

# MOZAMBIQUE News reports & clippings

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## Important external links

**Cabo Delgado civil war** weekly report - Zitamar, MediaFax, ACLED - <http://bit.ly/CaboLigado>

**Covid-19** daily updated data and graphs <https://covidmoz.netlify.app/>

Previous editions of this newsletter: [bit.ly/MozNews2020](http://bit.ly/MozNews2020)

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## Also in this issue:

**Honwana: give internal and external equal priority**

**Monteiro: Frelimo cannot fill all places in state**

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## \$5.7 bn loans to support 18,700 jobs in US, UK

Two major loans will help to finance Total's \$20 billion liquefied natural gas (LNG) project in Cabo Delgado. But these are credits, not aid, and their announcements stress how they will benefit the lending countries, not Mozambique.

Last year, the French company Total bought Anadarko and thus control of area 1, nearest the coast. The project involves the gas liquification plant on shore on the Afungi peninsula and wells 50 km off shore. In a 14 May report Total estimates that the five year construction project will employ 12-13,000 people, of whom fewer than 2500 will be Mozambicans and the rest foreigners.

<https://bit.ly/Total-ESHIA>

On 14 May the United States Export-Import Bank (Exim) approved a \$4.7 bn loan, for both onshore and offshore parts of the project. All Exim-supported goods and services must be provided by the United States, and the loan had been amended to increase the number of US jobs supported - now 16,700. <https://bit.ly/Total-Exim> The Exim statement stresses the loan is "thanks to President Trump's leadership."

On 26 June the London *Telegraph* reported that UK Export Finance (UKEF) would guarantee a \$1bn loan for pipe to link the wells to the LNG plant, supporting 2,000 British jobs. UKEF stresses that the loan guarantee has not yet been formally approved; it faces some opposition by those opposed to lending for fossil fuel projects.

Thus recent statements suggest more than 29,000 foreign jobs and fewer than 2500 Mozambican jobs in the \$20 bn Total LNG gas project.

## Careful promotion of Portuguese military role

Portugal's defence minister, João Gomes Cravinho, very carefully suggested Portuguese military involvement in Mozambique, speaking to a parliamentary commission on 24 June. (*Observador* 24 June) He stressed the "fragility" of the Mozambican response to "jihadist forces".

He stressed his "profound respect for the sovereignty" of Mozambique and that any intervention would have to be at the initiative of the Mozambican government. Nevertheless, if asked by

Mozambique, the European Union (EU) and the Community of Portuguese Speaking Countries (CPLP) could be involved in an intervention, he said.

Mercenary and military individuals have been pushing for Portuguese military to return to its former colony, and may have a sympathetic ear in President Filipe Nyusi. But many in Frelimo, including backers of Nyusi, would oppose any US or Portuguese military involvement. But it still might be possible through a suitably disguised private military company.

## **Comment:**

### **Donors change priorities but face a stark choice**

A decade ago, Mozambique was aid dependent and donor priorities were job creation in Mozambique and promoting good governance in the face of growing greed and corruption in Frelimo. The discovery of a giant gas field a decade ago changed everything. Then President Armando Guebuza agreed the secret loan of \$2 bn. When it became public, donors followed their usual pattern with an aid strike - stopping budget support and direct aid to government to try to force action against Guebuza and his government. Instead, Frelimo discovered that because of the prospect of gas money, it could survive without direct donor aid. Unexpectedly, donors lost their big stick.

But there was change on the donor side, too, in response to the gas. Suddenly the donor interest was in contracts and investment. Governance and job creation in Mozambique mattered less than contracts and investment by donor country companies, particularly in Cabo Delgado with its valuable minerals and gas.

In Cabo Delgado there was a new elite alliance between key people in Frelimo, multinational companies, and embassies trying to promote investment. As part of an African youth bulge, there was a growing number of better educated young people not willing to be hoe farmers like their parents, and also seeing the prospects of jobs from gas and minerals. But the opposite happened. Thousands were evicted from the land, and artisanal mining was banned. As the greedy elite took tighter control of the mining, land, and illicit trades such as drugs, youth became more marginalised and many lost hope - and joined an insurgency. There is now a civil war in Cabo Delgado - which threatens the ruby and graphite mines and gas fields. And, as happens in most civil wars, the insurgents have gained external support - in this case from Islamic militant groups.

Cabo Delgado has become a small battleground in global politics. As well as creating US jobs, the Exim statement notes that "China and Russia were slated to finance this deal [but] the project now will be completed without their involvement and instead with 'Made in the USA' products and services." The US, France and India are all trying to gain naval dominance in the Mozambique Channel. The Tony Blair Institute, the US State Department and other international forces argue that the war is part of a coordinate Islamic attack, which requires global military support to stop.

Mozambican researchers and key figures such as the Bishop of Pemba continue to stress that the insurgency is primarily local and the need is to use the mineral and gas wealth to create jobs and development - to give local youth new hope and win them back from the insurgents. This is resisted by local elites profiting from gas related contracts, rubies, and smuggling heroin and timber.

This poses a real challenge for Britain, France, Portugal, the United States and others as to how best to protect their investments, especially in the gas. Is there a military and mercenary solution, that would stop the civil war and fend off Islamic support, while allowing foreign companies and a Frelimo elite to continue to profit? Or would it be cheaper and easier to divert some of the money to development and job creation and win back the youth to the side of the government (and the gas and mineral companies?)

From Vietnam to Afghanistan to Iraq to Libya, military and mercenary intervention has not worked and wars continued for decades. Is it now so necessary to defend greed at local and global level that war expensive mercenaries are the only choice? Or could some of this wealth be used to support the people of Cabo Delgado and end the war that way? *Joseph Hanlon*

## **Sasol selling gas pipe**

Sasol is to sell its 50% share of the 865 km gas pipeline from Inhambane to South Africa, and is said to be planning to sell its 49% stake in the Ressano Garcia gas fired power station. (Reuters, 27 June) The rest is owned by Mozambican state companies. Sasol is selling assets to cover disastrous losses in a US fracking and chemical project, at Lake Charles, Louisiana. Falling gas and chemical prices were the final straw for the project.

Sasol was set up under apartheid and in the face of oil sanctions used the Fischer-Tropsch process to make liquid fuels and chemicals from coal. The process is expensive but had been developed by Nazi Germany in World War II for the same reason. Sasol is still the largest fuel from coal producer, but gas can be used instead of coal.

Meanwhile forecasts for a fall in global gas and oil consumption and prices have hit the industry hard. Shell on 30 June said it would write down \$22 billion in gas and oil assets. In the first quarter of this year, shale gas and oil companies wrote off \$38 billion in assets, according to Oslo-based Rystad Energy. On 29 June, Chesapeake Energy, which pioneered gas fracking in the US, declared bankruptcy, as demand for shale gas has collapsed.

This all must raise questions about whether the full Cabo Delgado gas project will ever go ahead. A new study from Oxfam suggests that the ENI floating LNG platform will generate much less money than predicted, and much later. The company had suggested \$16bn in revenue, while government had said \$24.5 bn. But the study says that at oil prices of \$70 per barrel the government revenue would be only \$11 bn, and at a more realistic oil price of \$55, government income would be only \$5.5 bn. And most payments will only start after 2030.

[http://www.res4dev.com/wp-content/uploads/2020/06/R4D\\_GovRevMozFLNGeng.pdf](http://www.res4dev.com/wp-content/uploads/2020/06/R4D_GovRevMozFLNGeng.pdf)

## **Honwana: give internal and external equal priority; & points to split elite struggling for riches**

"The Mozambican state must give the same attention and same priority to the external and internal aspects of the crisis in Cabo Delgado," said João Honwana, former Mozambican air force commander and former director in the UN Political Affairs Department, speaking yesterday in an interview on Clube de Lisboa. <https://www.youtube.com/watch?v=q7KXXNGwNFY>

"The crisis affects not just Cabo Delgado, but the entire country, and demands a transformation of relations between state and its citizens," warned Honwana. The state is no longer satisfying the expectations of its citizens - especially the youth - and has broken the social contract between the state and its people.

"Cabo Delgado reveals an increasing stratification of Mozambican society, with the increasing force of a small, powerful and influential elite and the great majority of Mozambicans who live in extreme poverty and who feel very neglected by those in power. The situation of most youth is particularly serious; they feel marginalised neglected and deprived of rights. Foreign jihadists find fertile ground for recruiting and mobilising from this group."

The crisis also "reveals the seriousness of the splits inside the dominant elite in the struggle for access and control of the riches generated by natural resources in Cabo Delgado and elsewhere in the country."

Honwana notes the "fragility" of the Mozambican military, but warns that depending on private security companies (mercenaries) is "expensive, controversial and most probably unsustainable."

## Crackdown on small-scale gemstone trade

Four tonnes of gemstones, including tourmalines, garnets, and quartzite with gold were seized when a gem trafficking network was broken up by a joint operation of the Minerals and Energy Ministry and Montepuez Ruby Mining (MRM), according to Obete Matine, inspector general of the Minerals Ministry. The people involved are a mix of Mozambicans and foreigners who have been resident for a long time, he said. (Lusa, 29 June)

**Comment:** This is part of a campaign going on for five years to transfer gemstone mining and trading from local people to big companies controlled by Frelimo elite in collaboration with foreign companies. MRM is owned by Gemfields and Raimundo Pachinuapa and chaired by Samora Machel Junior. But the timing is surprising. MRM's displacement of thousands of people from its 33,000 hectares and the ending of artisanal mining and trading has caused local hardship and is said to be fuelling the Cabo Delgado civil war. It seems a dangerous time to be putting renewed pressure on local young men. *jh*

## To regain confidence of creditors, government paying debt for useless, corrupt Nacala airport

The government last year paid \$52 million of the \$125 mn debt to the Brazilian development bank (BNDES) for the white elephant Nacala airport, *O Pais Económico* (26 June) discovered last week. The state airports company had refused to repay the loan because it was corrupt, so BNDES activated the state guarantee, and Mozambique paid.

Economy and Finance Minister Adriano Maleiane, told parliament on 14 May that the government must "do everything" to regain the confidence of creditors and international markets after the \$2bn hidden debts scandal. It appears that means paying blatantly corrupt debts.

As part of the Lava Jato scandal, Brazilian contractor Odebrecht admitted to the US Department of Justice that it paid \$900,000 bribes for the contract to design and build the \$200 mn white elephant airport, which has hardly ever been used. Former Transport Minister Paulo Zucula is charged with accepting \$315,000 in bribes. Former Finance Minister Manuel Chang, still in detention in South Africa, is charged with taking a bribe of \$250,000. Odebrecht also paid 0.1% of the contract to a member of staff of the Brazilian President's Foreign Trade Office so that he would negotiate the BNDES finance.

**Comment:** The project was corrupt from the start, and the corruption was initiated on the Brazilian side. The message this sends to potential lenders is that if they bribe Mozambicans to gain contracts, the loans will still be repaid. Is that what Maleiane meant about "regaining the confidence of creditors"? *jh*

## Monteiro: Frelimo cannot fill all places in state

Frelimo can no longer "remain at the top of the state, filling in all posts and determining all decisions." warned Oscar Monteiro, former Justice Minister and member of the Frelimo Political Commission.

If Frelimo wants "to exist as a party, it is necessary that this organization returns to its true and original vocation of mobilizing and educating the citizens, and of listening to popular sentiment. To govern, the state must gain its own personality and be made up of citizens chosen for their ability to perform their function well. This means a competent state, with its own personality and

confidence in its decisions, guided in the great choices by the results of elections but free to organize itself".

"This means redefining appointment criteria, making them transparent. It also means stabilising administration, abandoning the practice of constant changes of middle management, in essence establishing a separation between the political level and the professional level of public administration. It means attracting the best to the administration, attracting the living forces of the emerging society, eager to serve the public good. A public service of the best, without nepotism or friendship."

Monteiro was speaking at a seminar organised by the Constitutional Council on 26 June. His text (in Portuguese) is on <https://bit.ly/Monteiro45>

## **Fighting continues in Mocimboa da Praia**

Insurgents occupied Mocimboa da Praia on Saturday 27 June and there has been heavy fighting since - perhaps the heaviest in the war, and involving mercenaries in helicopters from Dyck Advisory Group. Electricity and telecommunications remain cut off and roads are closed.

Security forces told VOA on Sunday night 28 June that they had recaptured the town, but this was clearly not true. This morning (2 July) Barrio Trinta at a strategic road junction was still held by insurgents, according to unconfirmed reports, but the centre of the town appears to be controlled by security forces.

Because of repeated road closures, there had been a recent move to coastal shipping from Pemba to Mocimboa, and the insurgents were trying to take control of the port. Fighting was heavy with many deaths. Construction company Fenix is said to have had nine people killed when a mini-bus was attacked; two senior government commanders were killed; and it appears many insurgents were also killed. It is said that most buildings in Mocimboa are destroyed or damaged. Information remains sketchy, and we will report more in the next newsletter.

Meanwhile the Ministry of Defence has said that the mysterious website <https://defesamoz.info/> is not theirs. It has no indication of who produces it or where, but it is believed to have links to private military contractors (mercenaries) hoping for profitable contracts. The Ministry of Defence does not have a functioning web page and has not updated its Facebook page in more than a year. Instead, this web site is producing official-looking reports, often clearly exaggerated.

On 1 July they published an unsourced article saying that defence forces had destroyed an insurgent base in Quissanga, near Bilibiza, and killed 100 insurgents. The article has photos, but not of bodies - merely of burning grass. This is also a long distance from Mocimboa da Praia, where the heavy fighting is occurring. On 29 June the site said 25 insurgents had been killed in Mocimboa. It also reproduced an interview from *Domingo* in which Interior Minister Amade Miquidade said the "terrorists are clearly losing ground".

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"Mozambique News Reports & Clippings, number XXX", DATE, [bit.ly/mozamb](http://bit.ly/mozamb), accessed XXX.

**Previous newsletters and other Mozambique material** are posted on [bit.ly/mozamb](http://bit.ly/mozamb)

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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](http://bit.ly/MozGasEng)

Gás\_para\_desenvolvimento\_ou\_apenas\_dinheiro?\_2015 [bit.ly/MozGasPt](http://bit.ly/MozGasPt)

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

Special report on four poverty surveys: [bit.ly/MozPoverty](http://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](http://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 Bicicletas – 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](http://www.jornalnoticias.co.mz)

O País: [www.opais.co.mz](http://www.opais.co.mz)

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

Carlos Serra Diário de um sociólogo: <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](http://www.poptel.org.uk/mozambique-news)

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