

MOZAMBIQUE News reports & clippings

341 18 October 2016

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Comment: something will turn up: <http://bit.ly/28SN7QP>

Oxfam blog: Bill Gates & chickens:

<http://oxfamblogs.org/fp2p/will-bill-gates-chickens-end-african-poverty/>

Chickens and beer: A recipe for agricultural growth in Mozambique

by Teresa Smart and Joseph Hanlon is on <http://bit.ly/chickens-beer>

Gas for development or just for money? is on <http://bit.ly/MozGasEn>

Some readers had problems downloading **Bulletin 340** which can now be found on

<http://bit.ly/2e9Q3wV>

Talks resume Tuesday

Following a further postponement after the killing of Renamo negotiator Jeremiah Pondeca, talks between Renamo and the government are now planned to resume today, Tuesday 18 October. Renamo has said it will continue to participate in the talks.

In a carefully crafted statement issued Thursday, the Frelimo "Political Committee, defending the ideal of human life, deplores all types of violence, expressing their condemnation of the gruesome act that took the life of the State Council member, Jeremiah Pondeca Munguambe, and calls on the relevant authorities to act so that those responsible for this heinous crime to be held accountable."

Human Rights Watch (11 Oct) issued a statement saying since March 2015 there "seem to be politically motivated killings, which the authorities have failed to properly investigate or prosecute." They cite:

+ The shooting and killing of lawyer Gilles Cistac on 3 March 2015.

+ The killing of a former agent of SISE, the State Intelligence and Security Services, Inlamo Ali Mussa, on 8 August 2015. His family said he was planning to give interviews denouncing alleged abusive practices of Mozambique's secret services.

+ On 4 February 2016, senior Renamo official Filipe Jonasse Machatine was found dead with eight gunshot wounds in Gondola, Manica.

+ On 7 March 2016, senior Renamo official Aly Jane was found dead between Maxixe and Homoine, Inhambane.

+ On 9 April 2016, Renamo member of the National Council for Defence and Security, José Manuel, was shot dead outside Beira international airport.

+ On 22 September 2016, a senior Renamo official in Moatize district and member of the Tete provincial assembly, Armindo Nkutche, died after being shot six times.

<https://www.hrw.org/news/2016/10/11/mozambique-prominent-opposition-leader-killed>

In addition, on 16 January 2016 the secretary general of Renamo, Manuel Bissopo, was shot and severely wounded in Beira. His bodyguard was killed. And two government critics were attacked in Maputo: on 20 May João Massango was beaten and an attempt was made to kidnap him, and on 23 May José Macuane was kidnapped and shot and seriously injured.

Human rights watch also cites two killings of Frelimo officials:

- + On 22 June 2016, the body of a Frelimo senior official in Manica province, José Fernando Ngiraze, was found with gunshot wounds inside his house. .
- + On 2 September 2016, the administrator of Tica, Nhamatanda, Sofala province, Jorge Abílio, was killed by armed men.

Other war news:

Two Renamo bases captured. A Renamo base in Napuco, Murrupula, Nampula was captured by the police in on 14 October. On 11 October police captured a base at Morotone, Mocuba, Zambézia. There were no deaths or injuries and no Renamo fighters were captured in either attack. (O Pais 17 Oct; AIM En 13 Oct)

Comment: This appears to reflect an informal understanding between the two sides in the war that Renamo is warned before an attack and evacuates the base, in order to minimise casualties on both sides. *jh*

A child died in an attack by four Renamo men on Muxungué, Chibabava, Sofala on 14 October. A Frelimo neighbourhood secretary was shot and injured and his house burned, and his 10-year old child died in the fire. (O Pais 17 Oct) Two days before, a convoy on the N1 road from the River Save to Muxungué was ambushed. There were no injuries, but a Nagy Investments bus was heavily damaged; Renamo accuses Nagy of transporting soldiers. (AIM En 13 Oct)

Debt, corruption, economic crisis

Manuel Chang signed loan guarantees

Guarantees for \$2 billion secret loans were signed by the then Finance Minister Manuel Chang, according to @Verdade (11, 12 Oct) which published pages from the agreements. The guarantees were in 2013 to Credit Suisse and in 2014 to the Russian state-owned bank VTB.

One of the clauses in these guarantees states that “the guarantor [the Mozambican state] is complying in all aspects with its obligations to the IMF and the World Bank”. This was manifestly false, and the IMF cut off its loan to Mozambique precisely because it was not informed about the loans. A further clause in the guarantees states that the provision of the guarantees was in accordance with Mozambican law and that the Ministry of Finance had been authorized to sign the guarantees, which was not true because parliament had to approve the loan guarantees and had not done so. A third clause said that the debt payments were included in the state budget, which was also not true.

<http://www.verdade.co.mz/tema-de-fundo/35-themadefundo/59752-manuel-chang-assinou-as-garantias-dos-emprestimos-da-proindicus-ematum-e-mam-em-nome-da-republica-de-mocambique>

VTB says government deceived it

“The government deceived us” by not disclosing the debts with state guarantees contracted by various public companies in 2012 and 2014, said Yuri Soloviev, head of VTB Capital and first deputy chief executive officer of VTB Group, because the state-guaranteed debts of several public companies were not disclosed to investors and the International Monetary Fund (IMF) by the government of Mozambique. Soloviev said that VTB was no longer the holder of the debt, but accepts that it is responsible as agents for the loans. Soloviev also said that he did not know if the Mozambique government would be able to make the \$38 mn interest payment due 18 January. (Lusa and Voice of America citing Bloomberg)

Brazil cuts dam funding over corruption

Funding for the Moamba Maior dam, under construction on the Incomati River in Maputo Province,

was cut off in May, the Brazilian Development Bank BNDES (National Economic and Social Development Bank) announced on Tuesday on 11 October. It said it had suspended funding in 9 countries for projects of 25 companies under investigation for corruption.

BNDES funding of infrastructure projects outside of Brazil has been shrouded in suspicions of over-invoicing and of favouritism to certain companies. The Brazilian companies are being investigated under Operacao Lavo Jato (Operation Car Wash), an investigation undertaken by the Brazilian Federal Police into allegations of money laundering and corruption. BNDES names the companies concerned as Odebrecht (which built Nacala airport and other projects), Andrade Gutierrez (building Moamba Maior) and OAS, Queiroz Galvão, and Camargo Corrêa. The dam was to receive \$320 million via BNDES, out of a total cost of \$466 mn. Work only started in May.

Meanwhile, **Embraer has been accused of paying bribes** in connections to the sale of two Embraer 190 passenger airplanes to LAM in 2008. The planes carry 100 passengers; one crashed in Namibia in 2013 killing 33 people. *Folha de S.Paulo* (6 Oct) reports that the US Department of Justice is investigating the bribes, and it was reported in August that Embraer had set aside \$200 mn to pay penalties to the Department of Justice.

<http://www1.folha.uol.com.br/mercado/2016/10/1820309-embraer-e-investigada-por-suspeita-de-pagar-propina-em-mocambique.shtml> and <http://www.fcpablog.com/blog/2016/8/1/embraer-reserves-200-million-for-possible-fcpa-settlement.html>

Inflation hits 25% but devaluation slows

Annual inflation hit 24.92% in September, compared to only 2.73% a year earlier, according to the National Statistics Institute (Instituto Nacional de Estatística). The main cause has been rising food prices, in turn propelled by the drought and the rapid devaluation of the Metical. There are now 5.46 MT to 1 Rand and 77.9 MT to 1 US dollar, compared to 2.68 and 44.62 in January. But in the past two months, devaluation has been only 1% against the Rand and 8% against the dollar.

	Meticais per unit, mid rate - Bank of Mozambique				% devaluation at 14 Oct	
	15-Jan-16	08-Jul-16	21-Aug-16	14-Oct-16	from 15 Jan	from 21 Aug
SA Rand	2.68	4.23	5.4	5.46	104%	1%
US \$	44.62	64.32	72.21	77.9	75%	8%

(% devaluation is measured against the original exchange rate, and show how many more Meticais are need to buy a South African Rand or US\$. Subtract the pre-devaluation exchange rate from the devalued exchange rate, and divide the result by the pre-devaluation figure to get the percentage of the devaluation. To find the 15 Jan to 8 July US\$ devaluation, subtract 44.62 from 64.32, giving 19.7, and divide it by 44.62, giving 44%. Note this means that devaluation can be more than 100%, which occurs, as with the South African Rand now, when the number of Meticais needed to buy a Rand is more than double the starting value.)

Government promises to pay December salaries but will cut overtime payments, although not of doctors and teachers, Economy and Finance Minister Adriano Maleiane said Friday. He also left unclear whether government would pay the traditional 13th month salary at the end of the year. However, in a meeting with President Nyusi 12 October, teachers said that the overtime had already been cut. (*O Pais* 13, 17 Oct) Because of budget restrictions, the Ministry of Education has not been able to hire enough teachers, and schools are dependent on teachers doing extra hours covering classes without teachers.

\$900 mn not additional debt. Economy and Finance Minister Adriano Maleiane has denied that the \$900 mn in arms loans revealed two weeks ago by *Africa Confidential* (AC) is a new debt -

and that is correct. The AC article was badly edited to say "another US\$900 million of secret" loans and had a misleading headline claiming "more secret debts", but on close reading does not claim this is new debt. Instead it is an explanation of part of the \$2.2 bn in secret loans which had not previously been identified. What AC claims is that the three SISE and Ematum companies took almost half of the money they borrowed and then lent it on to companies linked to the Frelimo elite who used it to buy weapons and pay commissions. So these are new loans, but relending money already included in the \$2.2 bn, so not additional debt.

Over 1,200 workers have lost their jobs in Nampula province because of the closure of 30 companies due to the economic crisis, according to Mozambique's main trade union federation, the OTM (Mozambican Workers' Organization). (AIM En 13 Oct)

Private security companies are in crisis according to Boaventura Sibindy, the General Secretary of the Union of Workers of Private Security Companies. There are 102 private security companies with 52,000 workers, but 2,300 have lost their jobs in the past year, and in Sofala, Zambézia, Nampula and Niassa there are serious wage arrears, in part because government is not paying the companies. Some dismissed workers cannot claim unemployment benefits because the companies robbed them by deducting social security contributions from their wages, but then failing to pass the money on to the National Social Security Institute (INSS). (AIM En 8 Oct)

Comment

The real price of excess



Two bridges in Zambézia cut in the floods earlier this year cannot be repaired because of lack of money, according to provincial public works director Artur Graciano. The bridge over the river Malei, near Maganja da Costa, will cost \$25-30 mn to rebuild. The other bridge is over the Licungo River near Mocuba. (*Noticias* 10 Oct)

But it is not simply lack of money, it is allocation of funds. The Maputo-KaTembe suspension bridge will be a dramatic landmark, but it comes with a high price tag - two loans from the Export-

Import Bank of China totalling \$754 million. A more modest but totally adequate bridge could have been built for one-third of the cost. This would have released \$500 mn for bridges and roads elsewhere. A choice was made, and bridges are not being repaired in the rest of the country so that Maputo and President Guebuza can have a landmark bridge. Similarly the Bank of Mozambique headquarters in Maputo will cost \$230 mn instead of the \$90 mn planned; this represents a choice of one investment over others. (*Mozambique news reports & clippings* 326 - 10 June 2016) *jh*

In brief

Parliament (Assembleia da República, AR) opens its next regular session Wednesday 19 October.

Samora Machel was killed 30 years ago, 19 October 1986, in a still unexplained plane crash in Mbuzine, South Africa.

Prominent businessman Omar Faruk Ayoob was shot and severely injured Friday on Kenneth Kaunda Avenue, Maputo, in front of the US embassy. He is the brother of Momad Khalib Ayoob who was murdered in April 2012 outside a Maputo mosque. Khalib Ayoob had been arrested at Matsapha airport, Swaziland, in December 2010 with \$2.7 million in banknotes; he exported the money illegally from Mozambique and said he was taking it to Dubai. The money was confiscated by the Swazi authorities. Khalib Ayoob's widow, Reyma Ayoob was kidnapped in October 2014, and spent 22 days in captivity before she was released on payment of a ransom. In April 2014, one of his sons, Bilal Ayoob, was kidnapped, held captive for 10 days, and released when the family paid an unspecified ransom into a bank account in an Asian country. In August 2012, Ayoob's 17 year old niece, Hina Farouk Ayoob, was abducted. The Ayoob family owns several companies, one of which, Niza Lda, achieved notoriety in 2010 when the Mozambican Tax Authority ordered the public sale of its goods to pay off a debt of 276 million meticaís (then \$8 million) to the mobile phone company M-Cel. Niza had been selling M-Cel pre-paid phone cards but failed to pay M-Cel. (AIM En 14 Oct)

CEPAGRI was closed by the government on 12 October. The Centro de Promoção de Agricultura (Agriculture Promotion Centre) was created a decade ago to promote large scale agricultural investments, but none of them have succeeded.

Pedro Couto was sacked as Minister of Mineral Resources and Energy of 29 September and named to what is mainly a sinecure post, chair of the Board of Directors of Hidroelectrica de Cahora Bassa (HCB) the company that operates the Cahora Bassa dam on the Zambezi river. (AIM En 29 Sep) No reason has been given for the dismissal of a minister noted for his integrity. *Savana* argued that the gas companies pushed the sacking because Couto was driving too hard a bargain. On Monday night Letícia Deusina da Silva Klemens was named minister. She had been chair of Millennium BIM and President of the Women's Business Association (Associação das Mulheres Empresárias e Empreendedoras Moçambicanas, FEMME).

Capitalists want more state money. Maputo province businesspeople say the government should give them more. They told a meeting with government on 14 October that taxes are too high, VAT rebates are too slow, and they want subsidised credit for agriculture. They also objected to what they saw as corruption at the lorry weigh-bridge in Moamba, which is attempting to control overweight lorries damaging roads. (AIM Pt 14 Oct)

Mixed rainfall patterns are predicted for the coming rainy season by the National Meteorology Institute (Instituto Nacional de Meteorologia, INAM). Drought will continue in the far south, Maputo province and southern Gaza. The centre of the country plus southern and western Nampula province and southern Niassa are expected to have above average rainfall, with possible flooding. But northern Niassa, Cabo Delgado and coastal areas of Nampula are predicted to have average or below average rainfall. (AIM Pt 7 Oct)

Iron and steel production in Tete is slowly moving closer. It has been a dream since the colonial era, as Tete has high quality iron ore plus coal, electricity and water. Baobab Resources has access to the iron ore and is mostly owned by private equity group African Minerals Exploration & Development Funds and 13% owned by the World Bank's International Finance Corporation. It is trying to put together a \$1 billion package with Chinese investors. In September the government agreed to create an industrial free zone for the project. (Zitamar 6 Sep, 10 Aug)

And, finally, two foreign lessons for Mozambique

The British High Court has ruled that it was not an "abuse of trust" or "undue influence" for Goldman Sachs, to order to win business from the Gaddafi government in Libya, to provide members of the Libyan Investment Authority (LIA) with lavish hospitality, including prostitutes, private jets, and five star hotels, as well as to provide an internship for the brother of a senior official of the LIA. (*Guardian*, London, 15 Oct)

US Republican presidential nominee Donald Trump has said the US election is "absolutely rigged" by the "dishonest media" and "at many polling places". (BBC 16 Oct) It should be remembered that the respected investigative journalist Seymour M. Hersh in his 1997 book "The Dark Side of Camelot" wrote that John F Kennedy used ballot box stuffing (particularly in Texas and in Chicago, where the dead commonly vote) and the mafia to steal the closely contested 1960 election from Richard Nixon.

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

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

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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Outside Mozambique, we have a few copies we can send from London.
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by Joseph Hanlon & Teresa Smart
is now available in **paperback**, for £17.99 (+ p&p)
from the publisher <http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

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tinyurl.com/justgivemoney

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NOTE OF EXPLANATION:

One 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

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Mozambique media websites, Portuguese:

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>

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

Mozambique media websites, English:

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

Rhula weekly newsletter: <http://www.rhula.net/news-announcements.html>

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

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

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

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