

# MOZAMBIQUE News reports & clippings

199 30 July 2012 Editor: Joseph Hanlon ( [j.hanlon@open.ac.uk](mailto:j.hanlon@open.ac.uk) )

To subscribe: [tinyurl.com/moz-en-sub](http://tinyurl.com/moz-en-sub) To unsubscribe: [tinyurl.com/moz-en-unsub](http://tinyurl.com/moz-en-unsub)

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

This newsletter can be cited as "Mozambique News Reports & Clippings"

---

## **In this issue: Reports and academic papers**

### **World Bank admits Sena incompetence**

**IKURU, Japanese cars, sugar**

**Chinese land grab myth**

**Agriculture & underdevelopment**

**Donors, health & HIV**

=====

This issue of *News reports and clippings* is entirely on a number of reports and academic papers which have been released recently.

=====

## **World Bank admits Sena disaster, vindicating CFM**

In an extremely damning evaluation, the World Bank admits that its performance on the rehabilitation of the Sena and Machipanda railway links to Beira was "unsatisfactory" and admits that repeated and valid complaints by Mozambique Railways (Caminhos de Ferro de Moçambique, CFM) and the government were ignored.

For five years (2005-2010) Bank supervisory reports said progress was "satisfactory" or "moderately satisfactory", totally ignoring "virulent" complaints from CFM and "persistently negative reports from the Independent Engineer". The Bank's report concludes that "the Bank supervision team did not have the requisite technical engineering skills and competencies", and "only hired short term consultants."

The report shows problems started from the beginning. The \$110 million Bank loan was conditional on CFM retrenching 13,600 experienced staff, and on the structure of the central railways being a concession in which the concessionaire had 51% of the shares and CFM 49%, which left CFM "powerless to influence any action". The failure of the project was "mainly" due to this Bank-imposed structure. The Bank then gave the contract to an Indian Rites and Ircon consortium which "had no proven experience of actually running successful rail operations" and "lacked the competence for the undertaking".

In part, the report admits, this occurred because at the time the World Bank had "no understanding of basic drivers for a successful rail business model."

The World Bank report points to the "incompetence" of the Indian consortium, of its refusal to accept recommendations of the Independent Engineer, and the failure of the Bank to do anything about this. There was "a visible and documented lack of concern for issues related to Health and Safety". The Independent Engineer raised concerns and the government expelled some managers

and closed some work camps, but the World Bank admits it did nothing. Specifications were relaxed over the objections of CFM and the Independent Engineer, and "incompetent staff" were appointed over the objections of CFM.

The main part of the project was to rebuild the Sena railway line to the Tete coal mines, but it also included the rehabilitation of the Machipanda line from Beira to Zimbabwe. No rehabilitation was done and "the condition of the Machipanda line is worse now than before the project."

Finally, the report admits that not only will Mozambique have to repay the loan for the unsatisfactory project, it will have to find money to complete undone work and will also need to pay an extra \$20 million to the contractor, which is "apparently unjustified", because of ineffective Bank monitoring.

"Mozambique: Beira Railway Project", report no ICR2154, 27 June 2012,  
<http://documents.worldbank.org/curated/en/2012/06/16494347/mozambique-beira-railway-project>

## Lack of finance stymies IKURU

The first detailed study of IKURU, the Nampula-based producer-owned marketing company, points to lack of finance and bank hostility as its biggest problem. "It should be recognized that banks in Mozambique have been cautious, if not hostile, to lending to small-scale agricultural producers," notes the study, meaning that IKURU will remain dependent on donor guarantees.

The study also argues that IKURU has had difficulties trying to "span business and civil society activities" and "needs to become much more serious and professional."

But it also notes that "the decision made by IKURU in 2010 to restrict trading activity to seed multiplication and fairtrade/organic commodities in order to increase profit margins, has reduced IKURU's relevance to the producers' needs for a reliable market and higher prices for the bulk of their produce, and affected IKURU's reputation among its farmer members."

The study also looks briefly at the new ALIMI in Cuamba.

"Development of National Producer Organizations and Specialized Business Units in Mozambique: A study for The Royal Norwegian Society for Development to prepare a new phase of programme collaboration", by Randi Kaarhus and Philip Woodhouse. Noragric Report No. 63, January 2012  
<http://www.umb.no/statisk/noragric/publications/reports/2012/noragricrep63.pdf>

## Why are there so many Japanese cars in Maputo?

A fascinating and detailed look at the import of Japanese used cars to Maputo. In order to support the local new car industry, Japan imposes onerous inspections and high charges on cars over three years old, so there is a big export of 3-year old cars to Africa. Andrew Brooks follows the import of these cars by Pakistani families via Durban and through corrupt customs officials in Mozambique.

"Networks of power and corruption: the trade of Japanese used cars to Mozambique", by Andrew Brooks. *The Geographical Journal*, 178: 80–92. Academic paper, but available free on  
<http://onlinelibrary.wiley.com/doi/10.1111/j.1475-4959.2011.00410.x/full>

## State support for sugar sector

The Danish Institute for International Studies and Lars Buur has done a series of studies highlighting the importance of state support for the sugar sector in Mozambique.

The sugar sector is compared with fisheries, cashew and poultry in "Mozambique Synthesis Analysis: Between Pockets of Efficiency and Elite Capture", by Lars Buur with Obede Baloi and Carlota Mondlane Tembe, DIIS Working Paper 2012:01, <http://www.diis.dk/sw114524.asp>.

Mozambique's sugar sector is compared with cocoa in Ghana in "Engaging in productive sector development: Comparisons between Mozambique and Ghana", by Lars Buur and Lindsay Whitfield, DIIS Working Paper 2011:22 <http://www.diis.dk/sw112686.asp>

Privatisation and rehabilitation of the sugar sector had "able and coordinated support from the intellectual critical left, the political and administrative nomenclature and the union movement at crucial moments" argues "Strategic privatisation: rehabilitating the Mozambican sugar industry", by Lars Buur, Carlota Mondlane & Obede Baloi, *Review of African Political Economy*, Volume 38, Issue 128, 2011. (This is an academic paper which must be paid for, see below.)

In the same issue of *Review of African Political Economy* is a close look at the failed Procana sugar for ethanol project, and a broader challenge of land allocation for biofuels. "The politics of agrofuels and mega-land and water deals: insights from the ProCana case, Mozambique," by Saturnino M. Borrás Jr, David Fig & Sofía Monsalve Suárez, *Review of African Political Economy*, Volume 38, Issue 128, 2011.

## Land website

The Land Rights in Africa website moved from Oxfam to Mokoro in May 2012. Their section "Land Rights In Africa - Southern Africa: Mozambique" has the best collection of papers on land in Mozambique, including a new Portuguese translation of the paper for the April 2012 World Bank Annual Conference on Land and Poverty by Simon Norfolk and Joseph Hanlon: "Peasant Producers and Investors in Northern Zambezia, Mozambique, in the Context of Profit Pressures on European Investors".

=====

### Academic papers not available free of charge

Knowledge is not free, and the papers below are in academic journals which are available only to subscribing universities, and which charge a fee to others for each article.

For Mozambicans and others in the global south, it is sometime possible to arrange free copies – contact [j.hanlon@open.ac.uk](mailto:j.hanlon@open.ac.uk)

=====

## Chinese land grab is a myth

Claims that China is grabbing land in Mozambique for as many as 20,000 Chinese settlers to grow rice for export to China are a total myth, according to the first researchers who actually tried to track down the story. The claim has no basis, yet without any research it has been frequently repeated by major think tanks such as the Washington-based Center for Strategic and International Studies, campaigns like GRAIN, and newspapers such as the *Mail & Guardian*.

"Although we did find a handful of Chinese agricultural aid activities and investments," the researchers note, there was no land grab and no large farming investments. "What we found was a

far different story: an assertive Mozambican government and private sector engaging with multiple Chinese actors to further Mozambique's own agricultural goals."

"What we did find was a series of agricultural aid projects responding to Mozambican requests, and a growing number of Chinese companies exploring investment opportunities, encouraged by the Mozambican government."

Deborah Brautigam is probably the most knowledgeable academic on Chinese investment and she concludes: "The much-circulated picture of Chinese agricultural activities in Mozambique is closer to fiction than fact. That the conventional wisdom on Mozambique can be so far from reality calls into question the picture in other African countries as well."

"Rumours and realities of Chinese agricultural engagement in Mozambique", by Deborah Brautigam and Sigrid-Marianella Stensrud Ekman. *African Affairs*, 111/444, pp 483–492

## Climate change and roads

Mozambique will get off relatively easily from climate change suggests this article. Economic damage will be most serious for roads, particularly due to flooding, but it will not be serious enough to call for a major upgrading of roads. Instead, improvements should be restricted to those portions of road most subject to flooding.

"Climate Change, Growth and Infrastructure Investment: The Case of Mozambique", by Channing Arndt, Paul Chinowsky, Kenneth Strzepek, & James Thurlow. *Review of Development Economics*, 16 (3), pp 463–475, August 2012

## Stimulate agriculture to reduce poverty

The failure to reduce the consumption-based measure of poverty in Mozambique between the surveys in 2002/03 and 2008/09 has provoked substantial debate. Channing Arndt, Finn Tarp and other long-term researchers in a new paper blame three factors:

- Very slow or zero growth rates in agricultural productivity, reflected in weak growth in food crop production;
- Weather shocks that impacted the harvest of 2008; and
- Declining terms of trade due to large increases in international food and fuel prices.

"An important policy message to draw from this analysis is that a principal missing element in the current development process – as elsewhere in sub-Saharan Africa – is sustained productivity growth in smallholder family agriculture. ... Without stimulating the agricultural sector, particularly but not exclusively the family sector, widespread poverty among large numbers of food-producing small and medium-sized farmers is simply unlikely to go away in the foreseeable future."

"Explaining the evolution of poverty: the case of Mozambique", by Channing Arndt, M. Azhar Hussain, E. Samuel Jones, Virgulino Nhate, Finn Tarp, and James Thurlow, *American Journal of Agricultural Economics* 94(4): pp 854–872.

**COMMENT:** While we totally agree with the need to raise productivity of smallholder agriculture, we do not accept the starting point of the article – that there was no decline in poverty over six years.

There have been three family expenditure surveys, each six years apart. The first two were called IAF (Inquérito aos Agregados Familiares) and the most recent was called IOF (Inquérito sobre Orçamento Familiar). In the 2002/03 IAF, Channing Arndt and others offered two different figures, based on different poverty lines. If the same poverty line is

used in 2002-3 as in 1996-7, then the fall in poverty was from 69% to 63% - reasonable but not dramatic. But the report offered an alternative much lower poverty line (lowering the line simply moves more people over the line) which showed 54% poverty, and naturally donors and government all cited the lower number.

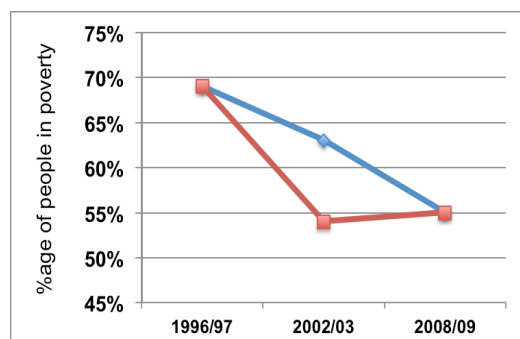
In our 2008 book *Do bicycles equal development in Mozambique?* (chapter 7) we argued the lower new lower poverty line was wrong and the higher figure should be used. The 2007/08 survey found 55% poverty which would seem to validate the argument we made in the book. The graphs below show the two alternatives. The upper blue line in the left hand graph shows that if the higher poverty line was taken in 2002/03 then there is a slow but steady fall in poverty. The lower red line shows that if the lower poverty line was taken in 2002/03 (as used by Arndt, donors and government) then poverty fell dramatically in the first six years then suddenly stopped falling for six years – which seems surprising and unrealistic, and traps government officials, donors and academics into trying to explain a sudden change that did not really occur.

The second graph shows the actual number of Mozambicans living in poverty. Whichever mid-year poverty line is used, the number of people living in poverty increased by 1 million between 1996/97 and 2008/09. *jh*

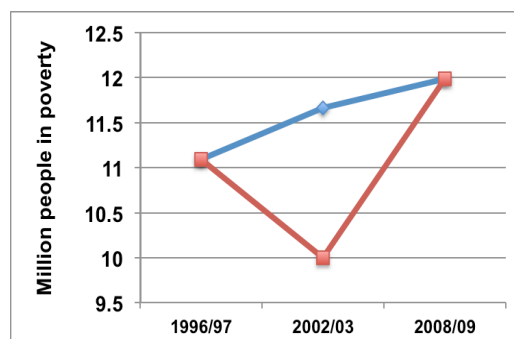
## Mozambicans in poverty – 3 surveys & 2 poverty lines

The 1996/97 and 2008/09 surveys used a single poverty line, while the 2002/03 survey offered two alternatives. The upper (blue) line calculates that 2002/03 poverty line in the same way as the 1996/97 poverty line, while the lower (red) uses a method which sets a much lower poverty line in 2002/03.

**%age of Mozambicans in poverty**



**Number of Mozambicans in poverty**



## Rural Mozambicans trapped in 'generalized underdevelopment'

"Households in rural Mozambique are collectively trapped in generalized underdevelopment," and there is "relative stagnation in rural Mozambique," concludes an article in the prestigious journal *World Development*. "The overall macroeconomic improvements in Mozambique's post-war period do not seem to have reached the rural areas."

The study looks at assets rather than income, and finds that contrary to expectations, "wealthier households tend to grow at a lower rate than poorer households", and above average households tend to move down while below average households tend to move up. That means all rural people tend to converge toward income and assets just below the poverty line.

"The extremely low overall equilibrium just around the official poverty line also relates well to what

was already, in the 1950s, termed a "low-level equilibrium trap," the authors note. "This describes how generalized poverty acts as a major constraint to sustained economic growth and structural transformation."

"Assets, Shocks, and Poverty Traps in Rural Mozambique", by Lena Giesbert and Kati Schindler, *World Development* 40 (8), August 2012, pp 1594–1609

## Donors remain powerful, but their policy is wrong for health

"HIV/AIDS policies in Mozambique have up to now achieved a measure of success. However, the intense donor influence in policy formation in the health sector and the extensive use of vertical programming are partly in conflict with the main principles of the Paris Agenda and hinder a more comprehensive and balanced upgrading of the national health system," warn the Spanish authors of this study. "In Mozambique it is time to progressively abandon the old logic of individual projects, vertical funding, short-termism, high indirect costs and frequently scarce coordination and alignment. The alternative should be a logic which places more emphasis on long-term sustainability, on strengthening the health sector, and on the disbursement of aid as budget support, in which local actors, especially in the public sector and civil society, are trained and provided with the opportunity to lead the process."

"Donors still influence public health policies strongly, including HIV/AIDS policies, and major donors such as PEPFAR and the Global Fund continue to favour vertical programming because quick results in relation to one specific target can often be more easily achieved, and control over finance and operations remains largely in the donors' hands. This vertical approach to public health policies ... is not the best option for strengthening the national health system and expanding basic health services in a country in great need of them. HIV/AIDS cannot be successfully fought in the absence of sufficient primary care."

"HIV/AIDS policies in Mozambique and the new aid architecture: successes, shortcomings and the way forward", by Eduardo Bidaurratzaga-Aurre & Artur Colom-Jaén, *The Journal of Modern African Studies* 50 (2) June 2012, pp 225-252

=====

**Now in paper at a reasonable price**

## 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>

and on Amazon.co.uk for £17.09

## 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 now be **read on the web**

<http://tinyurl.com/justgivemoney>

=====

## 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



Tambem em Portugues:

<http://www2.lse.ac.uk/internationalDevelopment/research/crisisStates/Publications/phase2papers.aspx>

### **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/](http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-105/)

=====

**Also on the web:** Previous newsletters and other Mozambique material are posted on [tinyurl.com/mozamb](http://tinyurl.com/mozamb)

=====

#### **NOTE OF EXPLANATION:**

This 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:**

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

O Pais: [www.opais.co.mz](http://www.opais.co.mz)

Macauhub English: [www.macauhub.com.mo/en/](http://www.macauhub.com.mo/en/)

Savana: [www.savana.co.mz](http://www.savana.co.mz)

Canal de Moçambique: [www.canalmoz.co.mz](http://www.canalmoz.co.mz)

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

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

=====

This mailing is the personal responsibility of Joseph Hanlon, and does not necessarily represent the views of the Open University.