

MOZAMBIQUE News reports & clippings

291 26 June 2015 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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The report, "**Gas for development or just for money?**" is on

<http://bit.ly/MozGasEn> in English and on <http://bit.ly/MocGasPt> in Portuguese.

Election study collaboration: We have detailed election data from 1999 through 2014

and are inviting scholars to use this data collaboratively.

<http://www.lse.ac.uk/internationalDevelopment/research/mozambiqueElections/home.aspx>

Also in this issue:

Promoting growth

Agreement on separating party & state, while Dhlakama orders ambush on army

Renamo and the government signed an agreement Tuesday on the separation of party and state, while also on Tuesday Renamo president Afonso Dhlakama told the Portuguese press agency Lusa that he had ordered the 14 June ambush of an army patrol in Tete.

Attacks

"I gave the order" to attack when government troops had come within three kilometres of the Renamo base at Mucombeze, Moatize district, Tete, and were going to attack the base, Dhlakama told Lusa. He claimed 45 government soldiers were killed. Police spokesman Pedro Cossa said one policeman was killed and one was wounded in the ambush. The police told Lusa that the unit only consisted of three vehicles, two lorries carrying soldiers and supplies for a government military base, accompanied by a Land Cruiser with a machine gun mounted on it.

Dhlakama's statement contradicted an earlier one by Renamo spokesperson Antonio Muchanga, who claimed that it was the army had attacked Renamo, while Dhlakama said it had ambushed the army to prevent an attack on its base. Dhlakama told Lusa that the Mucombeze base had already been moved three times to avoid army attacks, and he decided he did not want to move it again.

Dhlakama said that Renamo had suffered four other attacks by the army in the previous week, two in Funhalouro (Inhambane) and one each in Guijá and Dindisa (Gaza).

Meanwhile, on Wednesday police said they arrested a Renamo member in Cheringoma, Sofala, with 46 AK-47 assault rifles.

And mediators confirmed after the weekly government-Renamo talks on Monday that deadlock remained on disarmament. Sheik Saide Habibo, speaking for the mediators, told reporters "Once again the two sides did not reach consensus on anything". Government and Renamo were discussing different things, with no overlap between their positions. Habibo said Renamo's priority

was to get its officers into senior positions in the military, while the government wanted to disarm the Renamo militia.

Agreement

An agreement on separating party and state (Declaração de Princípios sobre a despartidarização da Função Pública) was signed on Tuesday by the head of the Renamo negotiators, Saimone Macuiana, and the head of the government team, José Pacheco. The declaration is said to be close to the one proposed by mediators in February and initially accepted by both sides. Renamo then added new demands, but after Renamo's National Council meeting two weeks ago, Renamo head Dhlakama ordered the negotiating team to reach an agreement.

The key points of the agreement are that:

- Civil servants including managers and rectors of public universities are prohibited from carrying out party-political activity during working hours.
- Magistrates, ambassadors and members of the military and police are prohibited from all party-political activity.
- Party-political and religious activity is prohibited in government workplaces and institutions.
- There can be no party cells or units in public institutions.
- There can be no automatic deductions from salaries for political parties.
- Appointment of permanent secretaries, managers, chairs of public companies, and heads of administrative posts and localities should be by public competition. All phases of the tenders must be publicized, including the launch, the presentation of candidates, the presentation of the jury, and the results.
- Public servants with business interests cannot influence or interfere with decisions on contracts.
- Parliament will establish a commission to monitor the separation of parties from the state. It would consist of representatives of government, parliamentary political parties, and civil society.

The Declaration contains two unexpected points. First it requires the "strengthening of mechanisms for state recognition of traditional authorities, according to customary law which gains its legitimacy only by observing family lineage." Second, it requires a reorganization of the Media Council (Conselho Superior da Comunicação Social).

Pacheco called the Declaration "a redundant document, since its content is expressed in several laws that are already in force in the country". *O País* (24 June) notes that in key respects, the Declaration is almost identical to the Public Probity Law which has been in force since 2012 (A Lei de Probitade Pública, lei no 15/2012) That law already bans "public servants at the workplace during normal working hours [from] promoting political, party or religious activities". The law also bans party membership or political links from being taken into account in appointments, but does allow an exception for "appointments to positions of trust". Finally, conflict of interest in public tender decisions is already prohibited.

Nevertheless, the Declaration extends open competition for posts, for example to lower level rural administrative posts which have until now been party-linked nominations. And it contains prohibitions of a number of Frelimo actions during the 2014 election campaign that were already illegal but were never prosecuted.

The Principles must next be approved at a meeting of President Filipe Nyusi and Renamo head Afonso Dhlakama, and then submitted to parliament. MDM in February submitted a proposal for a law making public institutions non-party. Both proposals will be considered by parliament.

The MDM proposal is simpler and clearer than the joint Declaration, and is posted (in Portuguese) on <http://bit.ly/1GBDb7z>

Government and Renamo have also agreed to continue Monday talks on the two remaining points on the agenda, demobilisation of Renamo's military force and, most importantly, financial issues.

Comment

Promoting growth

The eminent development economist Dani Rodrik (professor at the Institute for Advanced Study, Princeton) at a talk at ODI, London, on 23 June noted that **all** successful developing countries have had specific government policies to manage economies, protect the home market and promote local industry. Dirk Willem te Velde, head of the ODI International Economic Development Group, added that these are usually quite selective interventions protecting key industries. Both cited the importance of having a development bank.

These are precisely the policies that the World Bank, IMF and donors have been prohibiting Mozambique from following for the past 20 years. Just a decade ago, for example, donors prohibited Mozambique from opening a development bank.

The IMF issued a report last week which admitted that many of its policies in the past two decades were wrong. It says that "income distribution itself matters for growth Specifically, if the income share of the top 20 percent (the rich) increases, then GDP growth actually declines over the medium term, suggesting that the benefits do not trickle down. In contrast, an increase in the income share of the bottom 20 percent (the poor) is associated with higher GDP growth. The poor and the middle class matter the most for growth via a number of interrelated economic, social, and political channels."

The IMF actually used the phrase "trickle down" in a Mozambique policy document as recently as 2006, and IMF and donor policies in the 1990s encouraged the Frelimo elite to believe that by getting rich they were helping to reduce poverty.

In an article 21 June, Larry Elliot of the London *Guardian*, points to splits within the IMF. "One half of the fund – the economics team that comes up with the big-picture analysis – says one thing", warning of the perils of inequality. But "the other half – the part that draws up the structural adjustment programmes – says something entirely different" and imposes that policy on Greece - and on developing countries.

Donors and the IMF do not carry all the blame for Mozambique's failure to reduce poverty. At the ODI seminar Rodrik and te Velde noted that all successful developing countries used an under valued exchange rate. This makes imports more expensive and exports cheaper, which protects and encourages local industry. Mozambique has consistently followed the opposite policy of an overvalued exchange rate, in particular against the South African Rand, to keep imports of food and other goods into Maputo cheaper, in an effort to prevent riots and political opposition. But this makes it very difficult for Mozambican producers to compete with imports. The Bank of Mozambique keeps the Rand at less than 3 Meticaís, when a realistic exchange rate would be 4 or 4.5 Meticaís to the Rand. *jh*

ODI presentations: <http://www.odi.org/events/4213-economic-transformation-growth-dani-rodrik#presentations>

The IMF report *Causes and Consequences of Income Inequality: A Global Perspective* is on: <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf>

Two articles on the report by by Larry Elliot, Economics Editor, *Guardian*

<http://www.theguardian.com/business/2015/jun/15/focus-on-low-income-families-to-boost-economic-growth-says-imf-study>

<http://www.theguardian.com/business/economics-blog/2015/jun/21/so-much-for-trickle-down-bold-reforms-are-required-to-tackle-inequality>

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Chickens and beer: A recipe for agricultural growth in Mozambique

by Teresa Smart and Joseph Hanlon

E-book for Kindle and iPad, for \$9.32 from US Amazon -
<http://www.amazon.com/dp/B00NRZXXKE> - £5.14 from UK Amazon.

In pdf format, 6 Mb file, free on <http://bit.ly/chickens-beer>

Galinhas e cerveja: uma receita para o crescimento

by Teresa Smart & Joseph Hanlon. Copies are in Maputo bookshops or from
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Just Give Money to the Poor: The Development Revolution from the Global South

by Joseph Hanlon, Armando Barrientos, and David Hulme
Most of this book can now be **read on the web**
tinyurl.com/justgivemoney

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NOTE OF EXPLANATION:

This mailing list is used to distribute two publications, both edited by Joseph Hanlon. This is my own sporadic "News reports & clippings", which is entirely my own responsibility. This list is also used to distribute the *Mozambique Political Process Bulletin*, published by CIP and AWEPA, but those organisations are not linked to "News reports & clippings"
Joseph Hanlon

Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

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

Diario de Moçambique (Beira): <http://www.diariodemocambique.co.mz>

CanalMoz on Facebook: <https://www.facebook.com/CanalMoz>

Macauhub English: www.macauhub.com.mo/en/

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

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

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