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CRIME, CONFLICT AND CORRUPTION

Nampula as a smuggling hub

PREM MAHADEVAN | ALASTAIR NELSON

APRIL 2022



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EXECUTIVE SUMMARY

Nampula, Mozambique. Referred to nationally as 'the capital of the north', the city is, to some extent, controlled by organized crime. © Jake Lyell/Alamy



The city of Nampula, in northern Mozambique, has for decades been a hub for drug trafficking. This illicit economy provides an umbrella structure for associated criminal functions such as money laundering that, in turn, service other sectors, such as human smuggling and trafficking, and the illicit trade in environmental products. Gemstone and timber trafficking have become particularly serious concerns in the region, exacerbated by the distracting effect that the Islamist insurgency in the province of Cabo Delgado has had on security efforts to guard maritime and land borders.

Corruption, especially at the political level, is crucial to the sustenance of the criminal economy in Nampula. The city stands out for its size and centrality in the impoverished north, and its transportation infrastructure makes it a favoured location for various types of illicit flows, all of which generate revenue for local and national officials. There has been significant recent investment in five-star hotels and new shopping centres, which seems beyond the requirements for an otherwise fairly run-down city, and which suggests money laundering. In such a context, foreign criminal networks from West Africa and East Asia, as well as South America, have found it relatively easy to purchase contacts. The permeability of the Mozambican state apparatus to foreign cash is one of the main issues highlighted by this paper.

The biggest illicit market in Nampula, in terms of value, is still narcotics. This is partly a result of the rent-seeking behaviour of sections of the political elite in Mozambique, who have ignored the movement of contraband through the country in return for tributes. The drug trade serves as an umbrella for other illicit flows, including of environmental products. The field research for this paper finds that, after drugs, the illicit trade in gemstones was more prominent in the underground economy of Nampula than either timber or ivory. The reason for this seems to be the value of ruby fields located just outside Montepuez, north of Nampula, as well as recent finds of gemfields in northern Nampula Province, which act as a criminal hinterland for the city's illicit trade. Although Pemba, the Cabo Delgado provincial capital, is significantly closer to Montepuez, the gemstone traders largely involved in the illicit trade have chosen to base themselves in Nampula – highlighting its significance as a trafficking hub.

Although some timber moves through Nampula, it is not a major flow. Timber is sourced from many parts of Mozambique and transits through the city from its place of origin en route to Nacala on the coast. Thus, unlike gemstones, the trade in timber is not location-specific to Nampula.

With regard to ivory, it appears that a combination of (albeit targeted and localized) effective law enforcement at the traditional coastal trading hub of Pemba, management actions in Niassa Special Reserve and displacement caused by political violence in Pemba's immediate vicinity has led to a significant contraction of illicit trading. Also, Nampula is not a very attractive logistics hub for ivory trafficking, which tends to move in weighty, bulky consignments that are particularly suited for maritime transportation.

The insurgent group al-Shabaab (not to be confused with its namesake in Somalia, with whom they share a name but are otherwise unrelated) in the northern coastal province of Cabo Delgado has caused some trafficking routes to shift southward. Al-Shabaab also has close links to Nampula Province, including supporters and recruits who have family ties to the group or are driven to join it because of the dire economic conditions in Nampula and al-Shabaab's promises of employment and money. Nampula has also received thousands of people who have fled the violence in Cabo Delgado. In addition, there is some concern that the insurgency may move south to Nampula.

This paper explains why Nampula, the third-largest city in Mozambique, became a hub for various types of contraband smuggling, especially involving illicit environmental commodities. Referred to as 'the capital of the north', owing to its economic prominence in that part of the country and in contrast with the national capital, Maputo, in the far south, Nampula is, to some extent, a city controlled by organized crime.

Several factors have contributed to this situation. For one, the city is home to numerous expatriate groups that are involved in the illicit flows. These include, among others, West African, Malawian, South Asian and Chinese communities. The transnational linkages of these expat communities – and Nampula's Asian-dominated business community in particular – together with the general poverty of northern Mozambique,

mean there is ample scope for illicit economies to thrive.

Even more important is the patrimonial nature of the Mozambican state. Since independence in 1975, the country has been ruled by a single party, FRELIMO, which first created a socialist state and then, in the 1990s, switched to neoliberal economic policies. The emergence of patronage networks in a poorly regulated post-civil-war economy proved conducive for organized crime.¹

Perhaps the most outrageous factor has been (until recently) the silence of the international donor community in the face of the embedded nature of corruption in the Mozambican state apparatus.² To do so would be to acknowledge the not-inconsiderable role that donors themselves have played in fostering corruption. The scholar Joseph Hanlon notes that,

[f]or Mozambique, a goal of lenders and donors has been to convince a significant portion of the elite that the move to neoliberalism and comprador capitalism was to their benefit, and also would help Mozambique. ... Donor and United Nations agencies offered the best jobs and highest salaries; for those who stayed in government and were cooperative, there were salary top-ups, per diems, cars, consultancy contracts, foreign trips, or sometimes even hiring their relatives in aid agencies or on projects. The 'partners' of the donors and lenders who received these rewards were those who supported the changes, and acted in the interests of lenders and donors.³

During the civil war (1977–1992), Nampula was a centre of conflict entrepreneurship. In the post-war years, it became a hub for heroin flowing out of Pakistan and shipped across the Indian Ocean to southern Africa.⁴ Mozambique was a favoured transit country for heroin because it borders South Africa, which has had good trade connections to developed markets in the West, especially after the end of apartheid in 1994. Since transporting heroin directly to Europe or North America from Pakistan was increasingly difficult due to customs checks, the drug was routed via intermediary countries that were considered less suspect. The heroin-trafficking networks were dominated by Mozambican citizens of South Asian (primarily Pakistani) origin.

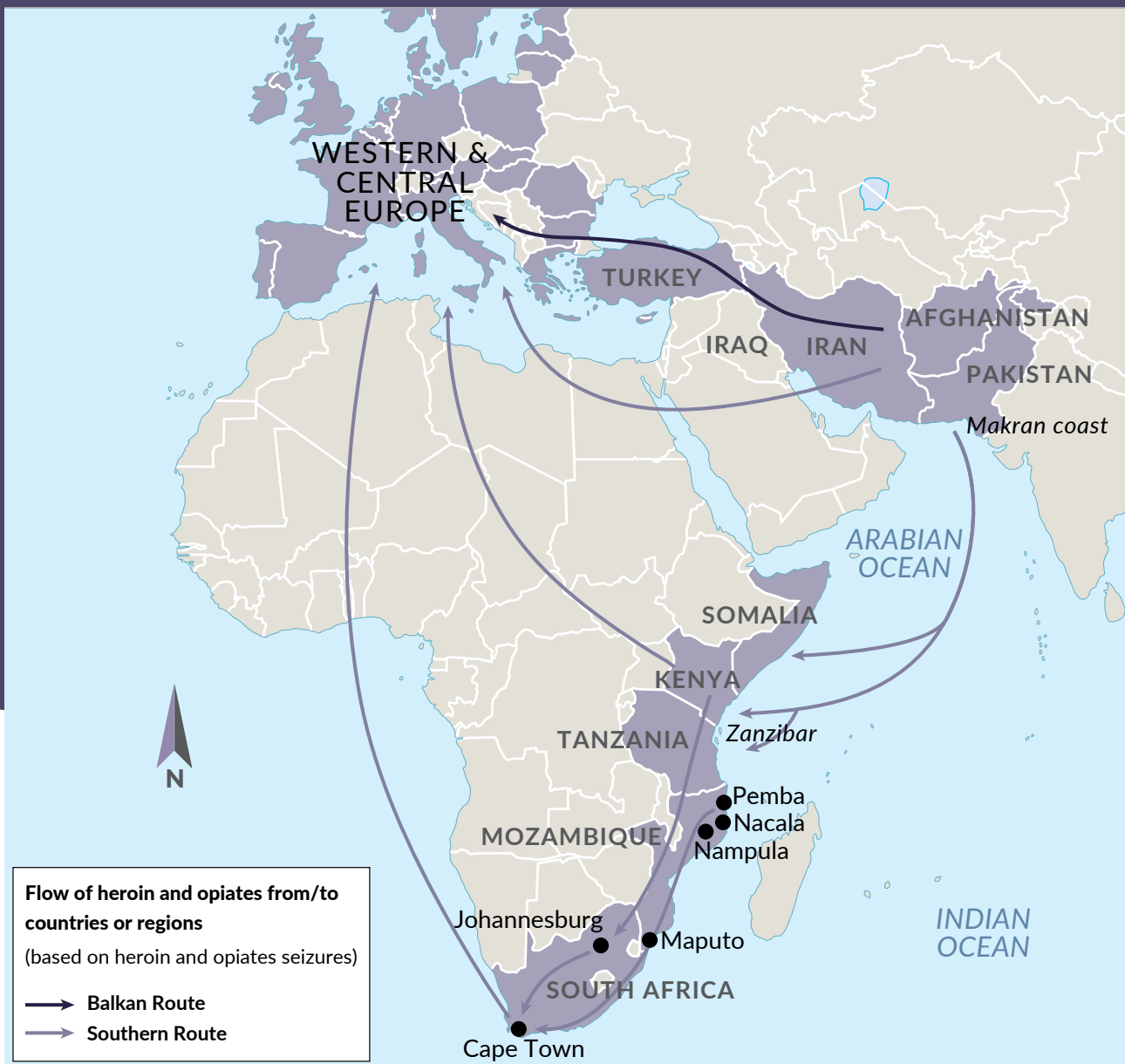


FIGURE 1 Heroin flows to northern Mozambique.

They inserted themselves in FRELIMO's patronage system, making generous donations to the party in return for impunity. Over time, this impunity spawned subsidiary criminal markets, facilitated by corruption and coordinated by no single authority within the Nampula underworld.⁵ This report aims to explore the dynamics of such markets, focusing especially on gemstone trading and, secondarily, on timber and ivory trafficking.

The report emphasizes that the abovementioned insurgent group al-Shabaab in the northern coastal province

of Cabo Delgado is inextricably linked to Nampula Province. Although some analysts view crime and conflict as separate issues, this paper argues, as does previous research by The Global Initiative Against Transnational Organized Crime (GI-TOC),⁶ that one feeds off the other and that, although they are not currently directly related, the illicit economies of northern Mozambique created the conditions that gave rise to this insurgency.

Rationale, structure and methodology

The concept of a 'hub' is important because it allows organized crime to be studied not just as a phenomenon but also to direct counteraction by governments and civil-society actors. A hub is both a logistical chokepoint and a normative pivot. It is a chokepoint because interdicting illicit flows that travel through it can have a significant effect by drying up criminal activities downstream along the supply chain. It is a pivot because it offers the prospect of gradually re-engineering community norms through civic action to identify the long-term damage caused by organized crime and not merely the benefits that accrue to specific individuals.

Owing to its location and size, Nampula is a trans-shipment hub for commodities entering and leaving the country.

In a typical hub, there is usually a very small group of powerful stakeholders who derive tangible benefits from organized crime. Such individuals may gain community respect by providing a loose and highly unpredictable form of employment to others who aspire to emulate them. Their wealth and accompanying social status allow them to act as in-person influencers, providing a twisted set of role models, particularly for younger community members, who see them enjoying immunity from both criminal justice and social criticism. To focus organized-crime research efforts on a hub therefore exposes not just the routes and locations through which contraband is moved, but also the factors that enable the continued operation of the hub and the stakeholders who benefit from it.

Nampula city qualifies as a hub because of the spokes that converge in it from subsidiary hubs in Pemba, Nacala and Montepuez. Pemba and Nacala play key roles in the trafficking of drugs to Nampula, while Montepuez is the primary source of gemstones, which is a fairly new but growing illicit economy in Nampula. There are also subsidiary hubs that link Nampula to foreign markets, such as Cuamba, near Malawi, and Maputo, en route to South Africa.

As a hub, the city benefits from good transportation infrastructure. Owing to its location and size, Nampula is a trans-shipment hub for commodities entering and leaving the country through the seaports at Pemba (in Cabo Delgado) and Nacala (Nampula Province), as well as lesser ports and landing points. The city has a regional airport with international connections to South Africa, Malawi and Kenya, and a train line that runs through Malawi to Tete, in western Mozambique. It also benefits from good financial infrastructure, and is just far enough away from the current insurgency to not be attracting scrutiny of financial transactions. Somewhat related to this, it is also far enough from Maputo to develop a semi-autonomous shadow economy, off the beaten track for anti-corruption investigators and civil society organizations looking to expose criminality. It is therefore almost perfect as a hub for organized crime.

In addition to this, the insurgency in northern Cabo Delgado has reportedly displaced trafficking routes of various types of contraband, including narcotics (heroin and methamphetamines), migrants, gemstones, timber, gold and wildlife. To varying degrees, these products previously flowed through northern Cabo Delgado. Some have been displaced entirely (e.g. smuggling of migrants), while others have been displaced further south, either to Pemba and southern Cabo Delgado (e.g. timber trafficking) or to the coast of Nampula Province (e.g. narcotics).⁷ This displacement



Nampula benefits from good transport infrastructure linking the city to foreign markets, such as the train line to Cuamba, near Malawi. © Tom Gilks/Alamy

may be playing a role in the proliferation of gemstone trafficking through Nampula, which had been known primarily as a drug trafficking hub since the 1990s and 2000s.

The paper is divided into three parts. The first describes the political economy of northern Mozambique, highlighting the role of patronage politics in creating popular grievances that fuelled the Cabo Delgado insurgency. The second describes the multifaceted nature of crime in Nampula city, and more broadly the province. The third describes linkages between the drug economy and other illicit traffic – especially in gemstones – and corruption, particularly in transportation security.

The paper relies on a combination of desk research and field interviews. For the former, Mozambican news reports in Portuguese and English, as well as academic literature, were reviewed. These provide valuable background information about the political economy of northern Mozambique, which the interviewees were typically not concerned with analyzing as it was not germane to their lives. Portuguese-language sources in particular yielded information about key players in the drug trade that has not been captured in detail by English-language media. Field interviews were conducted by local researchers who were commissioned by the GI-TOC research team and guided through the interviewing process on which lines of enquiry to pursue. Through its mix of international and local experts and history of engagement with Mozambique, the GI-TOC is well placed to partner with informed citizens committed to making their communities safer.



THE POLITICAL ECONOMY OF NORTHERN MOZAMBIQUE

An al-Shabaab leader makes a speech during an attack in Quissanga, 26 March 2020, brandishing an IS flag. In October 2017, al-Shabaab launched an uprising against the Mozambican government with the aim of establishing an Islamic State-type enclave in Cabo Delgado Province. *Photo: Telegram*



Starting in 2009 and continuing through to 2011, three major developments in Mozambique affected the country's political and developmental trajectory for the next decade. First, ruby deposits were discovered near Montepuez in Cabo Delgado. Second, gas fields were discovered lying immediately off the coast of the same province.⁸ Finally, demand for timber and ivory shot up owing to a construction boom and spending surge in China.

Simultaneously, FRELIMO was morphing from a political party into a rent-collection agency. In 1999, the party nearly lost a general election to RENAMO, which came as a rude shock to FRELIMO's leadership. Having built a de facto one-party state over the previous quarter-century, its leaders were not prepared to concede power to the political party that had been its opposition during the brutal 15-year post-independence civil war. Over the 2000s, FRELIMO focused on building close ties with the new business elite that had developed during the previous decade, when the economy was subjected to structural adjustment. Many members of this elite were from the South Asian immigrant minority.

In Nampula and Nacala, a cluster of business families with ties to Pakistan began to prosper on the back of the Afghan–Pakistan heroin trade. As a cover for this illicit activity, the families engaged in importing legitimate commodities, notably electrical goods, but over time expanded into numerous other businesses. The arrangement suited FRELIMO, provided that two additional conditions were met (besides donating money to the party): the heroin had to be re-exported out of Mozambique, so as not to create a domestic drug-consumption problem, and the profits of the trade had to be invested within the country.⁹ This heroin was, and still is, brought from the Makran coast of Iran and Pakistan by large Jelbut dhows which have plied the trade routes along the Swahili coast for centuries.¹⁰ These dhows are met by smaller fishing boats over the horizon from shore and the drugs then offloaded at any number of small landing points along the weakly monitored northern Mozambique coast.¹¹ As trade in other goods from Pakistan increased, heroin started to be smuggled in containers bound for the ports of Pemba and Nacala.¹² Both these methods continue to this day, the only change being that, in late 2019, methamphetamines started to appear in these shipments and now make up more than 50 per cent of the drugs moving on

this route.¹³ From the coastal landing sites and ports, these drugs are then sent overland to Nampula and from there to South Africa.

Our research finds that wholesale drug-trafficking operators can be divided into two categories: old- and new-school. The former are entrenched criminal figures who maintain long-standing and high-level political linkages that help them move cargo in bulk, often landing it in shipping containers through the larger ports. New traffickers handle smaller quantities and are sometimes foreigners, some of whom have links to Zanzibar, even if they are based for lengthy periods in Mozambique. They typically arrange for their shipments to arrive on the dhows that deliver drugs offshore, which are then landed at remote beach sites. They rely on messaging apps and electronic payment systems such as MPesa to conduct deals with local officials and other facilitators to ensure their cargoes move unhindered.

Despite the promising gemstone and energy finds in the north, there has been no trickle-down effect for most Mozambicans. Both sites have been mired in controversy over land-grabs of key concessions by the military and political elite. The government used law enforcement agencies to evict artisanal miners from the

Montepuez ruby fields in February 2017.¹⁴ To date, the government has not established a mechanism for local communities to be brought in as vested partners in the gemstone deposits and to benefit from these resources developmentally and economically.¹⁵

Concomitant to this, Mozambique's economy slowed significantly in 2016 after disclosures that the government had, in 2013, secretly obtained illegal loans from two foreign banks that increased the national debt by 30 per cent.¹⁶ Concerns over the lack of transparency about the negotiation of these loans, that an illegal process may have been used to approve the loans, and over large 'facilitation' payments to politically exposed people led to a drop in investor confidence, bringing down economic growth from 6.6 per cent in 2015 to 3.8 per cent in 2016. The decline continued into 2018, with the economy growing by just 3.3 per cent that year.¹⁷ Compared to the average growth rates of 8.4 per cent that the country had enjoyed on the back of aid and capital inflows after 1992, this slowdown – which was purely a result of self-inflicted wounds – came as a political shock.

As a centre of commerce, Nampula was affected by business closures and further rocked in October 2017

A seizure of heroin and methamphetamine in Nacala, March 2021. © Photo: SERNIC





Illegal miners search for gold in an area rich with gold and rubies on the outskirts of Montepuez, Mozambique, February 2017. The country's gemstone and energy mining sites have been mired in controversy over land-grabs by the military and political elite.

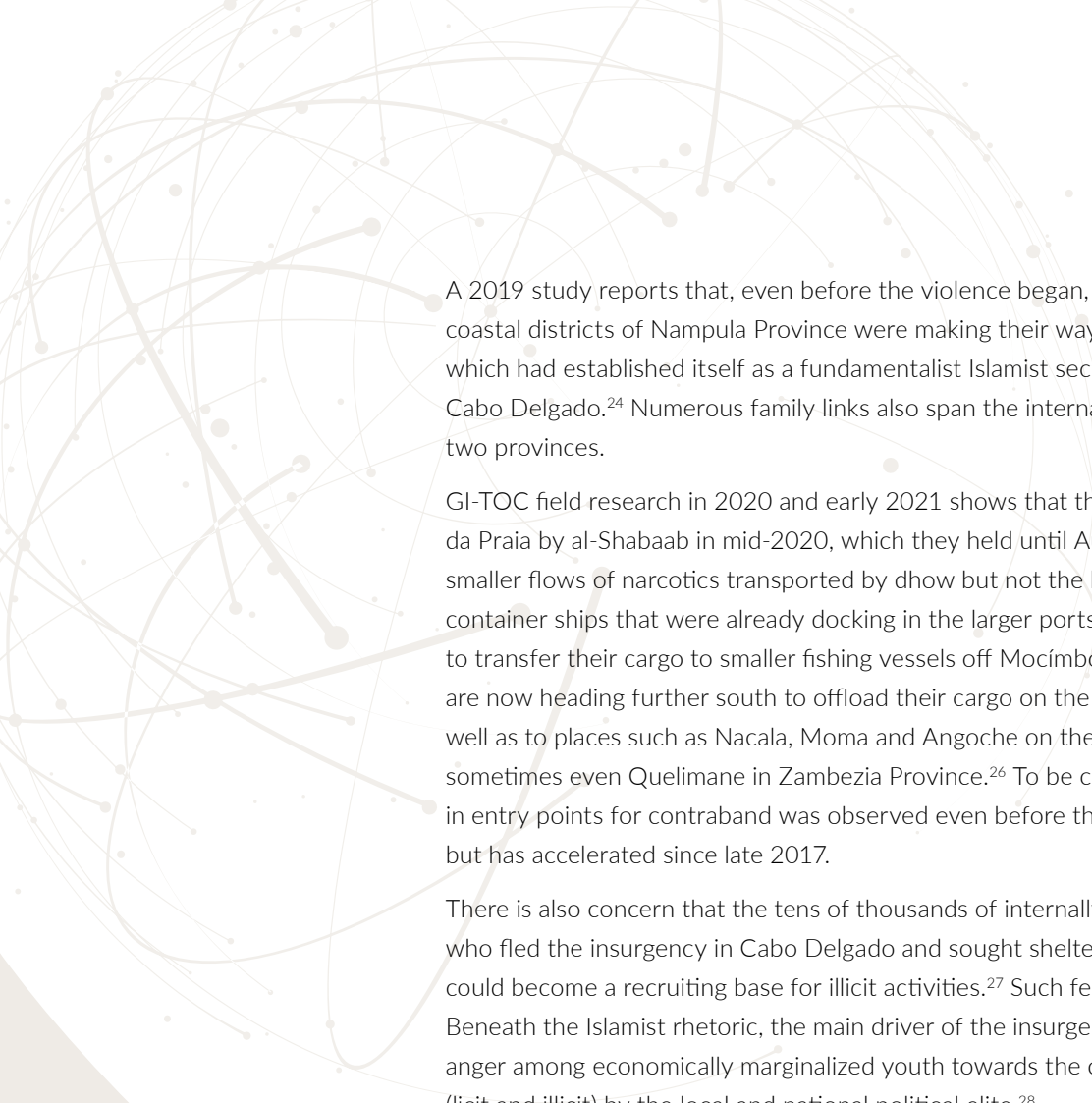
© John Wessels/AFP via Getty Images

when the city's mayor was assassinated.¹⁸ The case remains unsolved, but the fact that the mayor was waging a factional war over corruption within his own party (not FRELIMO, but a minor one) illustrates how compromised the administrative structure is.¹⁹

The Cabo Delgado insurgency

In October 2017, al-Shabaab launched an uprising against the Mozambican government (there have been suggestions that the group actually began violent activities a few months earlier). The insurgents' aims are ill-defined but are generally thought to be the establishment of an Islamic State-type enclave in Cabo Delgado Province. The fact that this province is rich in natural resources, especially offshore gas fields, means that it has attracted attention from foreign investors who are believed to be favoured by clientelist networks ensconced within the Mozambican national government in Maputo. Thus, the al-Shabaab rebellion also has overtones of a centre-periphery conflict over control of revenue yields from highly valuable local resources, in addition to ethnic and religious dimensions.²⁰

In 2019, the group intensified its activities – a development that might have been influenced by ties with foreign jihadist networks.²¹ The following year, it reached what seems to have been the height of its military achievement, capturing and temporarily occupying district capitals, such as the small but strategic port of Mocímboa da Praia, which lies on the Indian Ocean coast north of Pemba. However, international military aid to the Mozambican government, including military interventions by the Southern African Development Community Mission in Mozambique and the Rwandan Defence Force, have rolled back much of al-Shabaab's territorial gains. In August 2021, Mocímboa da Praia was retaken by government and Rwandan troops.²² However, despite the territorial losses, and some human losses, al-Shabaab remains active at the time of writing (December 2021) and has withdrawn to remote bases in Cabo Delgado, as well as southern Tanzania, and opened a new front in Niassa Province.²³ What is clear is that a military solution alone will not suffice and the structural drivers of the violence need to be addressed to bring an end to the conflict.



A 2019 study reports that, even before the violence began, young men from the coastal districts of Nampula Province were making their way north to join al-Shabaab, which had established itself as a fundamentalist Islamist sect in a few key sites in Cabo Delgado.²⁴ Numerous family links also span the internal border between the two provinces.


GI-TOC field research in 2020 and early 2021 shows that the capture of Mocímboa da Praia by al-Shabaab in mid-2020, which they held until August 2021, disrupted the smaller flows of narcotics transported by dhow but not the bulk shipments carried on container ships that were already docking in the larger ports.²⁵ The dhows that used to transfer their cargo to smaller fishing vessels off Mocímboa da Praia and Quissanga are now heading further south to offload their cargo on the coast south of Pemba, as well as to places such as Nacala, Moma and Angoche on the Nampula coastline, and sometimes even Quelimane in Zambezia Province.²⁶ To be clear, this southward shift in entry points for contraband was observed even before the outbreak of violence but has accelerated since late 2017.

There is also concern that the tens of thousands of internally displaced persons who fled the insurgency in Cabo Delgado and sought shelter in Nampula Province could become a recruiting base for illicit activities.²⁷ Such fears are not exaggerated. Beneath the Islamist rhetoric, the main driver of the insurgency seems to be the anger among economically marginalized youth towards the capture of the economy (licit and illicit) by the local and national political elite.²⁸



NAMPULA AS A CRIME HUB

A smuggler shows precious and semi precious stones excavated in an illegal mine, Mozambique. Illicit trade in gemstones has increased in the country in recent years. © Miroslav Pavicevic/Alamy



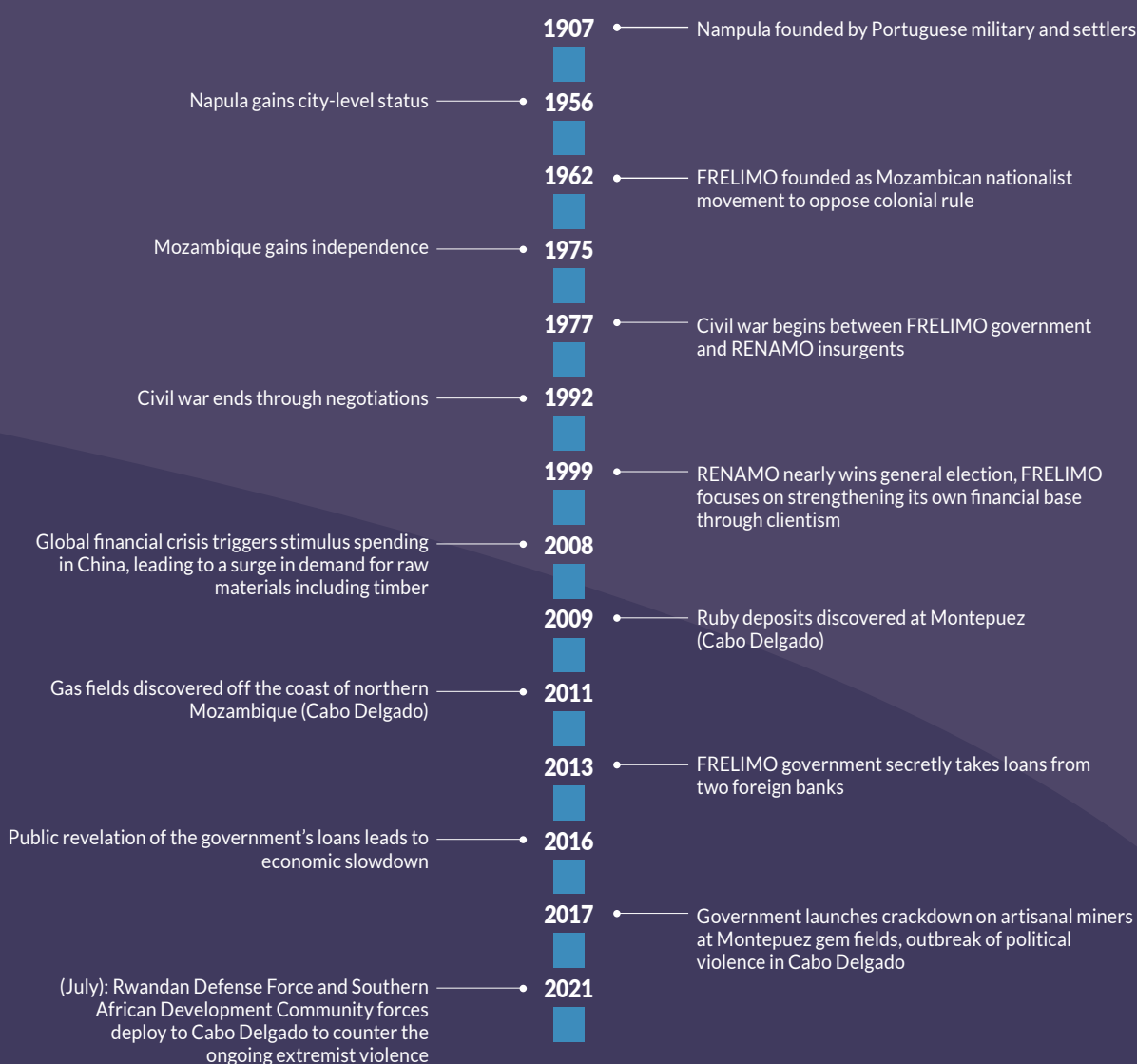
Nampula was founded by the Portuguese army in 1907. After Mozambique's independence in 1975, Nampula was flooded with refugees and rural migrants, giving rise to overcrowding and slums. This was exacerbated by the administrative division of the city's 18 neighbourhoods. By the early 2000s, only 4 per cent of the population lived in the six neighbourhoods that comprise the central business district, while 96 per cent lived in the 12 peripheral areas.²⁹ This spatial segregation can partly explain why Nampula became a crime hub: when a very small percentage of the population corners a valuable resource such as real estate, a steep 'hierarchy of aspiration' is created. Those who are seen as wealthy and successful become the ideal that others strive to emulate, regardless of how such wealth or success is generated. The alternative is to be squeezed deeper into endemic poverty. Nampula city is also the capital of the eponymous province. The words of one interviewee perhaps best describe the political economy of this province:

The province of Nampula is the capital of smugglers, money launderers, drug dealers, mineral traffickers and corruption. A drive through its different areas shows that, no matter the products one carries in a vehicle, any goods can go through without being checked as long as there is money around, and issues only arise when smugglers do not cooperate with the authorities on duty.³⁰

Given the high level of criminality in the city and the province, in terms of contraband smuggling and official complicity, Nampula meets the criteria of a crime hub. It is also on the margins of a conflict zone, on the edge between opportunity and instability. This makes it something of a borderland, despite its geographic centrality in northern Mozambique.

A 2010 paper on the geographies of organized crime identifies a number of characteristics of 'mobbed up regions' where organized crime is concentrated. Several of these characteristics apply to Nampula (both province and city) and the wider area of northern Mozambique. They include state weakness, institutional illegality, inadequate opportunities for legal employment, being located on trafficking routes, weak border security, poverty and inequality, the existence of a criminal tradition that glorifies law-breaking and, finally, the presence of foreign mobsters.³¹

EVOLUTION OF AN ORGANIZED CRIME HUB



One interesting point is that the use of Nampula as a money-laundering hub in connection with the transnational drug trade (through various commercial fronts) may lead to a layering of criminality. Across the world, the possibility of making fast money tends to attract unskilled and semi-skilled labour to cities, some of whom get opportunistically embedded with street-level criminal networks. This is more likely to happen where large businesses with non-local owners are active in a neighbourhood. Some may be emboldened to seek additional income and start retailing for traffickers. This is even more likely if opportunities for legitimate commerce go to those with more bribing power, such as large businesses, narrowing the space for smaller entrepreneurs.³² With Nampula being a commercial centre for most of northern Mozambique, as well as a drug trafficking hub, it has the economic gravitas to attract migrants who come to work in the city as temporary labour in businesses controlled by a few powerful interest groups.

Nampula has the economic gravitas to attract migrants as temporary workers in businesses controlled by powerful interest groups.

Economic conditions indicate why Nampula has emerged as a centre of smuggling. Nationally, around 86 per cent of the Mozambican workforce work in the informal sector, driven by lack of better alternatives. Meanwhile, roughly two-thirds of the population live in rural areas, while the generation of jobs is concentrated in cities. The country also has a youth bulge, with about 68 per cent of all Mozambicans aged 25 years or younger. Compounding this situation is the added complication of irregular immigrants who cross from Tanzania to fish and mine illegally in Mozambique. The countries are separated by the Rovuma River border, which is highly porous and easily crossed. Many Tanzanians work as artisanal miners in the ruby fields outside Montepuez or in scattered gold finds in the interior. Other African immigrants, particularly from West Africa, have come to the city of Nampula, attracted by the growing gemstone market. It is also one of the few centres of economic dynamism in a generally impoverished cluster of provinces. An economic divide between north and south is playing out in Mozambique, perhaps as a result of the patrimonial state's concentration of power around Maputo and the southern provinces.

Part of the credit for the dynamism in northern Mozambique goes to the 1 000-strong Chinese expatriate community in Nampula, who are active in many industries, including logging, mining, transportation, construction, agriculture and fishing.³³ Chinese investment in the region mirrors the pattern of infrastructure creation in other parts of the world that are integral to the Belt and Road Initiative launched by Beijing in 2013. And even four years before that initiative was announced, Chinese firms were already responsible for an estimated one-third of all road construction projects in Mozambique.³⁴ The Nacala Corridor, which runs from that port city to the coalfields of Moatize in Malawi, passes through Nampula. Chinese companies were involved in building a highway from Nampula to Cuamba as part of the Corridor project.³⁵

Illicit flows of timber, gemstones and ivory

Timber is sourced from many parts of Mozambique. Although satellite images from 2003 and 2013 suggest that areas near Nampula suffered a high rate of deforestation over that period, so too did places in the west, centre and south of the country. Thus, unlike gemstones, the trade in timber is not location-specific to Nampula and its surroundings.³⁶ However, Nacala is a shipment hub for timber, which suggests that Nampula is quite likely a waypoint, albeit a passive one without much by way of local logging and transport transactions. Wood from provinces further south, such as Zambezia, Sofala and Manica, transits through Nampula on the only tarred road to the port.

Overseas demand for timber has led to a number of illicit logging operations in which Chinese companies have been found to be involved. Since 2007, an estimated 93 per cent of Mozambican log exports have gone to China and, in 2013, Mozambique

FLOWS OF ILLICIT COMMODITIES, NORTHERN MOZAMBIQUE





Timber is sourced from many parts of Mozambique. Nampula Province has been one of the worst affected by illicit logging.
©Alan Gignoux/Alamy

reportedly became China's largest source of African timber.³⁷ Published in the same year, a study by the Environmental Investigation Agency pointed towards certain Chinese timber companies in Mozambique being complicit in the illegal export of logs. The study found high-level patronage of the trade from Mozambican government officials.³⁸ The wood species most commonly mentioned in media reports is African blackwood, considered the most expensive timber worldwide.³⁹ According to one estimate, Mozambique loses €140 million annually to timber trafficking.⁴⁰

Stationed in Cabo Delgado as part of the military intervention to control the insurgency, some officers of the Mozambican military have reportedly seized the opportunity to benefit from timber trafficking. Four districts in Cabo Delgado have been named as sites of illicit logging: Montepuez, Ancuabe, Balama and Mueda.⁴¹ At least some of the felled wood from these areas is transported through Nampula en route to Nacala. Timber is also being shipped out of Pemba in Cabo Delgado. In August 2020, customs authorities seized a shipment of timber that was being illegally exported from

the Pemba seaport. A few months later, in December 2020, the same shipment was again seized while it was being exported by the same Chinese firm that had originally tried to ship it out. The firm was allegedly using an export licence issued to a former Mozambican government minister.⁴² Our analysis likewise suggests that timber trucks carrying protected species of timber might have been escorted by customs officials as they headed south to the port.

Nampula Province has been one of the worst affected by illicit logging, with four districts in particular mentioned in media reports: Angoche, Eratti, Mecuburi and Ribaué.⁴³ There are just 63 forest wardens for the entire province: an area of 79 010 square kilometres.⁴⁴

Within the province, an artisanal mining industry has developed in the districts of Nacala, Mogovolas, Memba, Moma and Murrupula. As with the timber trade, there is a partial overlap with the coastal districts where al-Shabaab recruitment is believed to occur. There is also a shortage of government inspectors to regularize the mining industry. Chinese entrepreneurs allegedly receive favourable terms from the local

administration, denying the indigenous population benefits from the mineral wealth. There are claims in the media that Chinese involvement in the mining sector in Nampula has added to economic grievances,⁴⁵ which are a driver of the insurgency in Cabo Delgado.⁴⁶

During research for this project in 2021, we considered whether al-Shabaab is connected to the illicit gemstone trade in northern Mozambique. There is a backstory here: in February 2017, a government crackdown led to the arrest of 3 600 miners, the majority of whom were foreign nationals.⁴⁷ They were deported along with several hundred gemstone traders. This was part of an attempt to strengthen the control of the mining companies that are licensed to manage the major mining concessions – most of whom have key FRELIMO power players as local partners or on their boards. At the same time, new regulations required local artisanal miners to be in established registered associations. Mozambican nationals who had engaged in artisanal mining prior to the crackdown thus found themselves prevented from earning an income.

This disenfranchisement drove resentment, especially among local people who otherwise rely on subsistence agriculture and feel that benefits from the land should accrue to them, not political elites or foreigners. We investigated the hypothesis that al-Shabaab may have used these miners to become involved in the illegal gemstone trade to fund their insurgency. However, we found no such link, except that family members or sympathizers working as artisanal ruby miners may be sending cash to their relatives and friends in al-Shabaab, and that some gemstone traders with links to al-Shabaab undertake financial transactions

on behalf of al-Shabaab (e.g. to fighters' families in other provinces).⁴⁸

Finally, while Nampula played a role in the illegal wildlife trade in the past – there were several ivory seizures linked to Nampula between 2014 and 2018 – our research suggests that this is one illicit flow that has decreased so much as to be imperceptible.⁴⁹ This mirrors the trend across the rest of northern Mozambique. Previously, ivory trafficking in particular was centred on Pemba, further north. This ivory was sourced from rampant poaching in northern Mozambique: over a ten-year period from 2008 to 2018, the Niassa Special Reserve, which lies immediately to the west of Cabo Delgado in Niassa Province, lost an estimated 72 per cent of its elephant population to poaching. Traffickers in Uganda, Kenya and Tanzania also started to ship ivory out of Pemba around 2016–2017.⁵⁰

However, since 2018, ivory flows through Pemba have greatly diminished as a result of international and local law-enforcement pressure that dismantled a few of the key networks involved in the trade. Owing to the proactive interdiction efforts of certain law enforcement officials perceived as 'incorruptible', word seems to have gone around that trading in ivory in northern Mozambique is risky.⁵¹ Clearly, this reduction in ivory trafficking has been due to targeted pressure by government agents rather than a general improvement in public order. While our research has found that lion body parts and pangolin scales may still transit through Pemba port, these appear to be in small volumes and any significant trade may be moving west through Malawi.⁵²

Foreign and local networks

During the course of fieldwork, we found that there was more information to be uncovered through interviews about drugs and gemstone smuggling than about timber and ivory trafficking. There are two reasons for this. First, the ivory trade has become almost non-existent in northern Mozambique, while the illicit

timber is reportedly controlled from source to export by Chinese timber companies, making access more difficult and visibility lower, as the timber does not change hands through numerous buyers. Second, these Chinese firms have an 'expatriate profile', in that their contacts with Mozambican networks (criminal and



Bombeiro market in Nampula, where gems are traded. Gem-testing equipment was found on the premises. © Photo: Omaidine Omar

otherwise) are mostly transactional, and not social. Linkages are built with corrupt officials and politicians on the basis of financial interest.

The drug and gemstone economies, however, have much more local involvement. In some cases, these commodities are bought and sold many times along the supply chain within Mozambique. This is not to suggest that there is a clear split between commodity markets; indeed, transporters have occasionally been arrested with ivory, gemstones and drugs, as well as counterfeit currency. It is important to note, though, that such arrests do not point to the existence of a mega-syndicate dealing with multiple illicit commodities but reflect instead weaknesses in local governance and the rule of law, and the pervasiveness of different kinds of smuggling opportunities in the same space.

One example is the Belenenses neighbourhood of Nampula, which has a large population of migrant labour from other African countries and is a hotspot for both drug trafficking and consumption.⁵³ The neighbourhood has also featured in seizures of gemstones and ivory

by law-enforcement agencies. Another is the Bombeiro market, where gemstones and drugs can be purchased. Our interviews identified no fewer than six nationalities as being involved in the buying and selling of gemstones here: Malians, Nigerians (who also sell heroin and cocaine locally), Senegalese, Somalis, Chinese and Ethiopians. There are clandestine gemstone laboratories in this market, which, from the outside, appear to be storage rooms for grocery shops.⁵⁴

Inside these laboratories, gemstones brought in from Montepuez and other mining areas are evaluated to gauge their price in the international trade. Nampula serves as a base for ruby traffickers because the city has a strong banking infrastructure and several international flights, both of which provide opportunities for money to be brought into Mozambique and laundered. The gemstone trade is truly multinational, but dominated by Guineans and Senegalese with business connections in Malawi. From the Asian continent, Thais, Sri Lankans and Pakistanis are dominant, with the first two nationalities considered by Mozambican artisanal miners to be the most trustworthy dealers in the

business.⁵⁵ The mining is largely done by Mozambican nationals who are financed by a gang boss (who may be a Mozambican with access to capital or, in some instances, a West African dealer) to the tune of 200–500 meticals daily (about US\$3.50–7.90).⁵⁶ At one of the richest ruby-mining concessions, interviews intimated that Thai and Senegalese investors had pooled their finances to bribe local police officials to allow artisanal miners to enter the mining concession and illegally extract gemstones.⁵⁷

Our fieldwork found that gemstone smuggling does not fund the insurgency, but that some local gemstone traders make financial transactions on behalf of al-Shabaab.⁵⁸ We found that no single category of actor, whether criminal or insurgent, has control over the illicit trade in gems and, therefore, none can create a monopoly. Instead, there are a number of long-time players whose survival is due more to the weakness of state institutions to deter or disable them than to the strength of their own organizational base. This also allows them to engage in poly-criminality. Respondents identified criminal fugitives from Tanzania known as 'Buto' and 'Omar' as being involved with Islamist militants as well as poaching, gold and gemstone smuggling and illegal migration.⁵⁹ The GI-TOC was able to interview a confidante of 'Omar' who revealed that 'Buto' would regularly collect cash from a mosque in the Gingone neighbourhood of Pemba, where he lived. He would sometimes play host to a Nampula-based gemstone and gold smuggler referred to as 'Jahloo', who is thought to be a Senegalese national with family networks in Nampula and Montepuez.⁶⁰

The most prominent Asian actors are Thais, with one female trafficker called 'Katuna' described as a girlfriend of the police commander of Montepuez district. She is thought to arrange for visits by fellow Thais who arrive in Mozambique to buy gemstones. Our sources told us that 'Katuna' leverages her contacts with the local police in Nampula to intimidate the buyers and compel them to overpay for the stones they purchase and then depart Mozambique without verifying the purchase.⁶¹ Many of the Thai gemstone traders relocated from Montepuez to Nampula after the government

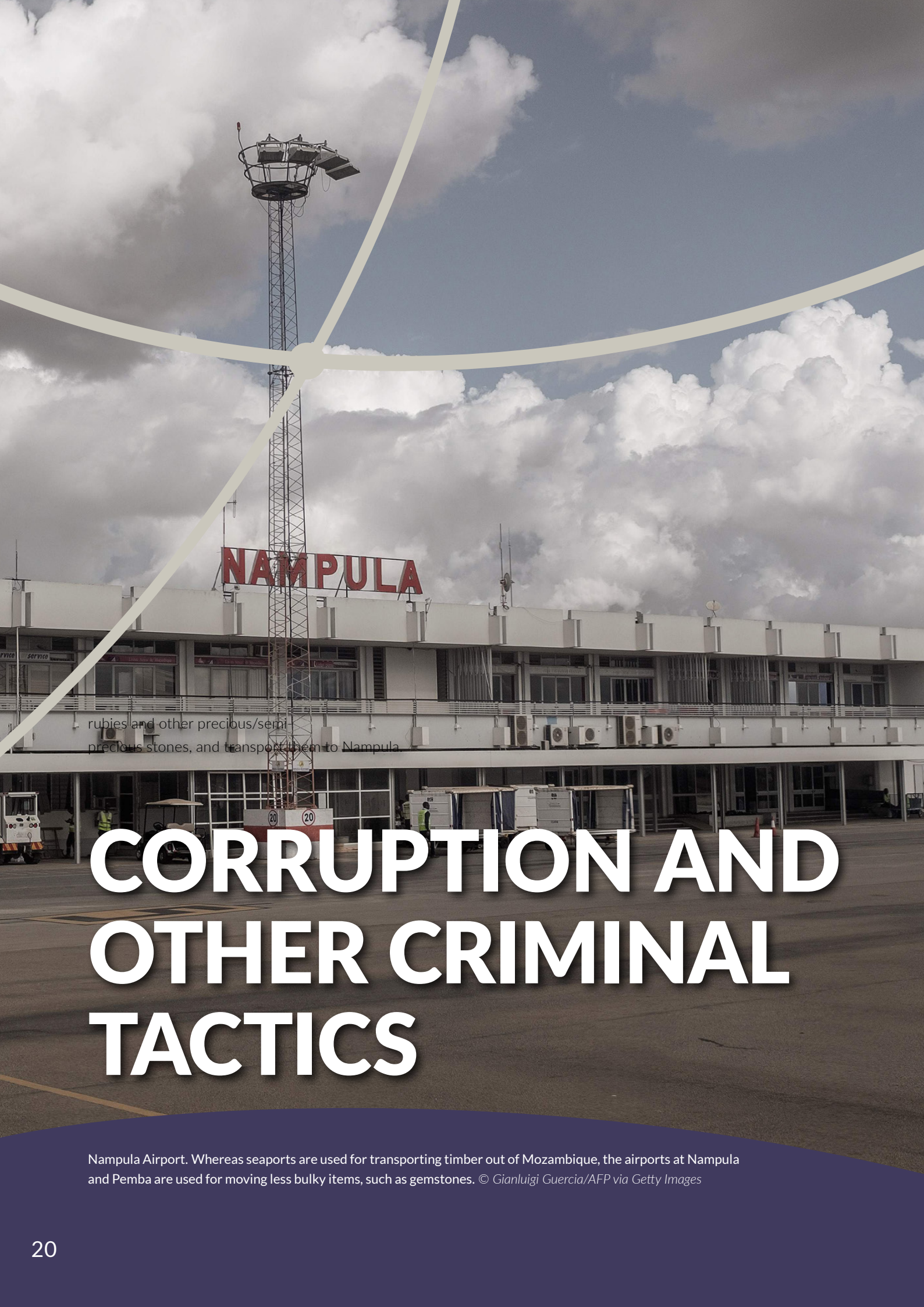


A Mozambican arrested with 66 kilograms of cocaine on the beach in Nacala, January 2021. © Photo: Club of Mozambique

crackdown on illegal mining in Montepuez in 2017 described above. Since then, the pattern has been that artisanal miners sell rubies on-site to brokers in Montepuez itself, who then resell the rubies in Nampula.

Nampula is also a hub of gold trafficking. Gold is sold by artisanal miners for approximately 600 meticals (US\$9.50) per gram in the field and resold in Nampula for 800 meticals (US\$12.60).⁶² Since many of the city's leading businessmen also have investments in Maputo, they send the gold south by road.⁶³ At Matola, near Maputo, the gold sells for 1 500 meticals (US\$23.60) per gram. Here, it is melted into ingots and transported on to South Africa.⁶⁴


According to interviews, the insurgency in Cabo Delgado has caused many gemstone traders to relocate from Montepuez to Nampula.⁶⁵ This is because the greater power afforded to local security forces in insurgency-affected areas allows them more leeway to extort money from traders.⁶⁶ In Nampula, however, the discipline imposed by the drug economy and its close ties to political functionaries means that opportunistic patronage networks, of the kind that can spring up in any conflict zone or insurgency-affected region, are absent. Thus, gemstone traffickers in Nampula who trade with counterparts further up the supply chain in Montepuez have a degree of predictability in their immediate environment and they can rely on local brokers to source



rubies and other precious/semi-precious stones, and transport them to Nampula.

CORRUPTION AND OTHER CRIMINAL TACTICS

Nampula Airport. Whereas seaports are used for transporting timber out of Mozambique, the airports at Nampula and Pemba are used for moving less bulky items, such as gemstones. © Gianluigi Guercia/AFP via Getty Images



Arranging safe passage for contraband is not a problem in Mozambique, provided one has paid the necessary tributes to key officials along the route. Our analysis suggests that police patrols and checkpoints on inter-provincial highways connecting Nampula with Cabo Delgado, Niassa and Zambezia provinces can all be corrupted. For example, despite the presence of six checkpoints on the highway between Pemba and Nampula, high-value cargo is almost never seized.⁶⁷ Whatever seizures occur tend to be of lower-priced illicit commodities, such as garnets and tourmalines, which reflect the lesser 'buying power' of the smuggling network and its greater propensity to being disrupted. In contrast, emeralds, rubies, gold and silver – all commodities that tend to be trafficked by cash-rich networks with at least some political or bureaucratic protection – have not been recorded in police seizures.⁶⁸ The difference between the interdiction of some actors and not others suggests that weak state capacity is not really the problem in fighting organized crime, but rather corruption, manifested in the form of selective law enforcement.

Whereas seaports are used for transporting timber out of the country, the airports at Nampula and Pemba are preferred for moving less bulky items. A favoured destination for gemstones is Dar es Salaam, Tanzania. Here, our analysis identified significant breaches of security protocol. There are principally three ways in which prohibited goods are smuggled onto departing flights. The first is that a police official posted at the airport simply takes possession of a bag containing illicit items and carries it past security, without being checked, through to the owner who would typically be waiting in a departure lounge. The second is that personnel operating the baggage screening machine are 'advised' not to look too closely at a certain bag, even if they spot something unusual in its contents. The third method is used during quiet times at the airport when there are very few passengers at the baggage screening point.

On such occasions, the closed-circuit cameras covering the scanner are switched off and the courier merely passes through without being checked. All these forms of subterfuge rely on the help of insiders within the airport security detachment. Instructions are usually passed on by a senior police officer, who accepts a lump-sum bribe and then parcels it out to the accomplices down the line. On occasion, instructions will come from Maputo to let a particular individual pass without being checked.⁶⁹ Our interviews threw up a rough estimate that the monthly value of bribes collected by customs officials and airlines agents at Nampula airport alone would be in the vicinity of 1 million meticals (roughly US\$15 700).⁷⁰

After the 2017 clear-out of foreign artisanal miners and ruby-buyers, it became apparent that a proliferation of honorary consuls in Maputo, from smaller countries without diplomatic representation in Mozambique, had been using diplomatic bags to transport illegally purchased gemstones.⁷¹

Another tactic used by foreign-origin gemstone traffickers is to marry Mozambican nationals, since only Mozambican nationals can own a mining concession in Mozambique or acquire legal gem-export licences. Once married, the foreigner can manage any concession that is nominally registered in the name of their spouse or use their name to acquire export licences for gemstones.⁷²

One of the most active gemstone traffickers based in Nampula was a nephew of a former top-ranking FRELIMO official. The trafficker was a civil servant who planted his accomplices in various positions of responsibility at the airport, as well in Maputo. He also facilitated migrant smuggling. Even after he was arrested, his political connections within the party helped him evade conviction. Most of the proceeds of his activities were invested in real estate – one of the most visible indicators of Nampula's status as a crime city.⁷³



CONCLUSION

The port of Nacala. There is concern that the Nacala–Nampula transportation axis has been ‘captured’ by organized crime.

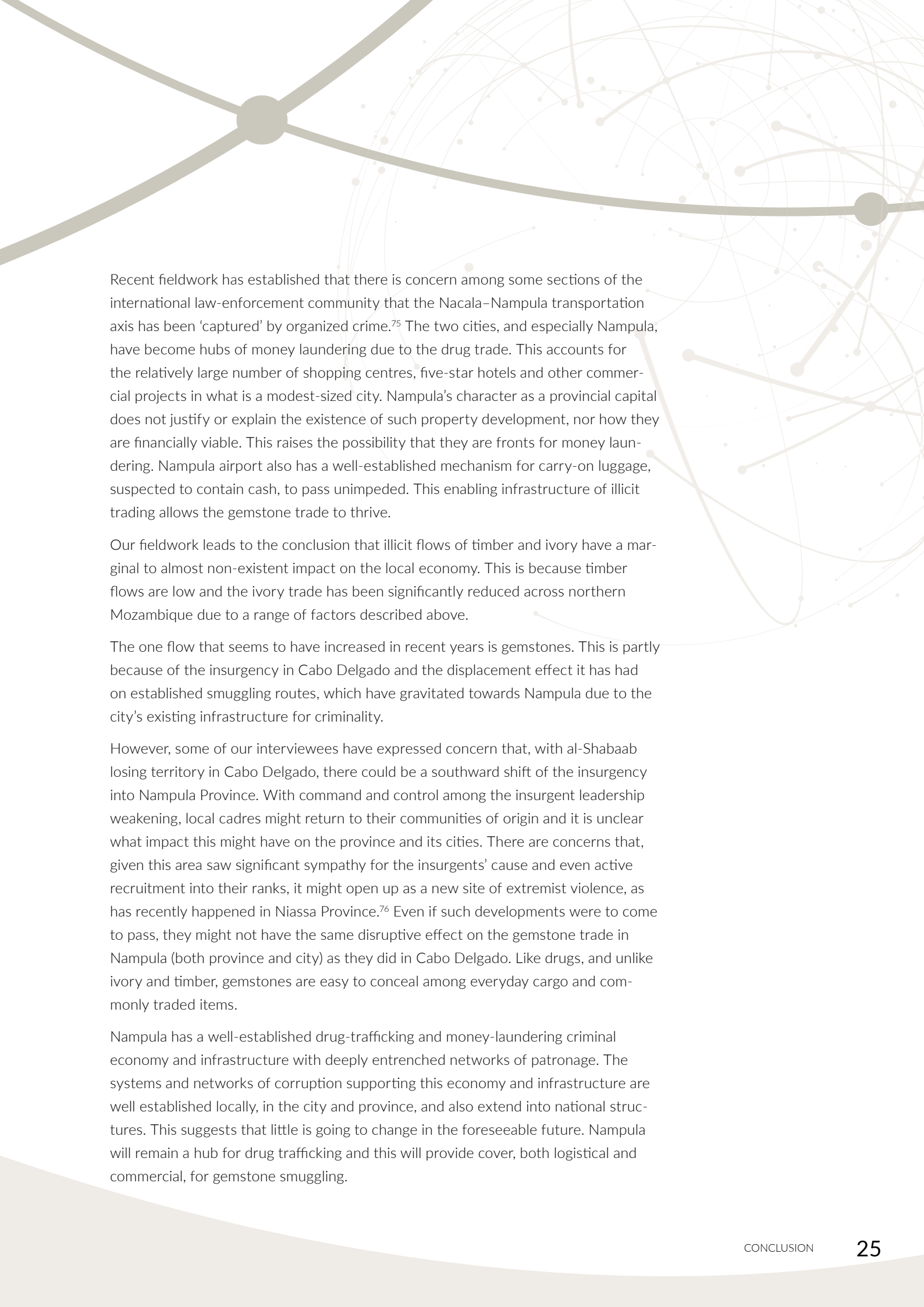
© Jake Lyell/Alamy



The secret loan agreement entered into by the Mozambican government in 2013 did serious damage to the economy. Worth around US\$2 billion, it is estimated to have cost the economy US\$11 billion over a three-year period, from 2016 to 2019. This was equivalent to US\$400 per citizen, or the country's entire gross domestic product for 2016. Although former government officials are currently on trial in Maputo over the scandal, none of the proceeds have been recovered, some of the more senior figures implicated in the scandal remain untouched and there appears to be no systemic effort to reduce corruption or address its drivers. Credit Suisse, one of the banks that provided the loans, has distanced itself from the whole affair after paying a substantial fine to American and British authorities, and forgiving part of the debt owed by Mozambique.⁷⁴ This suggests that at least in sections of the international financial world, there is an inclination to shrug off any public embarrassment after making high-level restitution.

One can expect a similar logic to prevail within the Mozambican policy establishment – minus the restitution. In the long run, money laundering activities in the conflict-afflicted north of the country are unlikely to disappear, when egregious corruption scandals plague the seat of national government in the south. Thus, international donors will face the same dilemma as before: do they continue to pump financial aid into a country with poor governance, potentially perpetuating existing patterns of corruption, do they withhold funding and risk the development situation becoming worse than it already is, or do they establish parallel structures to deliver development opportunities?

Within this larger context of graft, Nampula has been the centre of a crime–conflict economy in northern Mozambique since the days of the civil war. But the economic liberalization of the 1990s, coupled with the increase in heroin flows from Asia and the emergence of new markets for timber and ivory in China, led to a dramatic expansion of this economy. The insurgency in Cabo Delgado has benefited drug traffickers by sucking in security forces for counterinsurgency duties, creating a security vacuum in Nampula Province and displacing the illicit trade in gemstones southward. Even established drug flows have been redirected to Nacala and other smaller landing sites on the Nampula Province coast.



Recent fieldwork has established that there is concern among some sections of the international law-enforcement community that the Nacala–Nampula transportation axis has been ‘captured’ by organized crime.⁷⁵ The two cities, and especially Nampula, have become hubs of money laundering due to the drug trade. This accounts for the relatively large number of shopping centres, five-star hotels and other commercial projects in what is a modest-sized city. Nampula’s character as a provincial capital does not justify or explain the existence of such property development, nor how they are financially viable. This raises the possibility that they are fronts for money laundering. Nampula airport also has a well-established mechanism for carry-on luggage, suspected to contain cash, to pass unimpeded. This enabling infrastructure of illicit trading allows the gemstone trade to thrive.

Our fieldwork leads to the conclusion that illicit flows of timber and ivory have a marginal to almost non-existent impact on the local economy. This is because timber flows are low and the ivory trade has been significantly reduced across northern Mozambique due to a range of factors described above.

The one flow that seems to have increased in recent years is gemstones. This is partly because of the insurgency in Cabo Delgado and the displacement effect it has had on established smuggling routes, which have gravitated towards Nampula due to the city’s existing infrastructure for criminality.

However, some of our interviewees have expressed concern that, with al-Shabaab losing territory in Cabo Delgado, there could be a southward shift of the insurgency into Nampula Province. With command and control among the insurgent leadership weakening, local cadres might return to their communities of origin and it is unclear what impact this might have on the province and its cities. There are concerns that, given this area saw significant sympathy for the insurgents’ cause and even active recruitment into their ranks, it might open up as a new site of extremist violence, as has recently happened in Niassa Province.⁷⁶ Even if such developments were to come to pass, they might not have the same disruptive effect on the gemstone trade in Nampula (both province and city) as they did in Cabo Delgado. Like drugs, and unlike ivory and timber, gemstones are easy to conceal among everyday cargo and commonly traded items.

Nampula has a well-established drug-trafficking and money-laundering criminal economy and infrastructure with deeply entrenched networks of patronage. The systems and networks of corruption supporting this economy and infrastructure are well established locally, in the city and province, and also extend into national structures. This suggests that little is going to change in the foreseeable future. Nampula will remain a hub for drug trafficking and this will provide cover, both logistical and commercial, for gemstone smuggling.

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