attacked on the N380 road from Auasse to Mocimboa. Mocimboa under attack Tuesday and Wednesday. Mocimboa is an important coastal port.



From a widely circulated insurgent video, Pinnacle News identified three local leaders - Mussa and Canimambo from Macomia and Bonomar from Mocimboa da Praia.

Additional attacks have occurred in the past three days in these places:

On the coast of Macomia: In Ingoane, Mucojo and Cruza, Quiterajo, a group of insurgents held public meetings. The group is headed by a local man who took from Cruza his wife and three young children that he had not seen for a year. Mucojo and Quiterajo are important coastal ports, particularly for illegal trade such as timber.

Nangade district has important informal overland links with Tanzania. Attacks along the main road on Ngangolo and Litingina on 11 May, as well as Bairro 1* de Maio, and Chicuaia Nova. There was also an attempt at voluntary and forced recruitment. But military forces successfully confronted the insurgents in Ntipwedi.

Lessons from Boko Haram

Suddenly, a wide range of commentators have correctly noted the similarity of Boko Haram in northern Nigeria and insurgents in northern Mozambique. This has been cited, for example, by US Assistant Secretary of State for Africa, Tibor Nagy (6 May), *Daily Maverick* (8 May), the BBC (5 May) and the *Economist* (2 Apr). A study of Boko Haram might help understand what is happening in Cabo Delgado, and a very good new book has just come out: *Overcoming Boko Haram*, edited by the late Abdul Raufu Mustapha and Kate Meagher.

"While foreign Islamic movements have played a limited role, Boko Haram is first and foremost a homegrown terrorist movement and a political as much as a religious phenomenon," they argue. "Islamic violence in northern Nigeria is simply political violence in a Muslim society, expressing a range of different political meanings from revolution to elite struggles over power to inarticulate social protest."

They stress the importance of poverty and inequality. Borno state where Boko Haram started bears many similarities to Cabo Delgado, with high levels of inequality, poverty, and illiteracy. "Poverty is not just about individual deprivation, but involves a sense of group marginalization amid pervasive economic exclusion and inequality. Similarly, it is poverty and economic injustice rather than doctrine that infuses violent religious ideologies with meaning. ... Endemic corruption and state violence not only fuel outrage, but exacerbate conditions of poverty and inequality that are key drivers of radicalization." They point to another issue, namely that the informal economy had been disrupted, intensifying marginalization and disaffection among the poor and even some middle traders, some of whom supported Boko Haram. This also seems to have happened in Cabo Delgado.

6 injured in new Sofala attack. A bus with 40 passengers from Maputo to Quelimane on the EN1 stopped for the night at Mutinidiri, Sofala, because the military will not allow traffic after 17.30. The bus and other vehicles set off at first light on Monday 11 May and was shot at, presumably by the Renamo Junta, in Mozambique's second war. Six passengers were injured by shattered window glass and the bus damaged. (*O Pais, Carta* 12 May)

Covid-19 in new places

Until last weekend, Mozambique's Covid-19 cases had been concentrated in two places, a major outbreak at the Total gas construction camp on the Afungi peninsula in Cabo Delgado, where there has been active testing and tracing, and in Maputo-Matola. But in the past three days there have been 4 new cases in Beira-Dondo and 1 in Inhambane, with no apparent link to other cases, suggesting the disease is spreading in the community.

Yesterday, one new case was reported. A Mozambican deported from South Africa tested positive for Covid-19. He has been tested at a special test centre in Moamba, Maputo Province, for people returning from South Africa. He returned on a bus from South Africa with many other deportees, and the Ministry of Health said it was tracking down the other bus passengers.

As of yesterday, there were 25 cases in Maputo-Matola and 74 in Cabo Delgado, most in the Afungi camp but some in Pemba where there appears to have been some local transmission. The Health Ministry published a daily Covid-19 bulletin on <http://www.misau.gov.mz/index.php/covid-19-boletins-diarios>

AIM (13 May) notes that the Sofala cases have alarmed the health authorities, because they do not form a single cluster, and do not seem to have any relationship with each other. Three of them (two children and an adult) live in Beira, but in different neighbourhoods, while the fourth positive case lives in the Mutua resettlement centre in the district of Dondo. There is no history of any contact between the four cases. None of them have any record of recent travel inside or outside the country. The parents of the two children have no symptoms of the disease.

The single Inhambane case was also announced on Monday, and the provincial health authorities are working to identify this man's contacts. They told reporters that initial tracing had discovered 18 contacts (relatives and friends). The man had recently been in Maputo, and provincial director of health, Naftal Matusse, said he believed he had probably picked up the infection in the capital. "Five days ago, he went to the Inhambane provincial hospital because he was feeling unwell, with muscular pains, coughing and fever" and tested positive.

Three more cases were reported today (13 May), bringing the total number of confirmed cases in the country to 107. Two of the cases are in Maputo City, one of whom recently arrived from South Africa who is asymptomatic. The third person also recently arrived from South Africa and is asymptomatic and has been allowed to go into isolation at home in Xai-Xai.

Covid-19 elsewhere

The table gives the details of Covid-19 for the neighbouring countries. Comparisons are hard to do because each country reports differently. The UK, for example, only reports Covid-19 deaths in hospital but not at home. And countries are of very different sizes. Despite differences in reporting, the best numbers for comparison are deaths per million population and tests per million population.

Africa currently has 71,000 cases and 2,400 deaths. South Africa and neighbouring Eswatini (Swaziland) are two of the most affected countries. In South Africa, the number of new cases continues to increase, from 400 per day a week ago to 650 a day Tuesday. But the death rate has been relatively steady for two weeks, at about 10 deaths per day.

The table below gives data for Mozambique and all of its neighbours. Mozambique is the only country with no deaths so far. Mozambique, Malawi and Tanzania have very low testing rates.

Country	Total Cases	Total Deaths	Tot Cases/ 1M pop	Deaths/ 1M pop	Total Tests	Tests/ 1M pop
South Africa	11350	206	191	3	369697	6233
Eswatini (Swazi.)	184	2	159	2	2262	1950
Tanzania	509	21	9	0.4		
Zambia	441	7	24	0.4	10270	559
Malawi	63	3	3	0.2	1363	71
Zimbabwe	36	4	2	0.3	20537	1382
Mozambique	104		3		4365	140

Data: <https://www.worldometers.info/coronavirus/>

For a comparison with Europe, there are a group of seriously affected countries, notably UK, Italy, France and Spain with a death rate of 400 to 600 per million population, a middle group which responded quickly (Germany, Portugal, Denmark) with about 100 deaths per million, and a group of countries further east with responded quickly and have kept cases very low (Ukraine, Poland, Serbia, Greece, Bulgaria) which kept deaths down to 10 to 25 per million population. Testing rates in Europe are typically 20,000 to 50,000 per million population.

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"Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.

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Background reading

Special reports

Mozambique heroin transit trade

English - LSE - <http://bit.ly/Moz-heroin>

Portuguese - Pt - CIP - <http://bit.ly/HeroinaPT>

2001 first article - English and Portuguese <https://bit.ly/MozHeroin2001>

Gas for development?

Gas_for_development_or_just_for_money?_2015 bit.ly/MozGasEng

Gás_para_desenvolvimento_ou_apenas_dinheiro?_2015 bit.ly/MozGasPt

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

Special report on four poverty surveys: bit.ly/MozPoverty

2018 Constitution - <http://bit.ly/2KF588T>

Minimum wage and exchange rates 1996-2018 -- <http://bit.ly/MinWage18>

\$2bn secret debt - in English

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz-full>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

In Portuguese:

Parliamentary Report on the Secret Debt (complete) bit.ly/MozAR-debt

Election study collaboration: We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozEIData>

Election newsletters are on <http://bit.ly/2H066Kg>

Eight books by Joseph Hanlon can be downloaded, free: <http://bit.ly/Hanlon-books>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014)

Há Mais Bicycletas – mas há desenvolvimento? (2008)

Moçambique e as grandes cheias de 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996)

Mozambique: Who Calls the Shots (1991)

Mozambique: The Revolution Under Fire (1984)

Two more will be available shortly to download:

Apartheid's 2nd Front (1986)

Mozambique and the Great Flood of 2000

These are still available for sale:

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)

Zimbabwe takes back its land (2013)

Just Give Money to the Poor: The Development Revolution from the Global South (2010)

Do bicycles equal development in Mozambique? (2008) (free in Portuguese)

Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

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Mozambique media websites, Portuguese:

Notícias: www.jornalnoticias.co.mz

O País: www.opais.co.mz

@Verdade: <http://www.verdade.co.mz>

Carlos Serra Diário de um sociologo: <http://oficinadesociologia.blogspot.com>

Mozambique media websites, English:

Club of Mozambique: <http://clubofmozambique.com/>

Zitamar: <http://zitamar.com/>

Macauhub English: <http://www.macauhub.com.mo/en/>

AIM Reports: www.poptel.org.uk/mozambique-news

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