

MOZAMBIQUE News reports & clippings

375 5 July 2017

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Also in this issue:

Renamo says no troops have left Gorongosa

Surprising support for non-payment from *Financial Times*

The *Financial Times* (FT) came very close to supporting Mozambique not repaying the secret debt in an editorial on 2 July. It said that the Kroll report goes "some way towards clarifying how grotesque a scandal this was, and how odious the debt that is its legacy." Odious debt is a legal doctrine that holds that debt incurred by a regime for purposes that do not serve the best interests of the nation is "odious", is the liability of the lender, and should not be enforceable.

Thus the use of the term "odious" by the FT is important, and it goes on to say "it would be wrong for ordinary Mozambicans alone to pay the price." It adds that "the banks involved still have questions to answer. Why for one were doubts as to the credibility of the business plans not flagged by due diligence. Kroll also reports that documents show that Credit Suisse initially imposed conditions towards securing the loan financing. These included informing the International Monetary Fund and having the loan agreement approved by the Bank of Mozambique. The reason these conditions were later allegedly dropped remains unclear."

The FT also notes "there are also those within the ruling party who favour repudiating the debt, arguing that the sovereign guarantees granted by a former finance minister were illegal. There may - or may not - be some justification for such a course. That is something for the courts." Not wholehearted support for non-payment, but nevertheless a suggestion that Mozambique would have a case in English courts.

Secret debt documents and report:

Kroll audit Executive Summary <http://bit.ly/Kroll-sum>

Parliamentary Report on the Secret Debt (complete, in Portuguese) bit.ly/MozAR-debt

Key points from the Parliamentary Report on the Secret Debt <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to the \$2.2 billion secret debt <http://bit.ly/3WQ-hanlon>

Other books and reports:

Local media monitoring of Mozambique elections (background of election newsletters)
<http://bit.ly/LSE-newsletter>

Chickens and beer: A recipe for agricultural growth in Mozambique book by Teresa Smart and Joseph Hanlon, **free** English download <http://bit.ly/chickens-beer>

Há mais bicicletas - mas há desenvolvimento? book by Joseph Hanlon and Teresa Smart, **free** Portuguese download <http://bit.ly/Mais-bicicletas>

Minimum wages & exchange rates 1996-2017 <http://bit.ly/MinWage2017>

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

Previous newsletters and other Mozambique material are posted on bit.ly/mozamb

The FT concludes that in 2000 Mozambique "was one of the first countries to benefit from the Highly Indebted Poor Countries initiative that helped clear odious, historic debt. The case for another restructuring is strong." HIPC is an important model, because it was not just rescheduling, but large scale debt cancellation.

The FT editorial is on <https://www.ft.com/content/be682056-5cc2-11e7-b553-e2df1b0c3220?mhq5j=e1> An UNCTAD paper explaining odious debt in on http://unctad.org/en/Docs/osgdp20074_en.pdf

IMF suspected the secret debt a year before it was revealed, according to e-mails between the government and IMF reported by Bloomberg (26 June). Government only disclosed the \$1.2 bn in secret loans to ProIndicus and MAM in April 2016, but in May 2015 the then resident representative Alex Segura-Ubiergo sent queries to Treasury Director Maria Isaltina Lucas (now vice minister, and one of the signers of the loan guarantees) about a \$372-million loan arranged by Credit Suisse for ProIndicus in 2013. The IMF wanted to know whether the debt was part of an already public \$850 million credit to state-owned fishing company Ematum revealed two years earlier, warning it could be a case of misreporting to the fund's board if the loan hadn't been previously declared. The Mozambican authorities repeatedly told the IMF, including in the response to the May 2015 email, that the ProIndicus loan was "part of the Ematum financing package and that the loans had not been signed as separate loans," the IMF said in its statement to Bloomberg. "It was only in April 2016 that we became aware that ProIndicus was a separate loan and obtained the signed guarantee from the authorities, something they had been denying until then." <https://www.bloomberg.com/news/articles/2017-06-26/imf-suspected-mozambique-debt-concealment-year-before-disclosure>

Conflict of interest? Kroll in its report noted the Maria Isaltina Lucas was paid \$95,000 as a non-executive director of Ematum from August 2013 to July 2014. Kroll notes that she was "responsible for signing the ProIndicus and MAM government guarantee opinion documents and was appointed to the Ematum Administration Board on 2 August 2013, approximately one month prior to the Ematum government guarantee being issued" which it cites as a "potential conflict of interest." @Verdade (29 June) points out that she moved from being Treasury Director to being Permanent Secretary to being Vice Minister in 2015 and thus was always a state employee during this period, and therefore receiving another income violated the public probity law, passed by parliament in 2012. And @Verdade asks "If a non-executive Administrator, who only gave opinions on guarantees for loans, pocketed \$95,000, we can only imagine how much it was worth the conscience of Minister Manuel Chang to violate the Constitution and the budget laws or how much was earned by the patriotism of the António Carlos do Rosario who has been involved since the beginning of the three companies." <http://www.verdade.co.mz/tema-de-fundo/35-themadefundo/62641-maria-isaltina-lucas-aprovou-garantias-para-proindicus-ematum-e-mam-e-embolsou-mais-de-1-milhao-de-dolares->

President Nyusi is worried and said "it is necessary to consider the uncertainty over the resumption of the IMF program as a major challenge." He was speaking Monday 3 July at the inauguration of the massive new \$315 mn Bank of Mozambique complex. The "uncertainty" is about the IMF response to the Kroll report on the secret debt which has major gaps because of an unexpected amount of obstruction and failure to disclose information on the part of the government. An IMF team arrives in Maputo next week. (Lusa 4 July) The Bank complex consists of three new buildings next to office building already being used; it has a 29-storey main tower with a heliport which cannot be used, and a 14-storey car park reserved for Bank staff.

Renamo says no troops have left Gorongosa

Government has not withdrawn any troops from Gorongosa, Renamo national spokesperson Antonio Muchanga said Tuesday (4 July) at a press conference in Maputo. This contradicts claims by Defence Minister Atanasio M'tumuke Friday that that troops had been withdrawn from 8 bases.

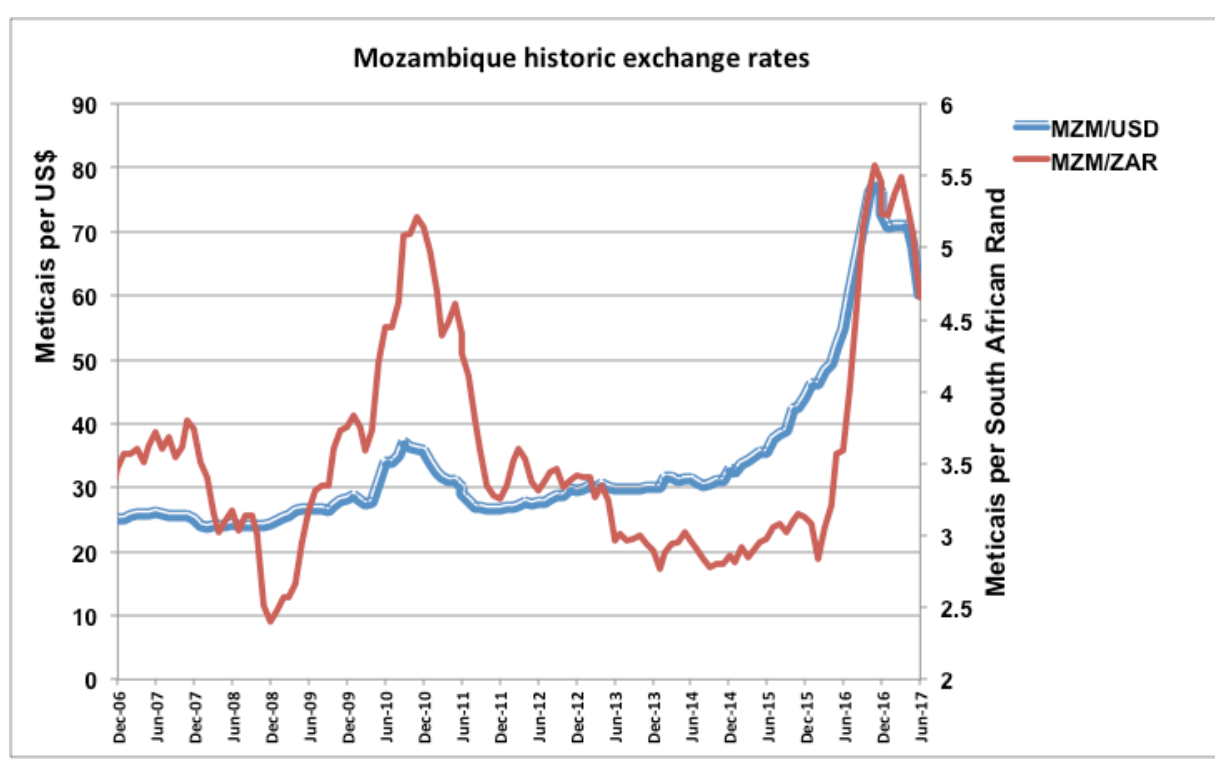
Muchanga said that forces moved from positions at Maphangaphanga, Nhacunga, Nhaugenge and Nhamadjiua to positions at Zogorwe, near the Nhadue river, Tazaronda, Nhaulanga and Mucoza. He said that troops had only moved from one position to another, and this should not be regarded as a withdrawal. (AIM Pt, Zitamar 4 July)

It is impossible to know what has actually been agreed between Renamo head Afonso Dhlakama and President Filipe Nyusi because they are talking on the telephone with no written record, and Nyusi has allowed Dhlakama to make most announcements. Similarly there is no way of knowing what Nyusi told M'tumuke and whether the instruction was accepted or rejected. It is a bit like the children's game, in which one person whispers a message in the ear of the next person who whispers to the next through a line of children until the last person announces the message, and we see how distorted it has become.

Thus Dhlakama two month ago said that Nyusi had agreed to remove all troops from Gorongosa by 30 June, which meant clearly 26 bases. But M'tumuke said last week that only eight bases would be cleared - and it appears soldiers were only moved to other bases in the area.

Metical revaluating

After the very rapid devaluation in 2016, the Metical is recovering some of its value. From a low of MT 78 = \$1 and MT 5.6 = Rand 1 in October 2016, the Metical stabilised during February-April this year at about MT 71 = \$1 and MT 5.4 = Rand 1, and by this week had reached MT 61 = \$1 and MT 4.6 = Rand 1..



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 "Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.
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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>

Other books and reports by Joseph Hanlon

Special report on four poverty surveys: bit.ly/MozPoverty

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

Oxfam blog on Bill Gates & chickens:

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

Bangladesh confronts climate change: Keeping our heads above water

by Manoj Roy, Joseph Hanlon and David Hulme Published by Anthem Press

<http://www.anthempress.com/bangladesh-confronts-climate-change-pb>

Chickens and beer: A recipe for agricultural growth in Mozambique by Teresa Smart and Joseph Hanlon

In pdf format, 6 Mb file, free on <http://bit.ly/chickens-beer>

E-book for Kindle and iPad, <http://www.amazon.com/dp/B00NRZXXKE>

Galinhas e cerveja: uma receita para o crescimento

by Teresa Smart & Joseph Hanlon.

Copies are in Maputo bookshops (Karibu at airport, Livaria UEM, Bazar Pariso, Mivany) or from

KAPICUA, which recently moved to Av de Maguiguana (nr Lenine), Maputo; Tel: +258 21 413 201.

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 e-mail 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-it-s-land-detail>

Do bicycles equal development in Mozambique? by Joseph Hanlon & Teresa Smart

is available from the publisher <http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

Há mais bicicletas - mas há desenvolvimento? free download of Portuguese edition (5 Mb)

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 be **read on the web** tinyurl.com/justgivemoney

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

Mozambique media websites, Portuguese:

Notícias: www.jornalnoticias.co.mz

O País: www.opais.co.mz

@Verdade: <http://www.verdade.co.mz>

Diario de Moçambique (Beira): <http://www.diariodemocambique.co.mz>

Carlos Serra Diário 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

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