

# MOZAMBIQUE News reports & clippings

322 24 May 2016

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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://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>

**Gas for development or just for money?** is on <http://bit.ly/MozGasEn>

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**Also in this issue: Debt, war, talks**

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## TV commentator shot; protest organiser beaten

Two people who have spoken out against the government have been the victims of targeted attacks.

Yesterday morning (Monday 23 May) José Jaime Macuane was kidnapped and shot. His car was hit and when he got out to check he was kidnapped by armed men. He was later dumped and told to run and was shot four times in the legs. Macuane's father-in-law said the kidnappers said they were told to shoot Macuane to leave him crippled. Macuane is recovering in hospital, but with one leg badly damaged. (O Pais 24 May, AIM En 23 May)

Macuane is a lecturer in social sciences at Eduardo Mondlane University and one of the regular commentators on the Sunday night talk show "Pontos da Vista" ("Points of View") on the independent television station STV, now the most important TV station. "Pontos da Vista" is notable for its critical stance, and its willingness to subject government policies and statements to sharp scrutiny. In one of his latest interventions on this programme, Macuane remarked "When the state does not clear up crimes, the state is showing that it survives off organized crime". (AIM En 23 May)

On Friday morning (20 May), an attempt was made by armed men to kidnap João Massango. He was rescued by the local community, but not before being beaten by the would-be kidnappers. He is president of one of the small green parties, Partido Ecologista Movimento da Terra-PEC-MT. He was on his way to a press conference to announce the route of a protest march on Saturday. The march had been organised by a range of small parties, but was not backed by either main opposition party, MDM or Renamo. The march had been banned by the Maputo city authorities, and after the attack on Massango, it did not take place.

The government has been anxious to prevent demonstrations such as the one in 2010 in which 13 people died and the government was forced to reverse price rises.

There have also been nasty and racist organised campaigns by trolls on social media attacking critics of the government. This has included "wanted" posters with pictures of the people being attacked. There was such a campaign against UEM academic Gilles Cistac last year before he was gunned down. Prominent civil society figures and their families have been the subject of

threatening telephone calls. At least one prominent Mozambican academic at UEM has been frightened enough to temporarily leave the country.

**COMMENT:** This is an organised campaign and it has been at least partly successful - people are more frightened than I have seen before. But the general public, at least in Maputo, is discussing the debt crisis very openly and is critical of the government, building on a simmering resentment about perceptions of growing inequality. *jh*

## \$ crisis deepens as government fails to pay

Mozambique Asset Management (MAM), was unable to make the \$178 million payment due yesterday (23 May) and the government, which guaranteed the loan, also failed to come up with the cash, Reuters reported (23 May). The government is still in negotiations with foreign creditors behind the loan, organised by Russia's VTB Bank. The loan is one part of a package of \$2.3 billion in government guaranteed loans organised in secret in 2013 and only recently revealed.

On Monday, ratings agency Fitch downgraded Mozambique's credit rating to 'CC' from 'CCC', "which indicates that a default of some kind appears probable. ... Fitch now estimates annual public debt service costs to have almost doubled due to the hidden loans, to around 4.5% of GDP." Fitch notes that "foreign reserves fell to \$1.75bn in mid-May (from \$1.85bn in early April and \$2bn at end 2016) as exports continue to struggle." <http://www.reuters.com/article/idUSFit959912>

Local businesspeople report that they are now unable to obtain dollars for imports, and some imported items such as rice are disappearing from the market.

Yesterday parliament announced a special session 8 and 9 June for the government to give more details on the debt.

The IMF mission originally scheduled for April and May will now take place in June. At a press conference Thursday in Washington, IMF Communication Director Gerry Rice, said the missions was "to gather the facts, undertake the due diligence as needed; and as I said, assess the macroeconomic implications" of the secret debt which had not been reported to the IMF. Then there will be extensive discussions about a new agreement and "structural conditionalities", meaning austerity measures. Thus the very earliest Mozambique could get any money from donors or the IMF would be late July - and more likely much later. That, in turn, suggests that the economic crisis, with continued inflation and devaluation, will continue for some months.

Chatham House, in a 16 May report on the debt crisis by Alex Vines, says that the "government faces its greatest test since the end of the civil war in 1992. Undisclosed loans and debt, worsening armed conflict with the former rebel group Renamo and bad drought in the south and centre of the country highlight the fragility of the Mozambican state." <https://www.chathamhouse.org/expert/comment/how-can-mozambique-manage-its-debt-crisis?>

Vines continues: "Nobody anticipated the dramatic slump in commodity prices and, worryingly, lessons from the global financial crisis seem not to have been learned, given the predatory lending by Credit Suisse and VTB Bank. All of [the secret] loans also broke Mozambique's own budgetary ceilings and agreements with donors. None of Mozambique's institutions were consulted. The banks are not the only ones to blame. Oil and gas company Anadarko talked up their prospects of gas production by 2020, but no final investment decision (FID) has been announced. The IMF also predicted that Mozambique's economy could grow by over 24% from 2021 because of gas - adding to the anticipation. ... Belief that over \$100 billion was being invested into gas prompted the country's elites to seek to carve out their share."

## How much is \$2.3 bn?

Finance Minister Adriano Maleiane told parliament that the government debt and guarantees total \$11.64 billion, of which \$9.84 bn is foreign (hard currency) debt and \$1.8 bn is domestic (Meticais) debt. So total debt is 107% of GDP and the foreign debt is 90% of GDP - both considered very high.

The estimate of the government guaranteed loans taken in secret in 2013-4 is about \$2.3 billion. This is a huge amount of money. It can be visualised in three ways:

- It is \$80 for each man, woman and child in Mozambique. The median rural cash income is below \$25 per person per year - so for half the rural population, it would take their entire cash income for more than three years to pay their share of the debt.
- \$2.3 bn is exactly Mozambique's entire tax revenue in 2015.
- \$2.3 bn is the wage bill for two years for everyone working for the government - ministers, directors, nurses, teachers, cleaners, drivers, etc.

The table below shows how these estimates were derived.

### IMF estimates of 2015 government finances, in Meticais with exchanges rates at the time (end 2015) and now

	billion Meticais	\$ bn Jan 2016 (\$1 = 45 Mt)	\$ bn May 2016 (\$1 = 55)
<b>Revenue</b>	<b>151</b>	<b>3.4</b>	<b>2.7</b>
of which			
tax	129	2.9	2.3
other	22	0.5	0.4
<b>Expenditure &amp; lending</b>	<b>211</b>	<b>4.7</b>	<b>3.8</b>
of which			
current expenditure	127	2.8	2.3
of which			
wages	64	1.4	1.2
capital expenditure	78	1.7	1.4
of which			
domestically financed	36	0.8	0.6
externally financed	42	0.9	0.8
externally financed loans to public enterprises	5	0.1	0.1
<b>Gross aid</b>	<b>56</b>	<b>1.2</b>	<b>1.0</b>
of which			
budget support	14	0.3	0.2
other	46	1.0	0.8
<b>GDP</b>	<b>598</b>	<b>13.3</b>	<b>10.9</b>
Population	28 mn		

<http://www.imf.org/external/pubs/ft/scr/2016/cr1609.pdf>

IMF staff review for the article IV consultation, Tabela 1 and 2, pp 31-2, 3 Dec 2015 (before the recent debt revelations)

## Ematum boats unfit

The Ematum fishing boats bought from France on the \$850 mn secret loan cannot be used for tuna to be exported to Europe, and require expensive refitting, the Minister of Economy and Finance, Adriano Maleiane, told parliamentary commissions last week. (AIM, Noticias 23 May)

The boats were built in a French shipyard but do not meet the European Union's specifications for fishing boats. European inspectors were sent to look at the boats "and recommended adaptations to comply with the requirements", Maleiane said. Ten of the 24 boats are being sent to South Africa for refitting. "The costs involved in refitting the boats are high," he said - so high that they cannot afford to send all the boats for refitting and the rest remain unused in the port.

The boats were delivered in 2015. Just 300 tonnes of tuna was caught in 2015, most of which was exported to China.

## Renamo team named - first talks about talks tomorrow

Renamo has named its team for talks about talks with the government and the first meeting has been scheduled for tomorrow (Wednesday 25 May).

Renamo has named three members of parliament, José Manteigas, Eduardo Namburete and André Magibire. The first two are prominent while the third is less known but said to be trusted by Renamo head Afonso Dhlakama. The government team is former security minister Jacinto Veloso, former justice minister Maria Benvinda Levi, and Alves Muteque, an official in the Presidência who is so unknown that O Pais could not find a picture of him.

There is very cautious optimism. Both sides have nominated reasonable teams - two experienced negotiators and one person close to their president. President Filipe Nyusi made important concessions, notably stressing these were to be unconditional talks about talks and that they could discuss mediation. It is reported that government is now prepared to accept some form of international mediation. Both sides have been rigid and poor negotiators in the past, and mediators could be very useful in finding acceptable compromises.

On Dhlakama's demand to name six governors, both sides have hinted at compromise. There are discussions inside government on ways to define and restrict the powers of governors to be more like mayors, which would allow them to be elected, while Dhlakama has hinted that he too is prepared for some compromise on this.

But these are only talks about talks, so a settlement is still a long way off.

Meanwhile both sides have escalated the fighting. On Monday there were two attacks on buses and other traffic on the N1 road in Sofala between the rivers Save and Zambeze with one person killed. And government military action appears to be increasing in Manica and Zambézia.

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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](mailto:kapicudir@tdm.co.mz) / [kapicuacom@tdm.co.mz](mailto:kapicuacom@tdm.co.mz)

Outside Mozambique, we have a few copies we can send from London.  
Please email [j.hanlon@open.ac.uk](mailto: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](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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**Also on the web:** Previous newsletters and other Mozambique material are posted on [bit.ly/mozamb](http://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

### **Mozambique media websites:**

Noticias: [www.jornalnoticias.co.mz](http://www.jornalnoticias.co.mz)

O Pais: [www.opais.co.mz](http://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/](http://www.macauhub.com.mo/en/)

AIM Reports: [www.poptel.org.uk/mozambique-news](http://www.poptel.org.uk/mozambique-news)

Carlos Serra Diario de um sociologo: <http://oficinadesociologia.blogspot.com>

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