

MOZAMBIQUE News reports & clippings

314 20 March 2016 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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The Mozambican experience

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Also in this issue:

Ematum - downgrading

Timber company Green Resources in trouble

Ongoing small war:

Mediators arrive, violence continues, but no provincial takeover yet

It has been a week of confusion in Mozambique's small war, with the arrival of would-be mediators, no attempt by Renamo to govern in six provinces (while still threatening to at least move on districts this month, March), and various denials by the government.

Mario Raffaelli, who was representative of the Italian government and head of the group of four mediators in the negotiations in Rome that culminated in the 1992 peace agreement, returned to Mozambique on a peace mission. He met President Filipe Nyusi Wednesday (16 March) and said he intended to fly to Sofala to meet Renamo head Afonso Dhlakama. Voice of America reports that on Friday (18 March) Dhlakama and Raffaelli had a long telephone conversation. But VoA reported that Dhlakama was said to have talked simply out of courtesy and he told Raffaelli that the most useful thing he could do was to push for the acceptance of the mediators demanded by Dhlakama - the Catholic Church, European Union, and Jacob Zuma. (AIM En 16 Mar, VoA 18 Mar) *O Pais* (17 March) pointed to an interview with Raffaelli in 2014 in which he said it was necessary to recognise the importance of Dhlakama to the country. Raffaelli is not alone and a British potential mediator is also in Mozambique,

In an interview recorded Monday (14 March) for DW Africa Dhlakama said that before the end of the month "We shall take over several districts in each province and establish the norms, our administrations" - the first indication that the targets would be district rather than provincial capitals. "I can guarantee that, before 31 March, you will hear that Renamo, in the provinces where it had a majority of votes, has taken so many districts," he said. Meanwhile, Renamo MP José Manteigas told parliament Wednesday (16 March) that Renamo would at least start to govern in six provinces this month, as promised. He also claimed that Renamo had won all elections since 1994. (*O Pais* 17 Mar, AIM En 15, 16 Mar)

Although there have been widespread reports by Human Rights Watch and foreign and domestic press that people are fleeing to Malawi from Tete because of abuses by the army, "these allegations are not true" said Deputy Justice Minister Joaquim Veríssimo. He said that in a visit to the affected areas he was told by traditional leaders that it was Renamo that was committing the atrocities, and had killed six communities leaders. Refugees in Malawi have blamed soldiers trying to track down Renamo. About 250 people a day are fleeing to Malawi and the number of Mozambicans there has risen to 11,500. Malawi and the UN High Commissioner for Refugees will open a second camp. (*O Pais* 14, 16 Mar)

PREDICTION: In the next two weeks, Dhlakama will announce that in support of the efforts by Raffaelli, imposing Renamo rule in six provinces has been postponed. *jh*

Other war news

- Three people were killed and 27 injured in 8 Renamo attacks in Sofala, Zambézia and Manica during the previous week, police spokesman Inácio Dias said Tuesday. Traffic accidents in the same period killed 27 and injured 40. (*O Pais* 16 Mar)
- Riot police (Unidade de Intervenção Rápida, UIR) are accused of kidnapping Isaias Rondinho in Nicoladala on Saturday 12 March, and on Thursday 17 March the police said they have no information. At a public meeting in Inhassoro with the new Inhambane governor Daniel Chapo, local people complained about mistreatment by the police, including beating and holding people in secret. (*O Pais* 18 Mar)
- Police say that a fight at a tourmaline mine in Mavonde, Manica, was not against Renamo but against illegal artisanal miners (garimpeiros). Lusa reports that the newly discovered mine is next to a Renamo base, so the garimpeiros may be members of Renamo. (AIM Pt 19 Mar; Lusa 18 Mar) Lusa (15 March) and *Diário de Moçambique* (18 March) both report that Afonso Dhlakama has a tourmaline exploration concession in Nhampassa, Barué, Manica and that a mine there is being exploited by Renamo. *Diário* says that some Renamo miners moved from Nhampassa to the nearby Mavonde mine.
- The National Peace and Reconciliation Fund, set up in 2014 to benefit former fighters on both sides, has funded 1106 projects worth \$2.5 million, but only 27 of the beneficiaries are from Renamo. (*O Pais* 15 Mar)
- The French ambassador to Mozambique, Bruno Clerc, demanded that more be done to solve the murder of the Franco-Mozambican constitutional lawyer Gilles Cistac, gunned down in Maputo on 3 March 2015. Clerc was speaking at a ceremony naming the library of the Law Faculty of Eduardo Mondlane University in honour of Cistac. Some have linked the murder to Cistac's published view that the constitution would allow the creation of "autonomous provinces" as demanded by Afonso Dhlakama. (AIM En 18 Mar)
- In a further consolidation of this control over the military, President, Filipe Nyusi, sacked air force commander Luís Raul Dique Massimaculo, who had been appointed by Armando Guebuza 8 years ago. Unusually, no replacement has been named.

Ematum: good deal for bondholders but rating agencies object

Credit rating agencies Standard and Poor's and Moody's have both downgraded Mozambique's debt because of the renegotiation of the Ematum bond. Moody's now rates Mozambique's bonds speculative and high risk. (AIM En 17 Mar)

But Bloomberg (17, 18 Mar) reports that bondholders seem pleased. It quotes Marco Ruijer of NN Investment Partners, the fifth biggest holder of Ematum securities, to say that Mozambique has "proven that they want to do an investor-friendly deal."
(<http://www.bloomberg.com/news/articles/2016-03-17/mozambique-tuna-yields-rise-as-coupon-on-new-bond-set-at-10-5>)

The government on Thursday (17 March) proposed giving investors interest-only government bonds maturing in January 2023 in exchange for \$697 million of amortizing notes due September 2020 issued by Ematum. The interest rate on the new debt will be 10.5%, up from 6.305%, but would mean Mozambique won't have to make regular principal repayments, lowering its annual debt-service costs. Bonds are being exchanged at a discounted rate, 80 cents to the dollar. Bondholders who agree to the terms by March 23 will be able to swap their holdings at a ratio of 105%, while those who wait until the March 29 final deadline will receive bonds equivalent to 100% of their holdings.

The value of bonds is hard to calculate, because of the discounts and bonuses. The *Financial Times* (FT) says that the real effective interest for the bondholder on the original debt was much higher, 8.5%, because the bonds were sold at a discount on face value. The FT also reports that "Ematum's creditors may well get away without losing money." (There are two FT items on 17 March, a full page article in the main newspaper and a blog by Joseph Cotterill on FTAlphaville <http://ftalphaville.ft.com/2016/03/17/2156718/a-mozambican-bond-offer-so-good-its-bad>)

Bondholders are expected to meet in London on 1 April to vote on the proposal. Mozambique needs the consent of 75% of voters by volume of bonds held for the swap to be completed, according to Bloomberg. Finance Minister Adriano Maleiane is currently doing a world tour to convince bond holders to accept.

Meanwhile Cotterill's blog attracted a series of comments saying that since the initial interest rate was excessive and it was obvious that the bond was much larger than necessary to buy the tuna boats, then the debt should be treated as "odious" and thus invalid and should not be repaid.

Timber company Green Resources in trouble

Green Resources, the Norwegian forestry company that now controls most of the plantations in Niassa and the Lurio plantation in Nampula, lost \$48 million in the 2015 financial year despite a significant reduction in spending in Mozambique. Zitimar (17 March) reports that Green Resources is currently running on loans from shareholders while it attempts to raise more capital to fund its operations until it starts to turn a profit. If it fails to raise the capital it needs, the company said it "will have to curtail operations until cash flow turns positive".

Green Resources took over the Global Solidarity Forest Fund (GSFF) in 2014, and has since reduced its valuation of the trees in the troubled Chikweti plantation, the biggest project in the GSFF portfolio, by \$19 million. A group of three development banks agreed to lend \$40 million, but have withheld \$6.5 million of that total as they did not approve Green Resources' business plan following the merger with GSFF.

Revenues of \$16 million in 2015 were the company's lowest since 2011. After 20 years of operation, the company has yet to pay a dividend.

COMMENT: In our book *Galinhas e Cerveja*, we pointed out that **no** new plantation project in Mozambique has succeeded since independence 40 years ago. With the exception of the old colonial sugar plantations, large plantation-scale farming does not work. Green Resources seems to be proving the rule, yet again; a reminder that big foreign investors are often wrong. *jh*

- **GRAPHITE MINER** Triton Minerals has been put into administration and its mines in Cabo Delgado could be sold. Triton says its Balama North mine, in the west of Cabo Delgado, holds the world's largest graphite resource. But to try to cut transport costs, it had announced it would switch its attention to Ancuabe, closer to the port of Pemba, (Zitimar 18 Mar)

Kidnappings of businessmen; murders of albinos

Kidnappings continue; Abdul Razak Abdula (known as Razak) was taken in Tete 11 March and his kidnappers demanded \$2 million. In January a Tete Chinese businessman, Lee Yit, was kidnapped and is still missing. The ransom demand for Lee Yit was \$100,000. (AIM En 15, 16 Mar)

Meanwhile the past year has seen a wave of kidnappings and killings of people affected by albinism, who lack a pigment in the skin, hair and eyes due to absence of melanin. Albino body parts are apparently believed to have miraculous powers, and it is said that *curandeiros* (traditional healers) will pay 2 million meticaís (\$40,000) for a set of internal organs to use in ceremonies. In recent months, seven albino children under five years old have been kidnapped in Tete, while five people affected by albinism have been killed in Cabo Delgado. In Mueda, Cabo Delgado, two weeks ago a man affected by albinism and his wife were given a lift by someone on a motorcycle; the motorist stopped in the bush, injured the wife with a machete, and then killed the man and dismembered him. On 6 February in Moatize, Tete, armed men invaded a house to take a seven-year-old child affected by albinism. On 11 March three men were arrested in Sanga, Niassa, accused of killing a 15 year old boy with albinism, taking the bones from his arms and legs, and leaving the rest of the body; they were arrested with the bones. In February three men were arrested in Erati, Nampula in February with body parts of someone affected by albinism. More than 50 alleged kidnappers and killers of people with albinism have been arrested countrywide. (@Verdade 16, 17 Mar, 9, 16 Feb; AIM En 15, 16 Mar)

In brief

- CIP's report on the **gas pipeline**, "Profin Consulting, SA - a company that belongs to the Chipande family" is available in English, on http://www.cip.org.mz/cipdoc/443_CIP-a_transparencia_49_eng.pdf
CIP (Centro de Integridade Pública) now publishes a weekly investigation (usually only in Portuguese). To subscribe send a note to cip@cip.org.mz. Today's report points to criminal investigations of prominent people in Brazil and Portugal and asks why this does not happen in Mozambique. (www.cip.org.mz)
- 130 km of roads closed by rains during the 2014/5 rainy season are still closed and were never repaired because central government never released the money, according to Nampula governor Victor Borges. (*O Pais* 18 Mar)
- A floating power station has arrived in Nacala, to serve both Mozambique and Zambia. But the proposed power station on the north side of the Cahora Bassa dam has been postponed indefinitely. Meanwhile ongoing and unplanned electricity cuts in Maputo and Matola are causing problems for industry. (*O Pais* 14, 15 Mar) Cuts in Maputo and Beira are widely blamed on the failure of Electricidade de Moçambique (EDM) to do sufficient maintenance in recent years.
- Five women were arrested Friday when they demonstrated against the prohibition of short skirts in secondary schools in Maputo. (*O Pais* online 18 Mar)
- Soldiers who deserted from the army before 1994 are now claiming pensions, according to Minister for Veterans' Affairs Eusebio Lambo, including 1,170 deserters from Tete and 220 deserters who had fled from Sofala into Malawi; in Manica an entire battalion of 429 men was informally and illegally demobilized by their commander. Lambo reported that there are a

surprisingly large number of 95,743 veterans from the liberation struggle of 1964-1974 receiving pensions, plus 93,944 who fought during the war of destabilization on both the government and the Renamo sides. (AIM 16 Mar)

- Most of the medical equipment donated to Beira Central Hospital last year by the Rotary Club of Australia was stolen, and ended up in a private clinic. (AIM En 15 Mar)

- Salvador Namburete, energy minister under Armando Guebza, will head the new Mozambican branch of the Portuguese Banco de Investimentos Global (BIG). (Zitimar 15 Mar)

- Four companies are moving forward with coal-fired power stations in Tete to use low grade thermal coal that cannot be exported. They are: Jindal (India), 42 MW; ICVL (India), 200 MW; ACWA Power linked to Vale's Moatize coal mine, 300 MW; and Nkondezi Energy hoping to involve Shanghai Electric Power, 300 MW. (Zitimar 14 Mar)

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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
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Please email j.hanlon@open.ac.uk.

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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)
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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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NOTE OF EXPLANATION:

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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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