

MOZAMBIQUE News reports & clippings

302 12 November 2015 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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This newsletter can be cited as "Mozambique News Reports & Clippings"

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 is on <http://bit.ly/chickens-beer>

London: Mozambican Professor **Alcinda Honwana** will give a talk in London - "**Enough!**": **Will youth protests drive political change in Africa?** The talk is on Wednesday 18 November 2015, 6.30-8.00pm at the Sheikh Zayed Theatre, New Academic Building, London School of Economics, Sardinia St & Lincoln's Inn Fields, WC2A 3LJ. For more information <http://bit.ly/1HCclbU> and her linked Oxfam blog <http://bit.ly/1Qdtgim>

Government disarming Renamo

Army and police have been attacking Renamo bases for the past month, with the goal of disarming Renamo. There has been fighting reported in Gorongosa and Inhamitanga in Sofala (near Renamo's old bases) and in Morrumbala in Zambezia (where Renamo said it was setting up a new base). Interior Minister Jaime Monteiro said the action began on 9 October with the disarming of Renamo head Afonso Dhlakama's presidential guard in Beira.

Deutsche Welle (30 Oct) reported heavy fighting in Morrumbala on 28 October with police and civilians killed. Police commander Jorge Khalau on 30 October confirmed the 28 October fighting but said only that houses had been burned. (AIM En 31 Oct) Fighting in all three places has caused hundreds of local residents to flee from their homes. (Lusa 6 Nov, Deutsche Welle 5 Nov)

After the 12 and 25 September attacks on Dhlakama's motorcade *Savana* and other media had reported splits in government and Frelimo. In the past two weeks there has been an effort to show unity and confirm the decision to disarm Renamo. Khalau and Monteiro, who had been accused of opposing President Filipe Nyusi, made their statement two weeks ago. Monteiro followed this up in parliament on 4 November when he said that if the Renamo gunmen do not hand over their weapons voluntarily, they will be disarmed coercively, adding that "the possession and use of weapons of war is the exclusive prerogative of the State". (AIM En 4, 5 Nov)

But the broader agreement was shown when Prime Minister Carlos Agostinho do Rosario told parliament on 5 November that the country's defence and security forces "will continue to collect weapons that are in illegitimate hands". And Lusa (9 Nov) reports the Nyusi, speaking in Angola 9 November, said that Mozambique must follow the Angolan model and disarm guerrilla groups which have become political parties.

Meanwhile, Renamo General Secretary, Manuel Bissopo, told parliament Thursday 5 November that Renamo wants continued dialogue with government, but that it now wants to do away with the national mediators and insists on international mediation. President Filipe Nyusi told Catholic bishops on Sunday 8 November that he still wanted to talk with Renamo head Afonso Dhlakama, but it was "difficult" to contact him. And he explicitly rejected Renamo's call for international mediation, saying "I think this is a matter that can be solved at home. I see no reason for choosing

another country to solve this." (AIM En 5, 8 Nov)

The Catholic bishops are usually seen as closer to Renamo, while Protestant church leaders who have become the main domestic mediators are seen as closer to Frelimo. In an interview with Voice of America (Pt 10 Nov) Renamo spokesman António Muchanga said Renamo would accept mediation by the Catholic church of Mozambique and the international community.

IMF loan requested

For the first time in a decade, Mozambique has asked for a loan from the IMF. This results from what the IMF calls "short term challenges" to the economy, including:

+ Exports have stagnated as commodity prices have fallen, while "imports have continued to grow at a fast pace of 17% year-on-year".

+ This is linked to "excessively expansionary policies in 2014 (especially on the fiscal side)". An earlier report noted that "one-off factors explain about half of the fiscal loosening, with electoral spending accounting for 0.9% of GDP, and the inclusion in the budget of the non-commercial spending of EMATUM representing 2.8% of GDP."

+ "Capital inflows have also declined substantially compared to a year ago", partly due to delays in investment in gas and coal. "This has created pressures in the foreign exchange market and has caused a sharp decline in international reserves and a depreciation in the metical."

(<http://www.imf.org/external/np/sec/pr/2015/pr15488.htm>

<http://www.imf.org/external/pubs/ft/scr/2015/cr15223.pdf>)

President Nyusi himself added that the fall in foreign aid had also led to reduced foreign reserves. (O Pais 30 Oct)

The government informally tries to peg the metical to the South African rand at around 3 Meticais to 1 Rand, in order to keep imports of food and other goods to Maputo relatively cheap. The current rate is 3.1 MT = 1 Rand. But the US dollar has risen dramatically in value compared to other currencies, moving from 34 MT = \$1 in June to 44 MT = \$1 now. This makes debt service and imports of goods priced in US dollars much more expensive.

The IMF team that visited Mozambique 14-28 October agreed a \$286 million loan, which must be approved by the Executive Board in mid-December.

Several countries, including Mozambique, stopped taking IMF loans a decade or more ago because of the harshness of IMF conditions. Donors demand that recipient countries have IMF programmes, so the IMF created the Policy Support Instrument (PSI), which is negotiated with the countries and has softer conditions which cannot be enforced. Going back to borrowing means that the IMF will now impose stricter conditions.

Mozambique missed four targets agreed under the PSI and there have been "delays ... in the implementation of a number of structural reforms supported under the PSI." These will probably be imposed as conditions of the new loan.

The IMF will make a number of demands, including raising "administered prices". Electricity prices were increased by nearly 20% on 1 November - unexpectedly and with no public announcement. Bread prices were increased by 25% and 50% (depending on the size of loaf) in early October. The IMF also noted that "monetary policy tightening and substantial moderation in credit expansion is also required."

And there is a need to "make public spending more efficient and transparent, and support more inclusive growth." A July IMF statement noted that the rate of poverty reduction compared to GDP growth "is one of the lowest in the world, and more inclusive policies are needed, including focused public spending on social and pro-poor programs." That report also called for "new rules to prepare lists of priority investment projects" and for Mozambique to learn the "lessons derived from the EMATUM case." Conditions for this will surely be part of loan package.

The Bank of Mozambique has raised interest rates, and under IMF pressure further increases are expected. The Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) had been cut from 8.25% to 7.5% in November 2014 but is now raised to 7.75%. The Standing Deposit Facility (the rate paid by the central bank to the commercial banks on money they deposit with it) increases from 1.5% to 2%, while the Compulsory Reserves Coefficient - the amount commercial banks must deposit with the Bank of Mozambique – rises from 8% to 9%. (AIM En 27 Oct)

Private agencies have lowered Mozambique's credit rating. Moody's cut the rating from B1 to B2, in August. Fitch also revised the country's rating downwards from B+ to B, on October 31, saying that the country's fiscal profile has "deteriorated sharply over the past year, reflecting high budget deficits, a rapid rise in public debt, volatile government revenue and a widening wage bill".

Triple administration leads to confrontation in Maxixe

Frelimo and government have moved over the past five years to tighten central control over the 53 municipalities with elected governments. Although the municipalities have partial autonomy with elected mayors and assemblies, they are also treated as districts and have a district administrator appointed by the government, and the Frelimo party officials remain powerful. This is a source of confrontation in the four municipalities controlled by the MDM. But the latest confrontation has occurred in Maxixe, Inhambane, which is totally Frelimo.

The Maxixe district administrator and the Frelimo first secretary in Maxixe accuse Mayor Simao Rafael and vereador (local minister) for planning Jacinto Chauque of corruption in public tenders and the award of road building contracts. Chauque was arrested and on 2 November Rafael went to the office of the Maxixe police commander, Manuel do Nascimento to demand Chauque's release. Rafael was in turn arrested, accused of assaulting the police commander. The Inhambane provincial attorney's office ordered Rafael's release, saying his detention was illegal.

Matansuka says no one died

No one was killed in the strike at the Matanuska banana plantation, contrary to our report two weeks ago (*News reports and clippings* 301), according to Tricia Wallace, Matanuska Chief Financial Officer.

Also, the photograph we published was incorrectly identified as of Panama disease. In fact, it shows the seeds of a wild banana. (<http://panamadisease.org/en/infofacts> - which also has more information on Panama disease.)

Matanuska is owned by Norfund and Rift Valley holdings. We now have an updated ownership profile. Rift Valley is a Zimbabwe-based company, majority owned by family groups, the German von Pezold family (whose interests are managed by the Zimbabwe-based Heinrich von Pezold) and Høegh Capital Partners of the Norwegian shipping family. Leif O. Høegh is a director of Rift Valley. (The two different spellings of the family name are given on the company website, <http://www.hoegh.co.uk>)

Rift Valley also has interests in Tanzania and Zimbabwe. Its interests in Mozambique consist of Matanuska Mozambique Lda, Florestas de Niassa, and Grupo Madal. (riftvalley.com)

Architect Pancho Guedes died, age 90, Saturday. An interesting and prolific architect, he designed many buildings in colonial Lourenço Marques (now Maputo). On Google go to: [pancho guedes buildings maputo images](#) to see photos of buildings which those who know Maputo will recognise.

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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
<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

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This newsletter can be cited as "Mozambique News Reports & Clippings"
Also on the web: Previous newsletters and other Mozambique material are posted on
bit.ly/mozamb

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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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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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