Kroll given another month

Kroll has been given an extension until 28 April to complete its forensic audit of the $2 bn secret debts, the Attorney General's Office (Procuradoria-Geral da República) announced Friday. The report had been due 31 March.

The statement suggests there had been problems obtaining information from foreign jurisdictions, but that some progress is being made. "Certain legal procedures, in accordance with the specificities inherent to each of the different jurisdictions involved, resulted in the late availability of relevant additional information, compromising the agreed deadline," the statement said. Kroll has submitted a preliminary report to the Attorney General.

It is also clear that Kroll was initially obstructed by the security services SISE. But the IMF and Swedish ambassador (who is paying for the audit) met with President Nyusi and told him this was unacceptable, which seems to have allowed more information to be released.

The statement (in Portuguese) is on http://bit.ly/2o1n2ew

Proindicus failed to pay

Proindicus last week failed to make a payment of $119.2 mn that was due on the loan it took out, with an illicit government guarantee, from the bank Credit Suisse in 2014. The government did not step in to assist what is effectively a bankrupt company.

In October 2016, at a meeting with creditors in London, the Minister of Economy and Finance, Adriano Maleiane, had warned that the government simply did not have the money to meet its obligations on the loans to Proindicus, and to two other companies, Ematum (Mozambique Tuna Company) and MAM (Mozambique Assets Management), largely owned by the security services SISE, and which are the official borrowers of the $2 bn secret debt.

ENI-Exxon capital gains tax set at $350 mn - but questions raised

Mozambique tax authorities (Autoridade Tributária - AT) on 21 March set the capital gains tax to be paid by ENI at $350 mn. This is in the range that had been predicted. The tax is for selling 35.7% of ENI East Africa for $2.8 bn to Exxon Mobil. In effect, ENI sold 25% of the Rovuma Area 4 gas field.
In its statement, AT said that under the dual taxation agreement with Italy all of the capital gains tax goes to Mozambique. It continues that under the 2007 law, the capital tax is 32% and it applies to only 50% of the gain after ENI's costs and investments have been deducted. Working backwards, this means the AT has calculated ENI's costs at $612 mn.

But a report issued this morning by CIP (Centro de Integridade Pública) raises two questions. Author Fatima Mimbire first questions the 50% discount, which she says has never been applied before to capital gains tax. Second, she notes that the AT has given no details about how it has calculated the ENI's costs. The AT says only that this is based "on information available at this time and supplied by ENI," and Mimbire argues that relying only on company data without any outside evaluation is "problematic". She goes on to point out that the national auditor (Tribunal Administrativo - TA) in its audit of the 2015 state budget criticised the was the AT had calculated capital gains tax on an earlier part sale by Anadarko.


This newsletter can be cited as "Mozambique News Reports & Clippings". If you need to cite it for academic purposes, treat it as a blog. The normal citation format would be: "Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.

Previous newsletters and other Mozambique material are posted on bit.ly/mozamb.

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

Books and reports by Joseph Hanlon

Special report on four poverty surveys: bit.ly/MozPoverty
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Oxfam blog on Bill Gates & chickens: http://oxfamblogs.org/fp2p/will-bill-gates-chickens-end-african-poverty/

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by Manoj Roy, Joseph Hanlon and David Hulme Published by Anthem Press

Chickens and beer: A recipe for agricultural growth in Mozambique by Teresa Smart and Joseph Hanlon

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Outside Mozambique, we have a few copies we can send from London. Please e-mail j.hanlon@open.ac.uk.

Zimbabwe takes back its land

Do bicycles equal development in Mozambique? by Joseph Hanlon & Teresa Smart is available from the publisher http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503
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

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".

Mozambique media websites, Portuguese:
Notícias: www.jornalnoticias.co.mz
O País: www.opais.co.mz
@Verdade: http://www.verdade.co.mz
Diario de Moçambique (Beira): http://www.diariodemocambique.co.mz
Carlos Serra Diário 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/
AIM Reports: www.poptel.org.uk/mozambique-news

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