

# MOZAMBIQUE News reports & clippings

333 24 July 2016 Editor: Joseph Hanlon ( [j.hanlon@open.ac.uk](mailto:j.hanlon@open.ac.uk) )

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**Comment: something will turn up:** <http://bit.ly/28SN7QP>

**Oxfam blog: Bill Gates & chickens:**

<http://oxfamblogs.org/fp2p/will-bill-gates-chickens-end-african-poverty/>

**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:**

**Interest rates up 3%**

**4% and 10% devaluation in 2 weeks**

**Budget cut only 1.1%**

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## **Mediators call time-out to impose order on the talks**

After three days of talks between Renamo and the government, the two sides have thrown so many issues on the table and apparently taken such initial hard lines that the mediators have asked to suspend the talks. They want to draft a document with "suggestions and positions" to guide and "create more order in the discussion, taking into account that many things have been raised," said Mario Raffaelli at the end of the third session Saturday. No date has been set for a resumption of talks. (AIM & STV 23 July) Mario Raffaelli, who headed the 1990-92 Rome peace talks, appears to be chair or at least spokesperson for the mediators.

Talks with mediators continued for three days. They opened Thursday (21 July) and the session's spokesperson, Renamo's Jose Manteigas, said "we began discussions about the governance by Renamo in the six provinces. Because this took some time we decided to carry on tomorrow [Friday] in the same place". The Friday session was cut short with a request by Renamo and government negotiators to consult their leaders. Mario Raffaelli, de facto head of the mediators, explained, "as mediators, we raised proposals which the two delegations have to examine and discuss. The delegations have to consult their leaders". (AIM, *O Pais*, Zitamar 20-21 July)

Speaking at the end of the session Saturday, Raffaelli said "today, the delegations presented their proposals. There was a discussion between the two. Now there is a request from our side to create more order in the discussion, taking into account that many things have been raised", Raffaelli said.

As expected, both sides have set out their positions for the start of the negotiations. In a telephone interview 19 July with *Savana* (22 July) Renamo head Afonso Dhlakama stressed there can be no cease fire until "the problems that brought about the military conflict" have been resolved. "If we do not reach an accord with reconciliation, and we do not understand each other, then in a few months the conflict will start again. ... So we are not interested in a cease fire before we solve the problems." He also claimed that it was only military action which forced Frelimo to accept mediators, implying that continued military pressure is part of the negotiations. And he stressed

one of the most important of those points is governing six provinces, and that the constitution must be changed. He also claimed his forces only attack civilian vehicles doing military work, such as civilian buses carrying soldiers.

On the other side, President Nyusi spoke in Luabo, Zambézia, on 22 July and said that "decentralisation is a gradual process that cannot" be speeded up or imposed by armed force. (AIM Pt 22 July) And he told the mediators that the constitution of Mozambique must be followed.

In press conferences Friday, Renamo spokesman António Muchanga said government troops were continuing their artillery attacks on Alfonso Dhlakama's base at Satunjira on the Gorongosa mountain, while Dhlakama told *Savana* that attacks "have been reduced in the past ten days". Sofala governor Helena Taipo accused Renamo of killing a chief in Chibabava Thursday. (Lusa 22 July) In a visit to Mopeia on 21 July, President Nyusi confirmed that there were Renamo attacks, and said this was because the local people refused to denounce the Renamo guerrillas. (*Diário da Zambézia*, 22 July)

## Comment 1      The power to appoint

Since the colonial era, the power to appoint and dismiss without justification - ministers, governors, administrators, and board and company officials - has been the symbol of power, but also has the practical importance of creating patronage and loyalty. In the centralised Mozambican system, the President has that power.

Dhlakama is demanding (and waging war to gain) the power to appoint governors in the provinces where he claims Renamo won elections. (Dhlakama only won more than half the votes in 2 provinces; 4 others were close and in 3 of those Renamo might argue it "won". **See table below**) The key point is that Dhlakama is not demanding elections for governor, but the right to **appoint** governors where he gained the most votes. Furthermore, he demands the right to govern based on the 2014 elections and not wait for 2019 because "it will give Frelimo another chance to prepare a coup to leave us with just 5 MPs and say Renamo is finished."

Dhlakama told *Savana* that that constitution must be changed "to transfer power from Frelimo governors to governors named by Renamo - political and administrative power."

Neither Renamo nor Frelimo trusts elected officials. Dhlakama remains insecure and will not allow anyone to gain enough power to challenge him; the rise of Daviz Simango as a popular and successful mayor of Beira who challenged Dhlakama has underlined his fear of people who are elected and gain an individual power base. Renamo did not stand in 2013 municipal elections. At Dhlakama's insistence, elected provincial parliaments were created in 2006; they could have been an important basis for decentralisation and Renamo won majorities in 3 provincial parliaments in 2014, but Dhlakama has totally ignored them.

A problem for the international community and many Mozambicans is that when he has the opportunity to appoint, too often Dhlakama nominates weak but loyal people, who become ineffective in posts such as on the National Elections Commission. He also tries to keep very tight personal control, often using mobile phones to give instructions to people in meetings.

On the other side, Frelimo also distrusts elected officials. It created municipalities with elected mayors in 1998 and has doubled the number since then. But to keep elected mayors in check, it created a parallel structure, with a nominated governor for Maputo city and nominated district administrators for other municipalities, leading to confusion over powers.

As the governing party for more than 40 years, Frelimo has gained the capacity to appoint trained and competent people to administrative and senior posts, and has the ability to use its patronage powers to keep them loyal to the party. It has also learned how to decentralise power and give general instructions without trying to maintain detailed control. Having never had the power to

appoint, Dhlakama does not have the skill and experience, nor the party structure, to ensure that appointments are both loyal and functional. So giving Dhlakama substantial power to appoint would ensure 5-10 years of weak management while Dhlakama and Renamo learned to manage an appointment-based patronage system.

By putting the demand to govern (and thus appoint) in six provinces as the top agenda item, Dhlakama has made clear the centrality of his demand to have power, and particularly the power to appoint. *jh*

## **Comment 2      Not on the agenda - yet**

Two items are not on the agenda, but surely will be added eventually. One is money, and probably several hundred million dollars will be needed. From the Rome talks 25 years ago, the Renamo leadership has always wanted money and some level of luxury. The current crisis is triggered in part by Renamo (and many ordinary citizens) seeing an increasingly ostentatious life-style by an elite, and demanding a share.

But the *Savana* interview shows another issue, not yet fully formed, that Dhlakama wants something in the agreement to prevent him from being cheated by Frelimo. He seems convinced that without some undefined safeguards, Frelimo will always get around any agreement and marginalise him. He makes clear in the *Savana* interview that he is convinced that he won all five presidential elections and was defeated by fraud. "I met with [former president Joaquim] Chissano various time and I even through we were friends. But it was Chissano who stole the votes from me in 1994 and 99, even though he met with me." The Constitutional Council, the army and the police all take orders from the Frelimo central committee and elections are stolen, Dhlakama said.

"Neither previous accord [in 1992 and 2014] was implemented," he concluded. "We need to create an instrument that involves civil society to supervise the accord, which the Rome agreement lacked." *jh*

## **Mediators list**

A more complete list of mediators was published by AIM (En 22 July):

- + European Union: Mario Raffaelli and Angelo Romano (Santo Egidio).
- + South Africa: Mandisi Mpahlwa (High Commissioner in Mozambique; was Minister of Trade and Industry 2004-9) plus Thanduyise Chiliza, Mandlenkosi Memela, and George Johannes.
- + Vatican: Edgar Pena Parra (Apostolic Nuncio to Mozambique) and Joao Carlos Hatoa Nunes (secretary of the Mozambique Episcopal Conference)
- + Inter Mediate: Jonathan Powell.
- + Global Leadership Foundation: Ketumile Masire and Sir Robin Christopher.
- + Tanzania: Jakaya Kikwete and Ibrahim Msambaho.

## **Did Renamo win in 6 provinces?**

Afonso Dhlakama received the most presidential votes in five provinces - Sofala, Zambézia' Nampula, Tete and Manica - but received more than half of the vote in only two of those. In the other six provinces Filipe Nyusi received the most votes (including Niassa, claimed by Dhlakama as his 6th victory). But the voting was close. In no province did Renamo win a majority of national parliamentary seats and only has the most seats in two (Sofala and Zambézia). Renamo has a majority in three provincial assemblies (Sofala, Zambézia and Tete), which means if - as a compromise - provincial assemblies were allowed to nominate governors, Renamo would have at least three governors. Tables are on the next page and detailed results of the 2014 Mozambique elections are on [bit.ly/MozElec14](http://bit.ly/MozElec14)

### Where Renamo won a majority of votes or seats

Province	President votes	National parliament seats	Prov assembly seats
Sofala	x		x
Zambézia	x		x
Nampula			
Tete			x
Manica			
Niassa			

### Where Renamo won largest number of votes or seats

Province	President votes	National parliament seats	Prov assembly seats
Sofala	x	x	x
Zambézia	x	x	x
Nampula	x		
Tete	x		x
Manica	x		
Niassa			

### 2014 election results, 6 provinces

Province	Presidential Vote			National parliament seats			Provincial assembly seats		
	Dhlak.	Nyusi	Siman	R	F	MDM	R	F	MDM
Sofala	55.9%	35.3%	8.8%	10	8	2	46	29	7
Zambézia	52.8%	39.0%	8.2%	22	18	5	51	37	4
Nampula	49.8%	44.3%	5.9%	22	22	3	45	47	1
Tete	49.6%	46.1%	4.3%	10	11	1	44	35	3
Manica	48.4%	47.8%	3.7%	8	8	0	39	40	1
Niassa	44.4%	48.6%	7.0%	6	7	1	34	42	4

Dhlak = Afonso Dhlakama (Renamo)  
 Nyusi = Filipe Nyusi (Frelimo)  
 Siman = Daviz Simango (MDM)

R = Renamo  
 F = Frelimo

Prov = Provincial

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## Debt and Economy

### Interest rates up 3%

Interest rates were raised again last week, by a huge 3%, in an attempt to make interest rates match inflation. The base rate, the Standing Lending Facility rate paid by commercial banks to borrow from the central bank, was raised 3% to 17.25%, the Bank of Mozambique (BdM) announced on 21 July. The rate had been raised 1.5% last month. This is the seventh rise since October, when the rate was 7.5%. The rate paid to commercial banks for money deposited with the central bank, the Standing Deposit Facility, was also raised by 3% to 10.25%.

BdM also announced a change in domestic reserve requirements, raising the percentage of commercial bank Metical deposits that must be deposited with BdM by 2.5% to 13%, from 22 August. There is no change in the foreign currency reserve requirements, which had increased from 10.5% to 15% on 7 June. The led to deposits of \$207 mn, which increased reserves to \$1,920 mn.

Blame for the economic problems is attributed to "adverse effects of the international environment, natural shocks (floods and drought), the suspension of foreign aid and lower availability of foreign exchange in the market due to the persistent fall in exports, in an environment where the prevailing military tension in some regions of the country, as well as the increase of the country's responsibilities to the outside, without neglecting the successive downgrades of the country's rating by rating agencies." The phrase "country's responsibilities to the outside" is finally an admission of the problems caused by the \$2.3 bn in secret loans.

[http://www.bancomoc.mz/fm\\_pgTab1.aspx?id=16](http://www.bancomoc.mz/fm_pgTab1.aspx?id=16)

## 4% And 10% Devaluation In Two Weeks

The Metical fell 4% against the US dollar and 10% against the South Africa Rand in the past two weeks. US\$ devaluation is 49% since mid-January; there are now 66.6 Meticaïs to the US \$. This is important because most debt is denominated in dollars. But the South African Rand is more important in Maputo because much food and many consumer goods are imported from South Africa. There are now 4.67 Meticaïs to the Rand, compared to 4.23 just two weeks ago and 2.68 in mid-January.

	Meticais per unit, mid rate - Bank of Mozambique			% devaluation at 22 July	
	15 Jan 2016	8 July 2016	22 July 2016	from 15 Jan	from 8 July
SA Rand	2.68	4.23	4.67	74%	10%
US \$	44.62	64.32	66.60	49%	4%

## Budget cut only 1.1%

The revised budget tabled to parliament last week by Finance Minister Adriano Maleiane represents a budget cut of only 1.1%. The revised budget is for Meticaïs 243 bn (now \$3.7 bn) and the reduction is only Mt 2.7 bn (\$40 mn). Government has made cuts of Mt 21.3 bn but added expenditure of Mt 18.6 bn elsewhere, according to a report by CIP (Centro de Integridade Pública). [http://cipmoz.org/images/Documentos/Financas\\_Publicas/AS\\_FALHAS\\_NAS\\_POLITICAS\\_MACR\\_OECONOMICAS\\_FINANCAS\\_PUBLICAS.pdf](http://cipmoz.org/images/Documentos/Financas_Publicas/AS_FALHAS_NAS_POLITICAS_MACR_OECONOMICAS_FINANCAS_PUBLICAS.pdf)

The other detailed report is in *O País* (20 & 22 July) and there are some slight differences in numbers.

The biggest increase is for "other current expenditure" - effectively a government reserve to spend later without further approval - which jumps from Mt 1.3 bn to Mt 10.5 bn (\$19 mn to \$158 mn).

The biggest cut is to domestically financed investment, down 30% (Mt 12.5 mn, \$188 mn down). But there is actually an increased of Mt 4,6 bn in externally funded investment because of the devaluation of the Metical. Spending on education, justice, social action, subsidies, roads, and water is down, but health and debt service spending is increased.

The formal statement to parliament says agriculture and rural development spending increases from Mt 15.3 bn to Mt 16.2 bn (\$230 mn, \$243 mn) but CIP says the budget as approved in December set a much higher level of Mt 19.9 bn (\$300 mn) so, instead of a 6% increase it is a 19% cut.

There are increases for parliament and for the presidential guard (*casa militar*) but cuts in other sectors of the state:

	MT bn	\$ mn	% change
Presidency	1287	19	-8%
Parliament	896	13	1%
Security	17154	258	-5%
<i>of which</i>			
Interior Ministry	8611	129	-6%
Army	5217	78	-8%
SISE - security	1858	28	-3%
Casa Militar	917	14	<b>6%</b>
Defence Ministry	551	8	-8%

## Movement on gas?

Mozambique desperately hopes for movement on gas, in order to generate some income to resolve the debt and financial crisis.

Rex Tillerson, chief executive of ExxonMobil, the world's largest oil company, and Claudio Descalzi, head of ENI, both flew into Maputo last week and met President Filipe Nyusi. ExxonMobil is widely reported as being close to buying control of the giant Mamba gas field, which straddles part of Area 1 controlled by Anadarko and Area 4 controlled by ENI. Such a sale would net the government of Mozambique an estimated \$1.3 bn in capital gains taxes, which could help to solve its debt crisis.

And both ENI and Anadarko appear to be moving ahead on gasfields not linked to the one likely to be sold to Exxon Mobil. Anadarko has been cutting back on staff, but is still moving forward, albeit slowly, with its onshore Liquefied Natural Gas (LNG) plant. Gas would come from the Golfinho field, nearest the coast and unlikely to be sold to Exxon. (Zitamar 21 July)

ENI is reported to be moving closer to a final investment decision and purchase of a floating gas liquification plant for the Coral field, the part of area 4 farthest from the coast of Cabo Delgado, and also unlikely to be sold to Exxon. According to the South Korean news agency Yonhap, a consortium composed of the French company Technip, JGC (formerly known as the Japan Gasoline Company) and South Korea's Samsung Heavy Industries is likely to get the \$5.4 billion contract for the floating LNG vessel. It would liquefy 3.4 million tonnes of natural gas per annum. In February the government gave the go-ahead for the project, and the Environmental Licence has been issued.

## Mozambique's bilateral creditors

Country	Amount \$ mn
China	1,352
Portugal	490
Libya	231
Iraq	231
India	171
Korea	130
Russia	124
Brazil	104
France	101
Denmark	78
Japan	67
Bulgaria	57
Kuwait	38
Angola	31
Poland	22
Spain	13
Romania	12
Austria	10
Serbia	10
Saudi Arabia	9
<b>TOTAL</b>	<b>3,281</b>

Compiled by Thomas Selemene based on Government declarations:

[http://www.mf.gov.mz/c/document\\_library/get\\_file?p\\_l\\_id=11402&folderId=191608&name=DLE-11003.pdf](http://www.mf.gov.mz/c/document_library/get_file?p_l_id=11402&folderId=191608&name=DLE-11003.pdf)

## Other news

**Debt advisors:** The Ministry of Economy and Finance has hired Lazard Ltd. as a financial adviser and White & Case LLP as a legal adviser to assist the ministry with the assessment of Mozambique's current external debt.

**Pyramid warning:** Bank of Mozambique has taken advertisements in local media to warn of a pyramid scheme in which depositors are promised an interest rate of 30% per month. In a pyramid scheme the first depositors do receive their promised high interest, which encourages new depositors and their money is used to pay earlier depositors. But eventually the scheme runs out of new depositors and collapses - leaving the organisers wealthy and depositors out of pocket.

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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

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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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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-it-s-land-detail>

## **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

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NOTE OF EXPLANATION:

One 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, Portuguese:**

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>

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

**Mozambique media websites, English:**

Club of Mozambique: <http://clubofmozambique.com/>

Rhula weekly newsletter: <http://www.rhula.net/news-announcements.html>

Zitamar: <http://zitamar.com/>

Macauhub English: <http://www.macauhub.com.mo/en/>

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

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