

# MOZAMBIQUE News reports & clippings

410 3 May 2018

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## Renamo head Afonso Dhlakama dead

Renamo head Afonso Dhlakama died this morning at his Gorongosa base, awaiting a helicopter to take him for medical treatment in Pretoria, South Africa. Lusa press agency reports that he died from a serious diabetic crisis. He was born in 1953 and has been head of Renamo since 1980.

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## Nyusi says banks share responsibility for secret debt

Credit Suisse and VTB share the responsibility for Mozambique's secret debt, President Filipe Nyusi told Chatham House in London on 17 April. It is a sharp change in the Mozambican position and, as often in Mozambique, a policy change was first announced outside the country. Until now, campaigners had held the banks liable for the debt, but the government had declined to do so.

Nyusi said: "Mozambique took the money from somewhere, and on that side there was no perception that this was much too much money to give to a poor country, and [they acted as if] there are no rules. This responsibility must be shared. If not, we will sacrifice a people, arriving at the point where there are no drugs for TB and HIV-AIDS patients and where investments are blocked."

He went on to criticise the donors and the IMF, saying they are blocking the development of Mozambique and prejudicing the lives of people by withholding money because of the secret debt.

Chatham House (Royal Institute of International Affairs) has posted a video on <https://www.chathamhouse.org/event/fostering-sustainable-peace-democracy-and-inclusive-development-mozambique> and the debt discussion is at 1.21 hours, near the end of the question and answer.

## Credit Suisse says Nyusi statement is 'caricature'

At Chatham House President Nyusi effectively accused Credit Suisse (CS) of "loan pushing" - of encouraging Mozambique to take loans it could not afford and did not need. But CS president Marcel Rohner denied there was "loan pushing" with respect to Mozambique and said that to blame CS in this way is a "caricature". He was responding to questions at the 27 April shareholder meeting in Zurich, where he said the bank has cooperated with Kroll and sent much material, and CS is open to suggestions of how to help Mozambique. He added that provisions for paying damages caused by the Mozambique hidden debt are included in provisions for payments for all penalties, punishments etc. the bank might have to pay in the near future (of which Mozambique is only a small part). The total amount of these provisions was \$750 mn on 1 January 2018, a sharp reduction of provisions compared to \$3,900 mn a year earlier.

## No change on IMF hard line

The IMF continues to take a hard line, confirming that no programme is possible without more information on where the money from the \$2 bn secret debt actually went. In a 21 April press conference, IMF African Director, Abebe Selassie, said that because Mozambique is "having difficulties servicing their debts", the IMF classifies it as "being in debt distress or that debt is not on a sustainable trajectory." Mozambique is "eligible for program discussions [but] there is no outstanding request for a program discussion right now. And what we have said in the past when the program was suspended was that we would need clarification on what happened." He continued that there must be "more transparency on what the resources that were borrowed [were used for] before we can proceed to a program engagement."

<http://www.imf.org/en/News/Articles/2018/04/21/tr042018-transcript-of-african-department-press-briefing?cid=em-COM-123-36949>

## Attorney-General blames lack of foreign help

Attorney-General Beatriz Buchili told parliament Wednesday and Thursday (25-26 April) that criminal investigations could only be continued, and questions about the use of secret debt money and over-invoicing could only be answered, with information from the authorities in the other countries involved, because the trail left by the \$2 bn is all outside the country, in other jurisdictions. The loans came from foreign banks and the money had been sent to a foreign supplier, and any theft or diversion of funds "must have been practiced from those institutions." She said that information had been requested from seven countries, "and in two years only one has replied, in March 2018. The IMF (International Monetary Fund) knows about this, and once again we ask our partners to help obtain this information. We cannot conclude the investigations without this". Some of those who refused to supply information are countries which cut off budget support because of the secret debt.

Buchili's comment is surprising, as the UK, at least, is known to have provided information last year in response to requests.

Last year Burchili promised to publish the Kroll audit by September, but has not done so. Her justification for not publishing is that it contains "information that is not yet conclusive which requires complementary follow-up, and also indications the publication of which may prejudice the investigations under way, and risk violating the constitutional principles of sub judice and the presumption of innocence". The full report was leaked last year and is posted on <http://bit.ly/Kroll-Moz-full>

On 29 January Burchili announced that investigations into financial offences connected to the secret debt had been handed over the Administrative Tribunal (TA). She said this was required because the TA is the body that inspects the legality of public expenditure, and holds officials responsible for any financial infractions. But she did not explain the nine-month delay. Facts had come to light, she said, which indicated that financial offences had been committed. These included administrative crimes such as illegal government guarantees and the execution of contracts without prior approval of the TA. The selection of banks (Credit Suisse and VTB) and of the supplier of all the goods and services purchased with the loans (the Lebanon-based company Privinvest) violated the norms on procurement. All of this was known from when Kroll submitted its report in April 2017.

Buchili insisted that criminal proceedings are quite independent of the TA's investigation of financial offences. (Aim En, *O Pais* 25, 26 Apr)

## China-Prince-Ematum link confirmed

As he said he would in November, Erik Prince's Frontier Services Group (FSG) is to take half of

## Recent reports

**Special report on social protection** <http://bit.ly/MozSocPro>

**Mozambique corruption articles 2016-7** <http://bit.ly/2upF8XI>

## Secret debt documents and report:

**Kroll full report** (80 Mb!) <http://bit.ly/Kroll-Moz-full>

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

**Parliamentary Report on the Secret Debt** (complete, in Portuguese) [bit.ly/MozAR-debt](http://bit.ly/MozAR-debt)

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

**Mozambique should not pay the hidden debt** <http://bit.ly/Moz-do-not-pay>

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

## Other books and reports:

**Government's detailed flood reports:** <http://bit.ly/flood-17>

**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>

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

**Minimum wages & exchange rates 1996-2018** <http://bit.ly/MinWage18>

Previous newsletters and other Mozambique material are posted on [bit.ly/mozamb](http://bit.ly/mozamb)

Ematum, the secret debt fishing company; the joint company will be renamed Tunamar, Prime Minister Carlos do Rosário told parliament on 12 April. He said all Ematum boats would be operating by the end of the year. Prince founded the notorious Blackwater security company, and is chair of FSG. The biggest shareholder in FSG is Citic, a Chinese state investment company, and FSG's literature stresses its alignment with China's Belt & Road Initiative. Prince is also expected to partner with Proindicus, another of the secret loan companies. (Zitamar 12 Apr) Government gave \$1 mn to Ematum in 2017, according to @Verdade (8 Jan).

## Other economic news

### Ratilal and others disciplined

The Bank of Mozambique has imposed heavy penalties on the former directors of Moza Bank, which suffered a liquidity crisis in 2016 and was rescued by central bank intervention; Kuhanya, the central bank's pension fund, became the majority shareholder. *Savana* (27 April) reports that eight board members, including the founder and chair Prakash Ratilal, a former governor of the Bank of Mozambique, were fined between \$3,300 and \$8,300 and banned from holding office in any bank for the next 2-3 years. The inspection by the central bank, says *Savana*, found that Moza Bank did not comply with its duty to draw up policies and procedures for managing operational risks, and had no contingency plans to deal with liquidity shortages, and no policy to manage conflicts of interest. (Aim En 27 Apr)

### Nampula's unpaid bills

Nampula has unpaid bills to suppliers of \$678,000, the new Renamo mayor Paulo Vahanle has discovered. He also said that municipal taxes, such as the daily fees paid by market vendors, are not reaching the municipal coffers, and some council staff had been recruited in an irregular manner. (*MediaFax*, Aim En 26 Apr)

### Unpaid fuel debts are \$77 mn

Between 2011 and 2014 the Guebuza government heavily subsidised fuel, and ran up a debt to the distribution companies of \$330 million, Almirante Dimas, deputy director of hydrocarbons and fuel in the Ministry of Mineral Resources and Energy told a 17 April press briefing. The current government abolished most fuel subsidies and has paid most debts, but unpaid bills of \$77 mn remain. Diesel is still subsidised for agriculture, artisanal fishing, diesel-fired power stations in areas not linked to the grid, and for privately owned minibuses (known as “chapas”). (Aim En 17 Apr)

## Nyusi bails out football over unpaid bills

The national airline LAM said on 13 April it would no longer fly teams to matches around the country without being paid, after the Mozambican Football League (known as Moçambola) built up more than \$500,000 in debts. Moçambola suspended the current championship because no more money was available to pay for plane tickets. LAM is itself in trouble for not paying bills and must pay cash for fuel. President Nyusi announced Sunday (29 April) that the government would find \$1.3 mn to pay LAM, so the championship competitions could continue. “Moçambola is not an activity of one person, it’s an activity which belongs to the Mozambican people. ... Since it belongs to the people, and since we don’t want to interrupt the aspirations of the people, we are going to help this edition of Moçambola reach its end”. @Verdade called it an election gimmick at a time when government has reduced hiring teachers, and says the money would pay for 700 new teachers. (Noticias, Zitamar, @Verdade 16 & 30 April)

**\$60 mn is owed to CFM**, the state ports and railways company, by companies that shipped cargo and never paid, Transport Minister Carlos Mesquita said on 22 Feb. He said CFM had to do more to collect payments. (Aim En 22 Feb, O Pais 23 Feb)

## Raising \$2 bn for gas

Empresa Nacional de Hidrocarbonetos (ENH), the national oil company, appointed Lazard Frères and Lion’s Head Global Partners as advisers to help raise as much as \$2 billion to refinance its portions of two gas-development projects. ENH has a 10% stake in Eni’s Area 4 and 15% of Anadarko’s Area 1. It will need to raise \$1.5 bn for development of its share of Area 1 and \$500 mn for the Area 4 floating LNG plant. ENH had initially depended on the gas concession companies to finance its portion of equity as it wasn’t able to raise the money itself at the end of 2014, but the market has since improved and gas prices are rising, so it hopes investors will be interested. Lazard is also the government’s advisor on rescheduling the \$2 bn secret debt. (Bloomberg, Zitamar 26 Apr)

Meanwhile, the state electricity company EDM has announced it hopes to raise \$10 bn for its 10-year investment programme. (O Pais 23 Feb) EDM recently signed an agreement with the China Machinery Engineering Corporation for a feasibility study for a coal-fired power station in Cuamba, southern Niassa, near the railway line taking coal from Moatize to Nacala. Although several coal power stations have been proposed, none has gone ahead. (Zitamar 23 Apr)

## Other news

**35% fail to make asset declaration:** Of 7,056 senior civil servants who are supposed to make annual declarations of assets as part of anti-corruption laws, 2,457 failed to do so in 2017, according to the attorney-general’s annual report submitted to parliament last week. Her own department did not do well - of 448 magistrates, 100 failed to submit. (O Pais 25 Apr)

**Malaria deaths fall:** Malaria deaths fell from 2,467 in 2015 to 1,114 in 2017, Health Minister Nazira Abdula, due to speedy medical intervention in the health units, better diagnosis and greater effectiveness of the anti-malaria treatments. Speaking 25 April, she said the number of malaria cases had risen steadily, from 6,418,526 in 2015 to 9,981,277 in 2017. (Aim En 26 Apr)

**Clear police priorities:** The Mozambican police on 6 April called a Maputo press conference on the case of Ericino de Salema, the journalist kidnapped and tortured on 27 March. Journalists rushed to the Interior Ministry on receiving the unexpected call, only to discover that the press briefing was not to announce any advance in the investigations, but to threaten one of Salema's companions accused of taking illicit photographs in a restricted area of Maputo airport. Salema was flown to South Africa for medical treatment the previous day. Salema was in a wheelchair, and instead of speeding his departure, police had obstructed it. Photos of the obstruction were taken but the photographer was called into the airport police station and told to delete the photos from his cell phone. However photos appeared on social media. Inacio Dina, spokesperson of the General Command of the police, said this shows the photographer must have kept the photos, instead of deleting them. "This constitutes the crime of disobeying the police authorities", he declared. But Dina would say nothing about any investigation into the attack on Salema.

**The World Bank is paying for Maputo street cleaning.** As part of the Bank's "Productive Social Action Programme", its version of cash transfers, 1,327 young people and adults have renewed their contracts. For six months they will work four days a week for four hours; this is the fourth year of the programme. (*O Pais* 19 Jan)

**Maputo water restrictions were lifted** on 24 April after the Pequenos Libombos reservoir reached 30% full, compared to 20% when the system of water only on alternate days was imposed. Water will be pumped 8 hours a day, every day. (Aim En 25 Apr) Authorities will hope the reservoir does not go dry before municipal elections and the start of rains in October.

**Portuguese companies responsible for a scaffolding collapse** in Maputo on 15 July 2015, in which 5 workers fell to their deaths and a further 10 were injured, have disappeared from Mozambique, without paying any compensation. The 17 storey building was under construction for the JAT group, and intended to house the future offices of the National Social Security Institute (INSS). JAT hired the Portuguese company Britalar, which sub-contracted the scaffolding work to Cope. Britalar had already been ordered to repay Maputo Council for shoddy work and using poor quality materials in the repaving of Julius Nyerere Avenue. Britalar headed the consortium hired to repair the road. Britalar and Cope have left Mozambique.

**Armyworm has infested 42,000 hectares** of maize, with losses of 50-60% of production, according to Antonia Vaz, head of the plant health department in the Mozambican Ministry of Agriculture. The fall armyworm (the larval form of the moth *Spodoptera frugiperda*) appeared for the first time in Mozambique last year, and is resistant to most pesticides. Vaz admitted that the authorities faced enormous difficulties in combating it. Provinces affected are Niassa, Zambézia, and Maputo. (Aim En 12 Apr)

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"Mozambique News Reports & Clippings, number XXX", DATE, [bit.ly/mozamb](http://bit.ly/mozamb), accessed XXX.

**Previous newsletters and other Mozambique material** are posted on [bit.ly/mozamb](http://bit.ly/mozamb)

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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>

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## **Other books and reports by Joseph Hanlon**

**Special report on four poverty surveys:** [bit.ly/MozPoverty](http://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: [kapicuir@tdm.co.mz](mailto:kapicuir@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 e-mail [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 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)

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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 be **read on the web** [tinyurl.com/justgivemoney](http://tinyurl.com/justgivemoney)

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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:**

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

O País: [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 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](http://www.poptel.org.uk/mozambique-news)

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