

MOZAMBIQUE News reports & clippings

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World Bank says Mozambique climate emergency mitigation will cost \$5bn/year

Mozambique needs to spend \$35.8bn on climate change mitigation measures by 2030, representing 30% of GDP, according to Paulo Correa, leader of the program on climate and development at the World Bank. That is the level of investment needed until 2030 to achieve climate resilience of human, physical and natural capita. (Zitamar 30 Mar)

It is an impossible sum. The cost in the seven years up to 2030 would be \$5.1bn per year. Aid to Mozambique for the past five years has averaged just over \$2bn per year. So all aid to Mozambique in the next seven years would pay less than half these costs. Mozambique's GDP is about \$16bn per year.

And gas cannot pay for this. The Ministry of Finance in 2018 estimated total government revenue from gas to be \$35bn to \$64bn but that significant revenue would only be earned starting 8 years after the first gas is produced. With first gas now delayed to 2027 at the earliest, that would be 2035. So there will be no gas money to protect against the climate emergency. And with damage continuing to grow, all of the gas money will be needed to defend against the rising temperatures caused by the continued use of gas and other fossil fuels.

Beria says it needs \$450 mn just to combat erosion caused by cyclones, according to city Councillor for Construction and Urbanization, Augusto Manhoca. (Noticias 29 Mar)

"Mozambique needs to build robust infrastructure that can withstand climate change," the World Bank senior specialist in natural resources management, Franka Braun, said in Beira on 24 March. But how?

Correction: Cyclone Freddy was the **fourth** of a new type of climate change cyclone, following Cyclone Gombe on 12 February 2021; **Cyclone Idai**, 13 March 2019, one of the worst cyclones to hit Africa; and Cyclone Delfina, New Year's eve 31 December 2002. Until these four, this pattern had never happened before, where a cyclone makes landfall on Mozambique, goes inland and turns around and goes back into the Mozambique Channel picking up more energy and water, and hits Mozambique a second time. (revised pdf of Bulletin 624 on <https://bit.ly/Moz-624c>)

Two serious, very different, and politically powerful bidders to build Mphanda Nkuwa dam

Two consortia submitted bids to finance and build the \$4.5bn Mphanda Nkuwa dam just downstream from Cahora Bassa on the Zambezi River. Both groups are state companies with political interests in Mozambique which have joined with global construction companies.

One is the big guns of Cabo Delgado: TotalEnergies who are leading the gas development in Cabo Delgado and the state-owned Electricidade de France have joined the Japanese Sumitomo, which is involved in the biggest hydro power scheme in southeast Asia in Indonesia.

The other is two state companies from the region, also involving China. The local partners are Zesco of Zambia and PetroSA, part of the South Africa Central Energy Fund. They are state owned and will want to buy the electricity. They are joined by CECOT, a subsidiary of the major multinational Portuguese construction company Mota-Engil, which is now 32% owned and controlled by China Communications Construction Co, the world's fourth largest builder. Their fourth partner is ETC Holdings Mauritius which appears to be a subsidiary of ETC Holdings in the UK which appears to do a lot of things in Africa with no specialisation.

So it is head to head: French government plus Japan vs Zambian and South African governments plus Portugal and China. This will be a battle to watch.

South Africa wants to move polluting electricity generation to Maputo

South Africa wants to put a Turkish Karpowership generator ship, that has been rejected in South Africa on environmental grounds, in Maputo bay instead.

A decade of state capture and corruption in the state electricity company Eskom has left South Africa desperately short of power and with rolling blackouts across the country. One plan was to use three Turkish Karpower ships - which are floating generators - anchored in the ports of Richards Bay, Ngqura (Coega), and Saldanha. This was finally rejected on environmental grounds by the South African Department of Forest, Fisheries and the Environment (DFFE) on 10 March. Karpowership also demanded some form of insurance or indemnity against South African state corruption, which was not forthcoming.

So it wants to put a 415 MW floating power plant in Maputo Bay, in a joint project with state electricity company EDM. There would be a 4 km transmission line to a Matola substation and electricity would mainly be exported to South Africa, though existing interconnections. The proposal was first reported by Zitamar last year (11 Nov) and now Bloomberg (30 Mar). The power station would start producing in October using heavy fuel oil, but with a promise to convert to LNG (liquefied natural gas) in three years.

EDM confirmed to News24 in South Africa that it is in talks with Eskom. The Mphanda Nkuwa dam could have been built by now and be supplying 4,300MW to South Africa, but Eskom has for a decade refused to buy any more electricity from Mozambique - linked to massive corruption around the use of South African coal.

Karpower has had a 115MW floating plant in Nacala harbour since 2016, again in partnership with EDM. For two years, 2016-18 the electricity was for Zambia, then EDM signed a 10-year contract to take the electricity. Karpower promised to convert the generator from heavy oil to LNG, but this apparently has not happened.



Karpowership in Nacala harbour

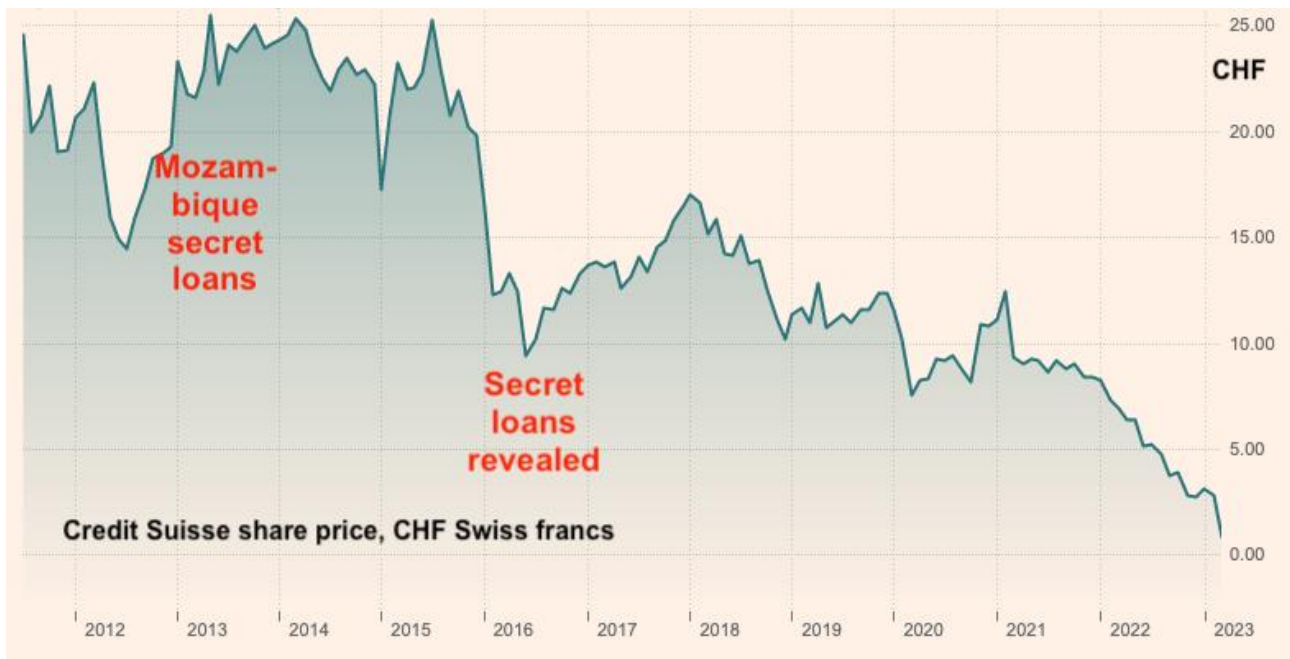
Do electrons have a nationality or colour? Coal, oil and LNG are physical fuels that are shipped on boats and trains. Electricity is "fungible" or interchangeable. Electricity from the power ship in Nacala was put into the EDM grid and an equivalent amount of electricity taken from the grid at the border 1000 km away and sent across to Zambia . Electricity generated on a ship in Maputo harbour and "sold" to South Africa would be treated in the same way.

But the European Union (EU) has approved a Carbon Border Adjustment Mechanism (CBAM) by which carbon-intensive imports into the EU such as aluminium, one of Mozambique's main exports to Europe, pay a carbon tax. Suddenly the electrons need the colour green. The Mozal aluminium smelting plant in Matola has a contract to use green electricity from Cahora Bassa which has passed through South Africa, but this expires in 2026, and Mozal is desperately trying to renew the contract. This would allow the electrons from the Kapower ship would be painted green by the time they travelled the 10 km to Mozal. But South Africa wants the green electrons to reduce its own carbon footprint, which is very high because it uses massive amounts of coal to produce electricity. Negotiations continue. Mozal is now owned (64%) by Australian mining company South32.

And Mpanda Nkuwa has suddenly become important because it will produce green electrons.

Credit Suisse and its backers pay the price for secret debt and other frauds

From 2012 Credit Suisse (CS) bribed senior Mozambicans to take a totally useless \$2bn loan, which helped to save the bank - one of the very big global banks and supposedly respectable because it was regulated by Switzerland. The chart below shows the share price (in Swiss francs). The falling share price in 2012 shows the bank was in trouble and pressure was on staff to lend money, and it was clear that no one would ask how it was done. And it worked - the share price rose significantly after the Mozambique loans.



Even before the Mozambique loans CS had a record. Traders had been caught overvaluing securities by \$3bn to increase their bonuses, violating US and EU exchange controls, money laundering for cocaine dealers, and helping US citizens file false tax returns. But the success of the Mozambique secret loans was followed by even bigger deals, including lending \$10bn to the UK firm Greensill Capital and \$5.5 bn to the US Archegos Capital, both of which collapsed in 2021. The Archegos founder had been found guilty of securities fraud, which was known to Credit Suisse before the loan, while Greensill was already known to be using questionable accounting methods.

Through all of this, CS continued to be backed, most notably by the Norwegian sovereign wealth fund, which held 5% of the bank's shares and rejected pressure from campaigners to withdraw from the bank. In 2013 CS was valued at \$50bn and shares were worth CHF 25, falling to half that by 2017. UBS bank last month bought CS for for \$3.2 bn, CHF 0.76 per share. By failing to listen, the Norwegian wealth fund lost more than \$1bn.

It could be argued that CS was set on this path by the international community after the 2008 economic crash. It was clear there was not enough production and consumption. The obvious thing to do was give money to everyone who would use it to buy goods and services, which would stimulate the economy. Instead central banks developed what was called "quantitative easing", in which money was given to banks to encourage lending and investment.

Giving the money to banks instead of people meant there was more money in circulation than could be easily used, which led to "loan pushing" - banks pressing businesses and governments to take loans they did not need, and making very risky loans. In the case of Credit Suisse in Mozambique, this was done corruptly, by bribing senior Mozambican officials.

Another effect was to move more money into speculation, hedge funds, etc. This pushed up the price of assets, notably property. That led to building booms in many cities, including Maputo, where apartments were purchased, often with illegal money, and left empty as an investment.

But the most important impact is that the money went to the already very rich, increasing further the gap between rich and poor across the world. If some of the money had been given to Mozambicans and other Africans to spend, instead of to banks to make corrupt and speculative investments, the result would have been very different.

Who will blink first in the latest Renamo-Frelimo stand-off?

Republished by permission from Zitamar (30 Mar)

While Nyusi received plaudits in New York for peacebuilding, back home the process is at risk

Building trust was a decisive factor in the success of peace negotiations with Renamo, and that trust must be nurtured, President Nyusi told the United Nations Peacebuilding Commission in New York on 29 March.

There is a certain irony - probably lost on ambassadors present at the meeting in New York - that those comments were being made on the same day that Renamo was protesting loudly in parliament at the ruling Frelimo party's manoeuvres to go back on one of the commitments made in the 2019 Maputo Accord.

One of the concessions won by Renamo in that peace agreement was for further decentralisation of power: first for the election of provincial governors, which happened in 2019, and then for the election of district administrators, which was to start in 2024. But Frelimo yesterday laid the groundwork for that provision to be removed from the Mozambican constitution - despite opposition from Renamo.

Chaloka Beyani, one of the negotiators of the peace deal who worked particularly on the decentralisation issue, told the UN discussion on 29 March that decentralisation was key to building peace. Asked by the chair of the meeting for three key lessons learned from the process, one thing he highlighted was the importance of writing these provisions into the constitution, rather than simply leaving them as a treaty.

But as we are now seeing, even putting things into the constitution does not mean they are set in stone. With its super-majority in parliament, of more than two-thirds of the seats, it can change the constitution without agreement from the opposition - but only after five years have elapsed since the last time it was changed, which will be reached in June this year. On 29 March the party voted to change the deadline for calling the elections, from April to August - something it could do with a simple majority - allowing it space to flex its super-majority later on.

The question of district elections is currently one of two major sticking points between the government and Renamo. The other is the issue of pensions for demobilised guerrillas. Renamo is refusing to demobilise its one remaining base, at Gorongosa, until pensions are in place. Nyusi told the Peace Building Commission yesterday that pensions will start once the final base is demobilised.

Who will blink first? Perhaps it should be the government. It is moving unilaterally on the district elections issue - albeit arguably for good reasons - and Renamo has no way of stopping it. Why not make a concession to Renamo and at least start paying pensions to those guerrillas who have demobilised, and are now living in poverty having abandoned their bases? (*Zitamar* 30Mar2023)

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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/MozEIData> Election data: <http://bit.ly/MozEIData>

Important external links

Books by Joseph Hanlon can be downloaded, free: <https://bit.ly/HanlonBooks>

Flood, cyclone and weather: weather <https://www.inam.gov.mz/>

rainfall https://www.inam.gov.mz/images/DAPT_Previsoes/Manha/Previsao_Manha.pdf

Daily flood and monthly dry season reports - <https://bit.ly/Moz-Flood-2023>

Cyclone trackers, <https://bit.ly/Reunion-cyclone>, <https://www.metoc.navy.mil/jtwc/jtwc.html>

(which uses z time which is UCT - Coordinated Universal Time) and <https://www.cyclocane.com/>

Two LSE working papers - World Bank questions its Mozambique 'success' where oligarchs brought high inequality, poverty and corruption - <https://bit.ly/Moz-LSE-208c> and **How the IMF and World Bank caused a resource curse and civil war in Mozambique** - <https://bit.ly/Moz-LSE-209>

Minimum wage & exchange rate charts, tables 1996-2022 <https://bit.ly/MozMinWage2022>

Previous editions of this newsletter: <https://bit.ly/MozNews2023> and <https://bit.ly/MozNews2022>

My Mozambique archive: <http://bit.ly/Mozamb>

TSU_Tabela-Salarial-Unica - law, decrees, points system (2 Mb) <https://bit.ly/Moz-TSU>

Cabo Delgado

Cabo Ligado weekly report on civil war <https://www.cabolidado.com/>

Archive with reports, detailed maps, and census data <https://bit.ly/Moz-CDg>

Special reports on the war

Evolution of the war: global vs local. 27 Feb 2020 <http://bit.ly/CDelgadoOrigins>

Religion is shaping Cabo Delgado civil war. 30 April 2020 <https://bit.ly/CDelgadoReligion>

Intensifying argument over roots of war. 28 June 2020 <https://bit.ly/Moz-492>

Are the drums of war silencing any hope of peace? 26 July 2020 <http://bit.ly/Moz-496>

A history of violence presages the insurgency. 13 August 2020 <http://bit.ly/Moz-498>

Military & economic intervention. 3 Sept 2020 <https://bit.ly/CDelgadoIntervene>

Cabo-Delgado-Free-for-all. 20 Apr 2022. <https://bit.ly/Moz-593>

Mozambique heroin transit trade

English - LSE - 2018 - <http://bit.ly/Moz-heroin>

Portuguese - CIP- 2018 - <http://bit.ly/HeroinaPT>

2001 first article- *Metical* - English and Portuguese <https://bit.ly/MozHeroin2001>

Gas for development?

Gas_for_development_or_just_for_money?_2015 <bit.ly/MozGasEng>

Gás_para_desenvolvimento_ou_apenas_dinheiro?_2015 <bit.ly/MozGasPt>

Background reading

Special reports

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

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

\$2bn secret debt - in English

Secret debt trial (Aug-Oct 2021) press reports <https://bit.ly/Moz-secret-debt>

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

In Portuguese:

Parliamentary Report on the Secret Debt (complete) <bit.ly/MozAR-debt>

2018 Constitution - <http://bit.ly/2KF588T>

Eleven books by Joseph Hanlon can be downloaded, free: <https://bit.ly/HanlonBooks>

Zimbabwe takes back its land (2013) <https://bit.ly/Zim-takes-land>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014) is on <https://bit.ly/Chickens-Beer>

Há Mais Bicicletas – mas há desenvolvimento? (2008)

Civil War Civil Peace (2006): <https://bit.ly/Civil-War-Civil-Peace>

Moçambique e as grandes cheias de 2000 (2001)

Mozambique and the Great Flood of 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996) <https://bit.ly/Peace-wo-Profit>
Mozambique: Who Calls the Shots (1991) <https://bit.ly/Shots-Moz>
Mozambique: The Revolution Under Fire (1984)

These are still available for sale:

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)
Just Give Money to the Poor: The Development Revolution from the Global South (2010)
Do bicycles equal development in Mozambique? (2008) (free in Portuguese)
Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

Mozambique media websites, English:

Club of Mozambique (free): <http://clubofmozambique.com/>
Zitamar (paywall): <http://zitamar.com/>

Mozambique media websites, Portuguese (all with partial paywall):

Notícias: www.jornalnoticias.co.mz
O País: www.opais.co.mz
@Verdade: <http://www.verdade.co.mz>
Carta de Moçambique <https://cartamz.com>

Mozambique think tanks and pressure groups, Portuguese:

Centro de Integridade Pública: CIP <https://cipmoz.org/>
Observatório do Meio Rural: OMR <https://omrmz.org/>
Instituto de Estudos Sociais e Económicos: IESE <https://www.iese.ac.mz/>
Centro Para Democracia e Desenvolvimento CDD <https://cddmoz.org/> (some CDD in English)
Also CDD now controls Fórum de Monitoria do Orçamento - FMO (main debt group) <http://www.fmo.org.mz>
and RMDDH - Rede Moçambicana dos Defensores dos Direitos Humanos (a human rights group).
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