

MOZAMBIQUE News reports & clippings

388 corrected 19 October 2017

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Nampula mayor assassinated

The mayor of Nampula, Mahamudo Amurane, was assassinated on 4 October, the Mozambican Day of Peace and Reconciliation. Eye-witnesses said a man waited until Amurane came onto the patio of his house, then shot him three times at point-blank range, before walking away.

Amurane was elected mayor in the 2013 municipal elections on the Mozambique Democratic Movement (MDM) ticket, but this year there has been a bitter dispute between Amurane and the MDM leadership. Although he never formally resigned from the MDM, Amurane announced his intention to run for a second term of office next year, but not as an MDM candidate.

Islamist attack on Mocímboa da Praia

An armed group of Mozambican Islamists occupied the town of Mocímboa da Praia, Cabo Delgado on 5 October; two police, 14 raiders and one community leader were killed in the subsequent fighting, which extended over two days. On 12 October police units on the road from Mocímboa to Palma were attacked, with one police and three attackers killed.

The raiders use the names "Al-Shabaab", "Al-Sunna" or "Suahili-Sunna", but seem to have no links to Al-Shabaab in Somalia. According to Mocímboa da Praia residents, the group wants to impose Sharia law, ban the sale of alcohol, and remove secular monuments and Christian crosses.

Mocímboa da Praia residents, including local Muslim leaders, told STV they had been aware of the

Social protection special report:

http://www.open.ac.uk/technology/mozambique/sites/www.open.ac.uk.technology.mozambique/files/files/Mozambique_387-12Oct2017_Social-protection-special-report.pdf

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

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:

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>

existence of the extremist group since 2014, and had warned the authorities repeatedly about them. Indeed, there were even reports in the media. But the authorities, at least in public, denied the threat. (AIM Eng 8, 16 Oct)

See also the article "Why Islamist attack demands a careful response from Mozambique" by Eric Morier-Genoud <http://theconversation.com/why-islamist-attack-demands-a-careful-response-from-mozambique-85504>

IMF says no programme next year

The IMF confirmed that there will be no further "engagement" with Mozambique until it has provided more information on the secret debts, and that it does not expect a new programme in 2018. IMF Africa Director Abebe Aemro Selassie at a 13 October press conference in Washington said that "we are not at the moment assuming that there will be a program next year, there is no program discussion as you know, the engagement that we had has been interrupted, and this as is well known also so until the gaps that have been identified by the audit that's been done can be filled, so we are waiting for those to be completed."

<http://www.imf.org/en/News/Articles/2017/10/14/press-briefing-african-department?cid=em-COM-123-36050>

This article was corrected on 19 October 2017. There was an error in the IMF official transcript of the press conference, which has also now been corrected.

Rio Tinto charged with fraud over \$3.7 bn Tete coal mine deal

Rio Tinto and two former bosses were charged with fraud Tuesday by the US regulator, the Securities and Exchange Commission (SEC), over how they accounted for their disastrous purchase of the Riversdale coal mine in Tete. Rio Tinto bought Riversdale in 2011 for \$3.7 billion, and sold it in 2014 for \$50 million to the Indian state company ICVL (International Coal Ventures Ltd).

The SEC says Rio, its former chief executive Tom Albanese and ex-finance director Guy Elliott had sought to hide or delay disclosure of problems associated with the purchase of Riversdale. "Rio Tinto and its top executives allegedly failed to come clean about an unsuccessful deal that was made under their watch. They tried to save their own careers at the expense of investors by hiding the truth," said Steven Peikin, Co-Director of the SEC's Enforcement Division. Both resigned from Rio Tinto in 2013.

Meanwhile, in the UK, the Financial Conduct Authority (FCA) said Tuesday it had fined Rio £27.4 mn (\$36 mn) for breaching disclosure rules, the biggest fine the FCA has levied on a company for a listing-rules breach. The FCA said Rio had failed to carry out an impairment test and to recognise a loss on the value of Riversdale coal assets in Mozambique when it published half year results in 2012. "The FCA considers that this demonstrated a serious lack of judgement. There were indicators of impairment for the Mozambique assets which meant that Rio Tinto was required to carry out an impairment test."

At issue in both cases is not that Rio Tinto bought the mine for a hugely inflated price, but rather that it took two years, until 2013, to admit it. The SEC case is that Rio and its senior executives soon became aware there was less coal and of a lower quality than they had previously thought, and that an application to barge the coal to port for export had been rejected by Mozambique authorities. Nevertheless, Rio Tinto raised \$5.5 bn from US investors, including \$3 bn for Mozambique, when Albanese and Elliott had allegedly already been told that the mine was likely worth negative \$680 mn. SEC says the alleged fraud was only uncovered in January 2013 when a whistle blower discovered the inflated value and told the company's chairman Jan du Plessis.

(*Financial Times*, ABC News 17 October, <https://www.ft.com/content/802009e0-087c-3edf-812d-f0370ccb8cb1>)

Albanese and Elliot did save their careers. Albanese went on to head the India coal company Vedanta, from which he resigned in August, and Elliot became a non-executive director of Shell, from which he resigned Wednesday.

More airport debt

Government guaranteed borrowing of MT 733 mn (now \$12 mn) by the Mozambique Airports Company (Aeroportos de Moçambique, ADM) and MT 554 mn (\$9 mn) by the airline LAM in 2016, purely to keep the companies operating, according to Adérito Caldeira of *@Verdade* (18 October). Few Mozambican journalists look closely at the wide range of publicly available government documents, but Caldeira is an assiduous reader, and this comes from the government accounts for 2016.

The MT 733 mn adds to huge debts already revealed in ADM's 2015 accounts, which showed that its loss that year of MT 3 bn put it into technical bankruptcy. At the end of 2015 ADM had debts of MT 5.8 bn (now \$95 mn) to banks operating in Mozambique and MT 6 bn (\$98 mn) to Exim Bank of China, Deutsche Bank and Banco Nacional de Desenvolvimento Social do Brasil. This suggests total debts must now be in excess of \$200 mn.

Comment and suggestion: There is growing pressure that those who benefitted from the \$2 bn secret loans should repay some of the money. One way to do this might be for a Dubai or Panama-based company to buy ADM, perhaps for \$150 mn, and agree to also pay off its debts of \$200 mn.
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Leasing ports to minister's brother was improper

Renewal of leases on Quelimane and Beira ports to Cornelder was improper because of possible conflict of interest, according to the attorney-general's office, which has demanded they be annulled.

Cornelder Mozambique is largely owned by the Dutch company Cornelder and the state railway company CFM. It has links to former President Armando Guebuza, who was earlier transport minister. Carlos Mesquita was chair and managing director, He is a close confidante of the current president, Filipe Nyusi, who named him as transport minister. Carlos passed his role to his brother, Adelino Mesquita, who was killed in an air crash in March 2017.

Cornelder Mozambique won the contract to manage Beira port in 1998 and the much smaller Quelimane port in 2004. The leases were renewed in 2016 and signed by Carlos Mesquita as minister, which, the attorney general argues, violated the Law on Public Probity. (*Noticias*, AIM En 17 Oct)

450 cases against corrupt officials this year

The Central Office for the Fight Against corruption (GCCC) since January 2017 has handled more than 450 cases involving public figures such as members of the government, diplomats, mayors, district administrators, and directors of public companies, President Filipe Nyusi said in a speech in Maputo 13 October.

Corruption "is the greatest challenge that we face", and had reached levels that are "very high and

frightening," Nyusi said. Speaking to public servants, he warned of the "tendency to take decisions in your own interest"

Recent cases: The head of the Sussendenga municipal assembly, Jacob Muiambo, has been arrested for stealing MT 1.8 mn (\$29,500). The trial has begun of the former director of the Mozambican Export Promotion Institute (IPEX), Cecilia Candrinho, charged with abusing her office by awarding the organisation of the Maputo International Trade Fair (FACIM) to a private company, Santos & Rey – Estruturas e Eventos, without any public tender. It ran FACIM between 2012 and 2015, and received MT 127 mn (then \$3.2 mn). (AIM En 16, 13 Oct)

"Mozambique: the mining licenses are for the generals" is the title of a chapter in the latest report by the African Investigative Publishing Collective in partnership with Africa Uncensored and ZAM, "The plunder route to Panama", released last week. The chapter looks at Cabo Delgado and particularly at rubies.

https://www.zammagazine.com/images/pdf/documents/African_Oligarchs.pdf

500 teachers ended their strike in Xai Xai, Gaza, after the government promised to pay overtime which had not been paid since 2015, due to the economic crisis. They say MT 130 mn (\$2.1 mn) is owed to teachers in Gaza province. (AIM Pt 10 Oct)

The police commander's house was burned down by an angry crowd in Mandimba district, Niassa, on 2 October. The crowd also destroyed two cars, one belonging to the district commander, and the other to the local head of the traffic police. They blamed the police for the 1 October killing of an informal currency trader, who exchanged Malawian kwachas for Mozambican Meticaís in this border area. A Mandimba resident told reporters that, according to the murdered man's family, his killers included a man wearing a police uniform, and that money had been stolen. (*O País*, 3 Oct).

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

If you need to cite it for academic purposes, treat it as a blog. The normal citation format would be:

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

Previous newsletters and other Mozambique material are posted on 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

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

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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

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 sociólogo: <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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