

MOZAMBIQUE 175

News reports & clippings

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Corruption

The fall of the man who (indirectly) gave Chissano victory

The man indirectly responsible for Joaquim Chissano's election victory in 1999 was jailed for 12 years on 7 December for stealing 3.6 million Meticais (\$100,000). Orlando Comé had been head of the government Data Processing Centre (CPD). He was convicted of putting CPD money in his own bank account, and using CPD funds and credit cards for personal travel, school fees, dinners, house rent, and even in the Polana casino.

But Comé is better known as having been computer director for STAE, the technical secretariat of electoral administration in the National Elections Commission, for the 1994, 1999, and 2004 elections. Comé had remained as head despite complaints after every election of poorly written, untested and insecure computer systems. It is believed that lack of computer security allowed results to be changed in 1999, ensuring the election of Joaquim Chissano as president. In 2004, computer software was still being revised three days after the election, when tabulation should already have begun. (Details in the *Mozambique Political Process Bulletin 31*, 29 December 2004, pp 12-13, posted on <http://www.open.ac.uk/technology/mozambique/>)

The 1999 election was very close, and at the 2004 elections when he was heading an observation mission, former US President Jimmy Carter publicly questioned the 1999 outComé. (See *Mozambique Political Process Bulletin 31*, 29 Dec 2004) Officially, Chissano beat Afonso Dhlakama by only 205,000 votes. However the results show that 240,000 more people voted in the presidential election than in the parliamentary election. In some provinces the numbers who voted for president and parliament were almost identical, but in Gaza 56,000 more people voted from president than for parliament – 13% of all voters – and in Nampula 80,000 more people voted for president than voted for parliament – 8% of voters. What is striking is that observers in

Gaza and Nampula never reported seeing voters deposit only one ballot, for president, and not a second one for parliament. The Gaza results show obvious ballot box stuffing, as has been seen there in subsequent elections. But in Nampula it has been reported that after the provincial tabulation, electoral staff used the lack of security in the Comé-written computer systems to simply add more votes for Chissano. This apparently occurred in some other provinces as well.

Comé was believed to have protection at the highest levels of the Chissano circle, and the director of STAE and president of the National Elections Commission had no control over him, and thus were unable to demand better computer systems. After Armando Guebuza took office as President in 2005, protection melted away. Comé was quickly dropped as computer director of STAE. Workers at the CPD began to publicly protest about Comé's mismanagement and corruption. In 2008 he was dismissed as head of CPD and in 2009 charged with corruption.

Other corruption cases

The trial of former Interior Minister Almerino Manhenge and two of his close associates ended this week, but a verdict is not expected until 22 March. During the trial, the charges were substantially reduced, and the men are accused of stealing Mt 1.2 million (then \$50,000). In the trial, Manhenge had refused to give details of the expenses he had authorised, on the grounds of "state security".

Mozambican businessman Momed Khalid Ayoob was arrested on 1 December by the Swazi Police in possession of Rand 18 million (\$2.6 mn) in banknotes. He was taking the money from Mozambique on to Dubai, in violation of both Mozambican and Swazi exchange legislation. Khalid's brother, Macsud, was detained in 2002 at Maputo airport, in possession of over \$1 million in banknotes being taken to Dubai. The daily *O País* reports he is one of the owners of a Maputo foreign exchange bureau, Real Cambios. Both Khalid Ayoob and his brother Macsud have been accused of drug trafficking. In 2008 *Zambeze* alleged that Khalid Ayoob was arrested in Portugal in 1987 for possession of heroin, but managed to escape two years later, and that Macsud was arrested in Portugal for drug trafficking in 1990, but left prison a year later. Momed also owns Modas Niza which achieved notoriety earlier this year when the Mozambican Tax Authority ordered the public sale of its goods to pay off a debt of Mt 276 mn (\$8 mn) to the mobile phone company M-Cel. Niza had been an authorised vendor of M-Cel pre-paid phone cards. It sold the cards – but its cheques to M-Cel bounced, and so the Tax Authority seized imported electrical appliances which would be sold off to repay the M-Cel debt.

Businesswomen Candida Cossa, accused of involvement in the murder, in November 2000, of Mozambique's top investigative journalist, Carlos Cardoso, died on 4 November, ending the last outstanding court action relating to the murder. The case involved a complex saga of payments which may have been linked to the murder, and also involved Nyimpine Chissano, the oldest son of former President Joaquim Chissano, who died in November 2007. The case had continued because Cossa had recanted earlier testimony in support of Nyimpine.

In other actions on the corruption front:

- + The former administrator of Erati district, Agostinho Chelua, has been arrested on charges of diverting money from the "Mt 7 million" district development fund. He is accused of diverting Mt 400,000 (\$11,000) to build a small hotel.
- + Interior Minister Alberto Mondlane has called the current levels of corruption within the Traffic Police "intolerable".

+ 11 senior and mid-level civil servants of the Cabo Delgado provincial health and planning & finance directorates were jailed on 15 December for 16 to 20 years for stealing Mt 5 Million (then \$200,000) in 2006.

+ 16 civil servants from Maputo were sentenced to 3 to 21 years in jail on 30 November for the theft of Mt 2.8 million meticaís (\$80,000 US dollars) of public funds. A further 13 people were acquitted. Among those jailed were Mario Tique, a senior figure in the provincial planning and finance department, and Noe Mathe, provincial director of women's affairs at the time of the theft, who later rose to become press officer for the Minister of Women's Affairs.

Frelimo wins mobile phone licence

In an intra-Frelimo battle, the Frelimo party company SPI has won the third mobile telephone licence over Insitec, a company close to President Armando Guebuza.

SPI is in a consortium with a Vietnamese firm Viettel to be called Movitel, and Insitec was in partnership with the Angolan company Unitel, headed by Isabel dos Santos, daughter of Angolan President Jose Eduardo dos Santos. The third bidder was Portugal Telecom.

INCM (National Communications Institute of Mozambique) chair Isidoro da Silva said that Movitel had won because of its technical bid, which indicated a capacity to install its network throughout the country in a relatively short period. Movitel's technical proposal scored 95.05 points, followed by the Portuguese Telecom with 77.8 points and the Insitec consortium with 76.78 points. Insitec offered most money for the licence – \$32 million, followed by Movitel at \$28.2 mn and Portuguese Telecom at \$25 mn. Movitel is proposing to invest \$400 mn over the next five years, and claims that this will allow it to cover 85% of the population.

Frelimo old guard attacks leaders

Jorge Rebelo and Graça Machel used the anniversary of the death of Samora Machel, 19 October 1986, to attack the leadership of Frelimo. They remain powerful in the party, and a decade ago backed Armando Guebuza to replace Joaquim Chissano when the latter wanted to stand again. Graça said that in the time of Samora, "no one talked of corruption in Mozambique". But now, "the problem is that the leaders are not setting an example of honesty and respect for public goods." Rebelo said that ministers and other leaders "are enriching themselves at the cost of the people."

Rebelo was speaking to the Youth Parliament, an increasingly autonomous and outspoken group. He said that President Armando Guebuza had surrounded himself with people who do not question or criticise. Instead of selecting advisors who are pre-occupied with the problems of the country, "he always prefers people who always praise him, who say 'Mr President, you are the best of the best, and everything is good in the country'." Even when a recent survey showed poverty was increasing, the "the government says everything is fine and poverty is decreasing."

Rebelo also attacked the government's agriculture and industrial policy, which is a "disaster": "the onions, tomatoes, potatoes are imported. Industry is almost non-existent." He said Samora was not against foreign investment, but he was not completely dependent on it for development,

the way the current government is. (*Savana* 22 October 2010 and *Magazine Independente* 27 October 2010).

Domingo (24 October 2010) which represents the views of the Frelimo hierarchy, was outraged, and called on the party to summon Graça and Rebelo to an internal party meeting, and demand that they name the corrupt people.

But it is not just the old guard which is critical. Several Frelimo MPs spoke out in late October. Carlos Siliya attacked agriculture policy and the lack of marketing – potatoes rot in Angonia, Chimoio and Niassa, while they are not available in Maputo. Producers in Niassa cannot sell their beans. The Ministry of Commerce needs to intervene to make sure that markets work. And in the cities, the number of poor and unemployed young people increases; government needs a policy to create jobs. “The state cannot flee from its responsibilities.”. (*O Pais* and *Noticias* 21 October 2010 and *Canal de Moçambique*, 27 October 2010.)

+ Frelimo will hold its 10th Congress 23-28 September 2012. The Congress will name the next presidential candidate. Armando Guebuza cannot serve for a third term and the Frelimo leadership has stressed it will not try to change this constitutional limit. Local elections will be in late 2013 and national elections in October 2014.

More government support for industry & agriculture needed

“Daring reforms to improve the business environment” were called for by the chair of the Confederation of Mozambican Business Associations (CTA), Salimo Abdula, on 23 November, reports AIM.

He advocated development of processing industries to accompany the Green Revolution that the government says it promotes, in order “to ensure the transformation, conservation and addition of value to agricultural products”. But that would demand “improving policies for access to land, water, electricity, fuel, improved seeds, bank credit and labour”. It also required agricultural mechanization and the adoption by the government of a new policy to finance agro-business.

Much productive land is currently occupied by people who are not using it, generally members of the urban elites, who may have acquired land for future speculation. Abdula wanted to see some action taken, either withdrawing the land concessions as has been repeatedly threatened, or a system of land fines whereby people with unused land would be obliged to pay “penalty charges”.

Abdula also suggested the creation of “industrial development funds to meet long term investment needs in strategic sectors”, and urged the government to grant incentives “which would lead businesses to invest in modern technologies”.

Finance ministry report critical of agriculture

A damning report on the agriculture sector has been published by the Ministry of Finance inspectorate. The study, “Auditoria de Desempenho no Sector Agrário” and the survey it was based on are very detailed. It is dated August 2010 (before the new minister was named) but only recently made available. It cites the Maputo Declaration of 2003 saying that 10% of government budgets should go to agriculture (plus 20% to education and 15% to health), but notes that of the 2009 budget only 3.3% of current expenses and 5.7% of investment went to agriculture.

There are huge problems in the Ministry of Agriculture because it does not practice management by results. Information on the family sector is “non-existent” and there is no information on the impact of funds spent by the ministry. Other points include:

- + Plans for the “green revolution” are being implemented only “slowly”.
- + The Agricultural Development Fund does not have a clear role.
- + There is no money for agriculture between January and March, just when it is most needed, because the state cannot make money available at the start of the year.
- + Extension services reach only 5% of farmers and reports exaggerate the impact of extension.
- + Use of irrigation is very low, in part due to lack of training.
- + “There do not exist packets of technologies locally appropriate and available.”

The report calls for mechanisms to distribute inputs, particularly to young farmers, and there is a need to lower transport costs, at least to the level of Zimbabwe. It calls for subsidised credit to farmers. And says there should be an increase in the use of demonstration plots to show the effect of using inputs and better seeds. It calls for the promotion and support of agriculture associations.

Two sectors receive some praise, cashew and the veterinary services, and the report suggests that Incaju should move into promoting other fruit and nut trees.

Inflation and exchange rate reduced

Strong intervention by the Bank of Mozambique has helped bring both inflation and the exchange rate under control, said the governor of the bank, Ernesto Gove, on 17 December, according to AIM.

Volatility in the exchange rate of the metical began in late 2009, but became considerably worse in March-April 2010, due to the donor strike which delayed the release of budget support money, and to increased demand for foreign currency to meet the cost of imports, particularly liquid fuels. Inflation was also higher than expected.

The Bank of Mozambique responded by hiking its key interest rate from 11.5% to 15.5%, and by running down reserves and increasing from August the sale of foreign exchange on the Inter-bank Exchange Market.

These measures appear to have worked. Inflation from January to August was 17%, but prices actually fell in the following two months, and by the end of November inflation rate was 15%.

The government had revised its target for the average 12 monthly inflation rate over the year from 9.5% to 12.7%. The exchange rate had reached almost 40 meticaais to the US dollar, but by mid-December it had fallen back to 34 meticaais to the dollar; for the first time since early August, there were fewer than 5 meticaais to the South African rand.

The sale of foreign exchange on the inter-bank market reduced the size of Mozambique's net internal reserves. Nonetheless, those reserves stood at \$1.7 billion in November – enough to cover 4.6 months work of imports of goods and services.

Aid to be 45% of state budget

Finance Minister Manuel Chang presented the 2011 state budget to parliament on 8 December, AIM reports. Total public expenditure will be Mt 132 billion (\$3.8 bn). Total state revenue, mostly from taxation, is expected to reach Mt 73 bn, thus leaving a deficit of Mt 59 bn to be covered by grants and loans. Thus 55% of the budget is covered by domestic revenue and 45% by foreign aid, which is an improvement on the 49% aid component for 2010. Chang said this is a restrictive budget, designed to hold back demand and inflation.

Public expenditure is divided into running costs of Mt 71 bn, a capital budget of Mt 60 bn, and state financial operations of Mt 1 bn. The percentage of the budget spent centrally falls from 74% this year to 71% in 2011. The amount allocated to the provinces also falls – from 23% to 16% but the share of the budget for the districts rises from 5% to 13%. Municipal expenditure remains at 1% of the budget.

The largest item in the current budget is expenditure on staff, which rises from 9.5% to GDP this year to 9.7% of GDP in 2011. Subsidies rise from 0.7% to 0.8% of GDP. Chang said this includes fuel and bread subsidies.

Parliament's budget increases by 10% in 2011 and the amount paid to deputies rises by 14%. Parliament does not publish details of remuneration and the budget does not contain details. Deputies' salaries total Mt 163 mn per year – but that sum is almost doubled by the attendance allowance, a constituency allowance, an entertainment allowance, and allowances for fuel, water, electricity and rent. This brings the total amount paid to the deputies to Mt 309 mn – which works out to a total average remuneration of Mt 103,000 per deputy per month -- \$3000 per month, or 45 times the minimum wage. Deputies who sit on commissions earn considerably more, and those who have no such responsibilities earn less.

Mine resettlements badly done

Resettlement of villagers affected by the two big mining projects so far implemented has been badly done, according to an investigation by Tomas Selemene of the Public Integrity Centre (CIP, Centro de Integridade Publica) in Maputo.

At the Moatize open cast coal mine run by the Brazilian company Vale, 760 families have been moved. The houses for the resettled families were badly built and did not correspond to the model house that was shown to villagers before they agreed to move. There are also issues about splitting people into “urban” and “rural” groups, and that latter were moved 40 km for the city, making marketing difficult. There are ongoing disputes with resettled families.

At the heavy sands (titanium) mine at Moma, Kenmare moved a long established village in 2007. Residents claim that after three years, Kenmare still has not provided the promised water, school and health post, and the residents have not been given adequate new farmland., Selemane reports. Local people were not trained or hired for the mine. And a local development association set up with Kenmare money is not working effectively.

Tony McCluskey, Financial Director of Kenmare, responds that “some of the points raised are simply inaccurate, some have validity and either have been addressed or are in the process of being addressed. We in Kenmare have at all times worked with the community in a way that enables them to benefit both directly and indirectly from the presence of the Moma Mine. ... There is an abundance of evidence that local residents are much, much better off then beforehand.”

Meanwhile, Moma has suffered a major incident. The mine dredges huge amounts of sand to find small amounts on titanium and zirconium, and deposits waste water and sand from the dredging in large ponds. The walls of one of these ponds failed at 2 am on 8 October and a torrent of water, sand and clay swept through a village, killing a child and damaging or destroying nearly 400 houses. In early November Kenmare said mining had been resumed. It said it had repaired the houses and improved the design of the ponds.

Flood warnings

Warnings of flooding on the Zambezi River were issued Friday 17 December, as Hidroelectrica de Cahora Bassa (HCB) increased discharges from the Cahora Bassa dam. Water is expected to reach 1 metre above flood alert level, closing some roads. People near the banks of the river are advised to move.

Rivers in central and southern Mozambique are also on the rise. The ferry service across the Buzi river in Sofala is suspended. In the south, the Maputo, Limpopo and Incomati rivers have also risen substantially, but do not pose an immediate threat.

Short news items

+ MALARIA. Cases of malaria fell from 6 million in 2007 to 4 million in 2009, according to the Permanent Secretary in the Ministry of Health, Jorge Tomo. This was due to chemical spraying inside and outside houses and the use of insecticide treated bed nets.

+ TEACHERS. The teacher-pupil ratio in Mozambican primary education will remain at 66 pupils per teacher in 2011, despite the planned recruitment of 8,500 new primary teachers. National Director of Education, Manuel Rego, said that there was not enough money to recruit more teachers. The number of primary pupils will grow by over 8%, to more than 6 million. AIM reports that Rego said that the number of pupils in Mozambican secondary schools has tripled in the last six years, rising from about 300,000 in 2004 to slightly less than a million now, but

there is a serious problem of a very high failure rate in the exams at the end of 10th grade, the end of the first half of secondary education.

+ GOVERNOR DIES. Sofala governor Mauricio Vieira died 7 December in a South African hospital. He was named governor in January, but he was only in the job for six months before his health forced him to step aside. He was replaced, on an interim basis, by the Deputy Minister of Public Works, Carvalho Muaria.

+ELECTRICITY. About 4 million Mozambicans (17%) of the population have electricity in their homes, compared to 1.3 million in 2004.

+ BANKING. Another new bank has opened in Maputo, the Nigerian United Bank for Africa. But in a 22 November speech President Guebuza called for more banking outside Maputo. Only 52 of 128 districts have banks.

And more on

China. 'No Chinese Island'

A Chinese proposal for the development of part of Maputo has been deferred. Tong Jian Investment Company of China has proposed a project for the development of the Katembe municipal district, on the opposite side of Maputo Bay from the centre of the city. As part of the plan, Tong Jian had wanted to build a complex for Chinese workers. "We discussed thus and we said it couldn't be a Chinese complex, it would have to be an international complex", said the mayor of Maputo, David Simango. "We don't want an island solely for Chinese residents".

But on 14 December Maputo and Tong Jian did sign agreements for the construction of a five star hotel in Costa do Sol, and a market for the sale of construction materials. Tong Jian will invest \$230 million, of which \$150 mn will be for the 200 room hotel. In exchange for providing the land, the city will have shares in the hotel. The same will happen with the Katembe project, when it is agreed.

And on 17 December Tong Jian signed an agreement to establish a \$200 mn vehicle assembly plant in Maputo province. The project will create 3,000 jobs, and the first vehicle will leave the assembly line in July 2011. Initially the plant will produce 10,000 vehicles a year; 30% of the vehicles produced will be sold on the Mozambican market, and the rest will be exported. A temporary assembly plant will be set up in Machava, in Matola, while a permanent factory is built in Maluana, 76 kilometres north of Maputo, where a science and technology park is being built.

Wikileaks: 966 cables to go

Wikileaks has 970 cables from the US embassy in Maputo, of which only four have been published so far. To keep up to date, check the Maputo list on:
http://wikileaks.as50620.net/origin/53_0.html

The first four, from Todd Chapman, then US charge d'affaires in Maputo, were translated and published this week in *Savana*. There have been a number of comments on errors and omissions. Paul Fauvet of AIM notes that Chapman links the handover of Nacala port in late

2008 to Insitec to drug trafficking through the port. But Fauvet notes that “Chapman omits to tell the State Department who was running CDN previously – for until they sold their shares to Insitec, the main shareholders were two US companies, the Railroad Development Corporation (RDC) and Edlows Resources. So the people in charge of running a port which Chapman believes is a major narcotics entrepot were, until recently, two American corporations.”

Chapman attributes accusations of corruption against Mozambican ministers to a Mozambican businessman, whose name has been deleted by Wikileaks but who can be identified because he was is the owner of the only milk processing factory in Maputo. He told AIM that the milk factory had indeed faced unfair competition from illegal milk imports from Asia, which were driving him out of business. Among his competitors was the MBS group, owned by Mohamed Bachir Sulemane (subsequently named as a drug baron by US President Barack Obama), which was selling cheap milk from Thailand and Singapore. Eventually he came to an agreement, whereby MBS became its sole distributor, taking a 10% agent’s fee. This year he sold the company to MBS. He admits meeting Chapman at a reception in late 2009, and when the diplomat asked about the problems of his company, he told him. But then Chapman asked a range of other questions, and to most of them “I just told him I didn’t know. I only knew what I read in the papers”.

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Two working papers on the web

Poverty is not being reduced in Mozambique

LSE Crisis States Research Centre Working Paper No. 74 (series 2)

Benedito Cunguara and Joseph Hanlon, June 2010 t

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2.pdf>

Tambem em Portugues:

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2portuguese.pdf>

**Mozambique’s Elite – Finding its Way in a Globalized World and Returning to Old
Development Models**

Joseph Hanlon and Marcelo Mosse September 2010

WP/105 UNU-WIDER: The Role of Elites in Economic Development project
http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-105/

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Joseph Hanlon

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Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

Savana: www.savana.co.mz

Canal de Moçambique: www.canalmoz.com

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