

# MOZAMBIQUE News reports & clippings

263 17 June 2014 Editor: Joseph Hanlon ([j.hanlon@open.ac.uk](mailto:j.hanlon@open.ac.uk))

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## Also in this issue:

**Budget support, war**

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## Government to reduce Beira

In an obvious attempt to curb the influence of Daviz Simango, MDM presidential candidate and popular mayor of Beira, the government says it will reduce Beira to one-third its size, taking away 13 or 18 of the 26 neighbourhoods and placing them under administrators appointed by central government.

Although Mozambique has decentralised power to 53 municipalities, the remaining two-thirds of the country is run by district administrators appointed by central government. Decentralization has expanded under the present government, but in parallel with increasing central control. Cities have "representatives" of the central government and permanent secretaries have been appointed at most levels of government with an explicitly political role.

The plan was given to the mayor Wednesday 11 June by Joe Cuela António, state representative in Beira, and Claudina Mazolo, permanent secretary of Sofala. Mazolo, told *Notícias* that the split would definitely take place this year.

Beira is the country's fourth largest city. Based on registration for local elections last year, the largest cities, in order, are 1. Maputo, 2. Matola, 3. Nampula, 4. Beira, 5. Chimoió, 6. Tete, 7. Quelimane, and 8. Nacala. Nampula, Beira and Quelimane have MDM mayors and assembly majorities. The others are governed by Frelimo.

## **Budget support: EU in, UK out; fall likely to be \$400 mn to \$325-340 mn**

Three donors - Britain, the European Union, and Germany - did not make budget support pledges last week, on the ground that they could not commit now for 2015. All three have now clarified their positions.

British High Commissioner (ambassador) Joanna Kuenssberg told a press conference Friday that Britain was maintaining aid to Mozambique but that the five year (2009-2013) budget support programme would not be renewed. She said: "We are developing a new mechanism for financial aid [which] will be clearly linked to the delivery of the policies and actions necessary for inclusive economic growth: for example, strengthening public financial management, the fight against corruption, and improving the investment climate". The stress on "policies" underlines the move by some donors to switch to supporting individual ministries where they feel they can exert more leverage. Britain was one of the countries which suspended budget support due to the Ematum bond issue; that money has now been paid, and the British aid agency DfID claims Ematum is not one of the reasons to end budget support. But the whole Ematum issue shows donors how they

have lost power, as they were never consulted about such a large project.

On the other hand, the EU head in Mozambique, Paul Malan told this newsletter that "it is our plan to continue budget support at similar levels, in fact possibly a little higher than to date. We have been giving a base level of €50 million (\$65 mn) a year, subject to part being variable. Despite not always being able to release the variable tranche, additional amounts for loss of export earnings have generally kept us in the range of €45-55 million a year."

Malan continued that the €11.5 million (\$16 mn) which was committed is the balance of 10th EDF funds compensating for export losses. "This would have been disbursed this year if we had not held a disbursement of €12 million due last December. That disbursement did not take place due to uncertainty about fiscal transparency linked to the Ematum issue."

Silja Pieper, German cooperation representative in Maputo, says that German budget support is dependent on decisions still to be taken by the German parliament, and then negotiations with the Mozambican government in August.

Italian ambassador and outgoing G-19 chair Roberto Vellano contacted us to say that our headline last week "Budget support falls from \$400 mn to \$275 mn" exaggerated the fall. Now that we have statements from the three countries which did not pledge, we can estimate 2015 budget support at \$325-340 mn, with the fall caused by Britain and perhaps Germany. Budget support in 2012 was \$423 mn and in 2013 \$400 mn.

## War

### Attack on N7 Tete road

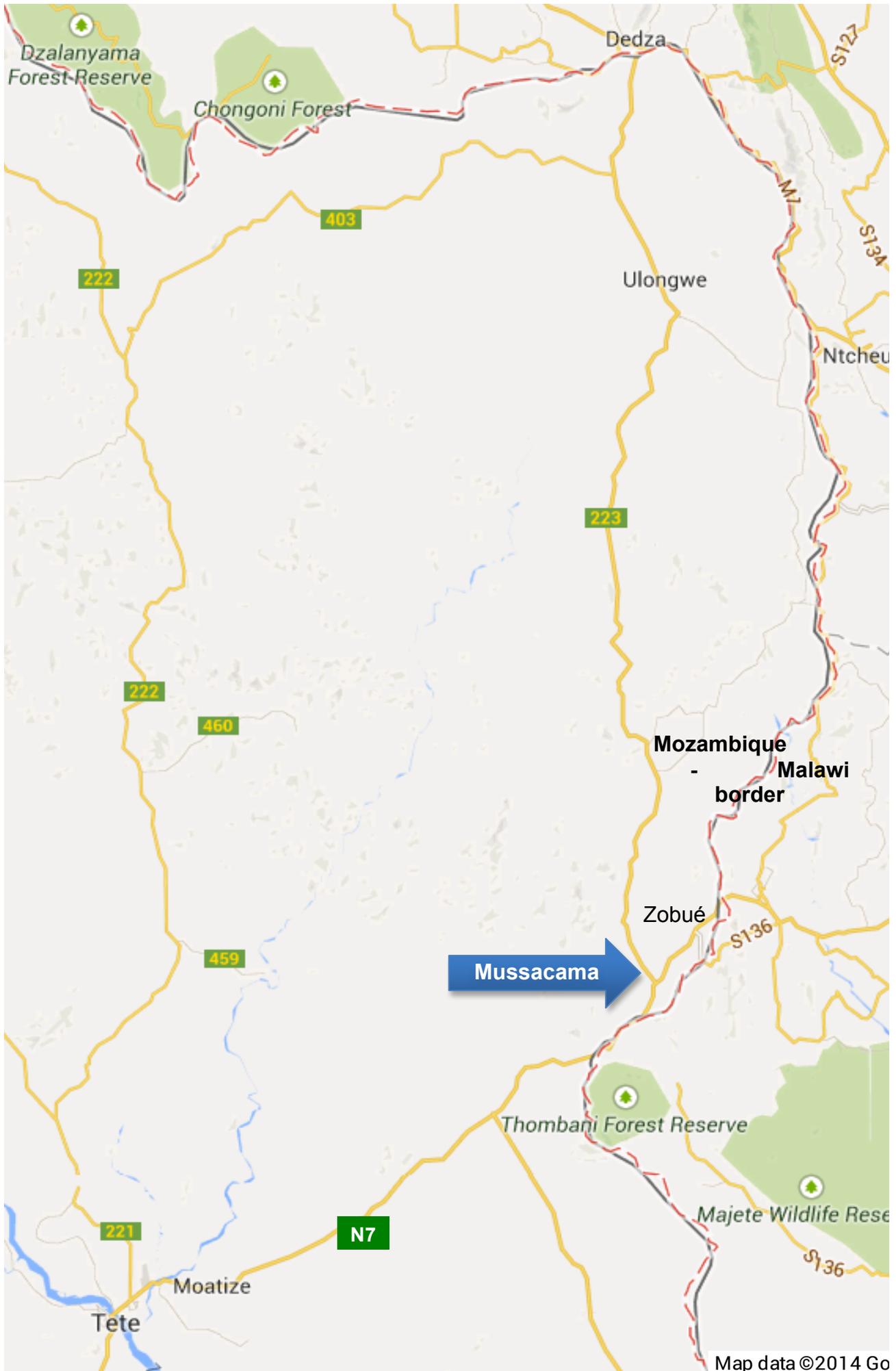
Renamo attacked the weighbridge on the road that links Tete city to Malawi at 3 am Friday 13 June. Road crew and police fled, and Renamo took some weapons and money and burned the office and a vehicle. The attack was at Mussacama, where the road divides, one branch going north to Angónia and Lilongway, and the main N7 continuing to the Zobué border post and on to Blantyre.

The site is very close to the Malawi border and it is easy for guerrillas to cross the border. The zone is heavily wooded and there were frequent attacks on traffic to and from Malawi during the 1982-92 war. The same is true about the section of the N1 north of the River Save. So Renamo is stepping up its action in two places that were very deadly during the war. Below are maps of both zones.

**N1:** Attacks continue almost daily. A southbound convoy on the N1 was attacked Monday morning (16 June). A Chinese citizen in a timber lorry was seriously injured. (Lusa 16 June) The military will not allow vehicles to travel without escort, but some drivers say that Renamo only shoots at the military escorts and they would be safer without the military.

Two convoys were attacked Saturday, a southbound convoy in the morning and a northbound convoy in the afternoon. According to @Verdade, Renamo mainly shot at soldiers at the head of the convoy, but three civilians were injured.

**Gorongosa:** A military group returning from an action near the Gorongosa mountain was ambushed by Renamo Sunday; four soldiers were killed and 13 injured. The attack occurred half way between the former Renamo headquarters of Satunjira and Gorongosa town. (Lusa 15 June)





## News briefs

**Interest rates have been raised to 21%** by the banks despite the Bank of Mozambique keeping its base rate at 8.25%, and criticising the high interest rates charged by private banks. The lending rate for savings has also increased, to 9.4%.

**President Armando Guebuza vetoed** the laws which would have granted former members of parliament (and former presidents) extensive pensions and privileges, on the grounds that they were unaffordable..

**Coal prospecting** licenses in 12 blocks south of the Zambezi River, in Marávia, Zumbo and Changara districts of Tete and Guro district in Manica, will be offered exclusively to Mozambicans.

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### The next book

## **Galinhas e cerveja: uma receita para o crescimento**

by Teresa Smart & Joseph Hanlon will be launched 30 July in Maputo.

## **Zimbabwe takes back its land**

by Joseph Hanlon, Jeanette Manjengwa & Teresa Smart is now available from the publishers

[https://www.rienner.com/title/Zimbabwe\\_Takes\\_Back\\_Its\\_Land](https://www.rienner.com/title/Zimbabwe_Takes_Back_Its_Land) also as an e-book and

<http://www.jacana.co.za/book-categories/current-affairs-a-history/zimbabwe-takes-back-its-land-detail>

### Now in paper at a reasonable price

## **Do bicycles equal development in Mozambique?**

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>

## **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](http://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

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