

MOZAMBIQUE News reports & clippings

288 12 May 2015 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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

Also in this issue:

Parliament & State budget

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Agricultural exports down 23%

Mediators say talks have failed; Dhlakama & Nyusi must meet

Disgusted mediators yesterday said the Renamo-government talks have failed. Father Filipe Couto, speaking for all the mediators after the 104th session Monday, said "we lack the courage to admit that we do not have the energy to go forward and there is no chance to solve the problems. In this case, only two people have the solutions, namely, the President of Republic, Filipe Nyusi and the Renamo leader Afonso Dhlakama."

In particular, "in these talks you will never reach agreement" on the military and demobilisation, he told the negotiators. The international observation team which was supposed to oversee demobilisation, EMOCHM, ends its mandate Friday and will leave the country. "The creation of EMOCHM accomplished nothing," Couto said.

He also said that removing parties from the state apparatus "is not a monopoly of Frelimo and Renamo" and "must be discussed by all the parties in parliament", which includes the MDM. (AIM 11 May)

Agricultural exports down 23%

Traditional agricultural exports were down 23% in 2014 compared to 2013, according to the Bank of Mozambique. Falling world prices meant tobacco exports were down 40% and sugar 8% down. But bananas have become a major export.

The prawn catch is down from 6160 tonnes in 2010 to 3555 tonnes last year, due to overfishing (O *Pais* 10 April).

The first export data for 2014 are given in the Bank of Mozambique's "Conjuntura Económica e Perspectivas de Inflação - Abril de 2015" (http://www.bancomoc.mz/Files/DEE/CEPI%20Abril_2015_21.pdf).

2014 exports (\$ million) 3916:

Traditional 1497:

Tobacco 250
Timber 120
Sugar 81
Cotton 80
Banana 49
Prawns 41
Cashew 17

Big projects 2430

Aluminium 1052
Coal 491
Electricity 355
Gas 340
Heavy sands 178

(Some numbers have been scaled from a chart, and may not be precisely correct).

Foreign direct investment was \$4.9 billion, of which 62% was for the mining sector, the Bank reported. The two largest investors were from the United States (36%) and United Arab Emirates (31%).

Parliament budget up 36%; \$2.6 mn house for speaker

Parliament (Assembleia da República, AR) increased its own budget by 35%, to 1.3 billion meticaís (\$38 million). Of this, 323 mn MT (\$9.5 mn) is for salaries plus 148 mn MT (\$4.4 mn) in various subsidies for MPs - rent, servants, electricity, etc. Parliament does not publish the salaries and benefits of MPs, but the average for the 250 MPs is \$56,000 per year. AIM estimates that other benefits raise this to \$78,000 per year. (AIM 23 Apr, *O Pais*, *Notícias* 24 Apr) The budget was approved on 23 April, before the AR approved the state budget.

One reason for the increase is a decision to build a 90 mn MT (\$2.6 mn) house for the speaker, currently Veronica Macamo.

The other reason is a very large increase in benefits for retiring MPs. In a special December sitting, after the election but before new members took the seats, parliament overrode a veto by Armando Guebuza of a bill giving MPs costly special privileges. Frelimo still had a two-thirds majority and could override the veto even with MDM and Renamo voting against. Under the new law, every MP leaving parliament receives a "reintegration allowance" of a lump sum of 75% of an MP's basic salary for every year served in parliament. AIM estimates that for an MP who has served for three parliamentary terms, this will be in excess of \$300,000. MPs who have served at least two terms will receive a pension equivalent to 100% of the salary for the highest parliamentary post they ever occupied, rising each year with the salaries of serving MPs. MPs who have served three terms receive the pension immediately on leaving parliament; those who served two terms receive their pension only when they reach retirement age. (AIM 4 December 2014)

State budget sets 55% for development

Parliament finally passed the state budget on 28 April. The budget is 226 billion meticaís (\$6.65 bn), of which 55% is for areas broadly defined as "priority" or development:

Education: 19.8%

Health: 8.9%

Agriculture & Rural Development: 7.9%

Roads: 7.9%
Water & public works: 4.5%
Social Welfare and Labour: 3.1%
Justice 1.8%.

Debt servicing has risen to 10.1% (up from 7.1% last year). Spending on military, police and security is 8%. (AIM 28 Apr, *O Pais* 10 Apr)

Cash transfers: 475,000 families now receive the basic family grant, which depends on family size and goes up to 650 meticaís (\$19) per month. Government plans to increase the number of beneficiaries by 9% this year and raise the benefit level by 7-9%. (*Notícias* 27 April)

Presidents' children causing problems

Since the days of Nypine Chissano, Mozambique's presidents seem to have problems with their children. Florindo Jacinto Nyusi, son of President Filipe Nyusi, hit the front page of *Canal de Moçambique* (22 April) with photos of his three luxury cars in Maputo. They are a McLaren GT (\$300,000), a Ferrari F12 berlinetta (\$300,000), and a less expensive Range Rover Lumma SDV8 (\$60,000).

Valentina de Luz Guebuza, daughter of ex-president Armando Guebuza, runs the family company Focus 21, which in turn owns 15% of StarTimes Media Company Mozambique, which in 2010, without public tender, was given the contract for the conversion of radio and TV from analogue to digital ("digital migration"). The deadline is 17 June this year. Government said the secret contract was necessary because EximBank of China was providing \$223 million. But last month government admitted that the deadline would not be met because China never approved the loan. (*News Reports & Clippings* 251, 15 April 2014; *Notícias, O Pais* 20 April 2015)

Other China links

The Anatomy of the Resource Curse: Predatory Investment in Africa's Extractive Industries, published in May by the US Department of Defense's Africa Center for Strategic Studies, highlights the role to the Chinese owned 88 Queensway Group, based in Hong Kong. Founded by Sam Pa, it has minerals in other investments in several African countries. The report publishes a picture said to show Mozambican Ambassador Antonio Inacio Junior and Sam Pa visiting "a project site in Mozambique" in 2012. The report says Queensway gave a \$300,000 loan to the ambassador. The Financial Times last year claimed China International Fund (CIF), part of the Queensway Group, has mining interests in Mozambique.

<http://africacenter.org/wp-content/uploads/2015/05/ASR-3-Apr-2015.pdf>

China and Mozambique by Chis Alden and Sergio Chichava and published last year by Jacana in South Africa is the best book on the subject, and cites CIF as having set up CIF-Moz, a joint venture with SPI, the Frelimo party holding company, with interests in tourism, minerals, and construction.

In an interview last month with LUSA, Chichava warned that "Chinese businessmen allied to Mozambican elites continue their rampant logging, to the detriment of local communities, who see their resource extracted with no benefit." He is a researcher at IESE (Instituto de Estudos Sociais e Económicos, Social and Economic Studies Institute) in Maputo.

http://dinheirodigital.sapo.pt/news.asp?id_news=229357

Timber crackdown in Sofala

No new logging permits have been issued in Sofala for the season which started 1 April as part of a corruption crackdown by governor and former labour minister Helena Taipo. Each licensed

forestry operator must pay 20% of its income to local communities. Taipo found the operators were depositing the money in accounts operated by the Forestry and Wildlife Services, but the money never reached the communities. Furthermore, 90% of logging in Sofala is done by unlicensed operators with the complicity of bribed senior government officials. (AIM, MediaFax 11 May)

New criticism of ProSavana & Rio Lúrio project

The Spanish NGO grain issued two statements yesterday (11 May) attacking ProSavana and a claimed major irrigation scheme on the Rio Lúrio (See *News reports and clippings* 286, 7 May).

It now reports that the Rio Lúrio dam and irrigation schemes will cover 240,000 hectares, displace 100,000 people and have an impact on 500,000 people. An article by Grain shows what it says is a project map presented at a meeting in Maputo in January. <http://www.grain.org/article/entries/5212-mozambique-s-council-of-ministers-must-say-no-to-resettlement-of-100-000-in-the-nacala-corridor>

Meanwhile, ProSavana has been giving public meetings in Nampula and Niassa on its draft strategic plan. In a long statement issued yesterday, the Nampula Catholic Justice and Peace Commission and the academic NGO ADECRU (Comissão Arquidiocesana de Justiça e Paz de Nampula e Acção Académica para o Desenvolvimento das Comunidades Rurais) call for the meetings to be stopped. They say they have no legal standing but will be claimed as community consultation. They claim the meetings are "politicised, lack transparency, are intimidating, tribalised, party-based, and manipulated", and they claim district directors of the security service SISE were presented at the meetings and that members of Frelimo and its women's (OMM) and youth (OJM) organisations attended.

In Monapo they quote district administrator Salvador Talapa telling a meeting "Prosavana is a government programme and should move forward. We cannot hear the voice of anti-development. Prosavana should be discussed by the people of Monapo and not by the people of civil society using the peasants to make money. We must accept this programme here in Monapo." <https://adecru.wordpress.com/2015/05/11/exigimos-a-suspensao-e-invalidacao-imediata-da-auscultacao-publica-do-plano-director-do-prosavana/>

Other news

Anadarko says no sale. Anadarko had denied reports by Reuters that it is negotiating to sell off its Rovuma Basin gas assets to Exxon Mobil or Qatar Petroleum. Meanwhile, *African Energy Intelligence* (5 May, 31 March) reports that delays by both Anadarko and ENI make it unlikely that gas will be delivered in 2019, while fights between Anadarko and ENI over LNG plants and the boundary of their gas fields are also causing delays.

Deflation: The National Statistics Institute (INE) announced on 8 May that the rate of inflation in Mozambique in April, as measured by the consumer price indices for the three largest cities (Maputo, Nampula and Beira), was negative, at minus 0.98%. This follows falls in inflation since the beginning of the year - 1.84% in January, 1.56% in February and 0.06% in March.

Floods: Exceptionally heavy rains and floods earlier this year in Zambézia province killed 150 people and displaced 150,000 people, of whom 52,000 are still in resettlement camps. Roads were damaged and 67 bridges destroyed. (AIM 8 May) Disruption to electricity in Nampula caused by the Zambézia floods washing out power lines, plus flood damage to the Nacala railways, caused a dramatic fall in cargo being exported through Nacala port. (O Pais 23 April)

Rio Tinto still owes \$277 mn in capital gains taxes for its purchase of its Moatize mine from Riversdale in 2011, the head of the tax authority (Autoridade Tributária, AT), Rosário Fernandes, said on 24 April. (O Pais 27 April) Riverdale sold the mine for \$3.6 billion, but Rio Tinto later sold

the mine for just \$50 million and sacked its two top executives.

Cotton and contract farming: 15,000 tonnes of cotton was sold across the border in Malawi, Zambia and Zimbabwe last year because traders there were paying higher prices, according to Gabriel Papossoco, deputy director of the Cotton Institute (IAM). He argues that the difference in price is caused by contract farming companies providing seeds, pesticides and other support on credit, and these costs are deducted when the cotton is sold. (*Notícias* 1 April) Mozambique uses a system of exclusive contracts and farmers must sell to the contract company.

Investors are abandoning the Nacala special economic zone because of the lack of water and electricity. (*O Pais* 6 April)

Irrigation tender: Management of the Chimunda irrigation system on the River Save in Inhambane is to be put out to international tender. *Notícias* (31 March) reports poor management until now, with only 989 hectares of the 3365 ha actually being used.

Maputo ring road will only be finished by December this year. The original deadline was December 2014. (*AIM* 10 May)

No end to 'My Love': Maputo hopes to have its Brazilian Bus Rapid Transit system running by 2017, but in the meantime local transport continues to deteriorate. Increasing numbers of passengers are carried in open lorries, known by the English "My Love" because passengers have to hold on to each other in order not to fall out. Articles appear regularly in the local press (*O Pais*, 14 April). A nice article (in English), from which the photo by Dércio Tsandzana is taken, is on <https://globalvoicesonline.org/2014/05/12/commuters-dont-love-mozambiques-haphazard-my-love-trucks/>



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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 **KAPICUA**, Rua Fernão Veloso 12, Maputo; Tel.: +258 21 413 201 or +258 21 415 451
Telm.: +258 823 219 950 E-mail: kapicudir@tdm.co.mz / kapicuacom@tdm.co.mz

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

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 also as an e-book and
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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>

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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Joseph Hanlon

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Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

On Facebook:

@Verdade: <https://www.facebook.com/JornalVerdade>

CanalMoz: <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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