

MOZAMBIQUE News reports & clippings

366 10 April 2017 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Secret debt documents and report:

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>

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>

Previous newsletters and other Mozambique material are posted on bit.ly/mozamb

Comment

Nyusi moves on timber and secret debt scandals

Forensic auditors Kroll were given access to the Mozambican bank accounts of former president Armando Guebuza and his close associates on 29 March, five days after Kroll was given a one-month extension for its report. And Land, Environment and Rural Development Minister Celso Correia won an extension to the ban on logging, agreed by the Council of Ministers Tuesday 4 April.

President Filipe Nyusi is moving against more corrupt elements of the Frelimo old guard whose actions have cost billions of dollars, nearly bankrupted the country, and tarnished the image of the party sufficiently to raise questions about upcoming elections. Renamo President Afonso Dhlakama's decision to contest 2018 local elections, and in negotiations to call for a major increase in the number of municipalities, suggests he thinks Renamo can beat Frelimo in many of the smaller municipalities.

Many of those accused of corruption are also part of Frelimo factions moving against Nyusi, and who will be weakened by the anti-corruption moves, giving Nyusi more control of the party before the Frelimo congress in September. Party infighting means that no decisions are being taken now without an eye to the congress.

Nyusi has moved slowly and carefully. The head of SISE, who had been blocking the secret debt audit, was only replaced under pressure from the IMF and Sweden (who are funding the audit) and just before Kroll's first extension. Access to bank accounts was given only after Kroll's second extension. None of the \$2 bn secret loans entered Mozambique; all was retained by the main contractor outside the country. This suggests corrupt payments would have gone into secret off-shore bank accounts and not directly into Mozambican accounts. But the organisers of the secret debt felt confident that they would not be exposed, so subsequent unexplained transfers from off-shore accounts may appear in their Mozambican bank accounts.

Corruption in the hardwood timber trade has been devastating Mozambique's forests and costing the country more than \$150 million per year. Corruption has become endemic, from local forest guards through local party leaders and port officials, allegedly up to ministers. It was first exposed more than a decade ago, in a 2005 report "Forest governance in Zambézia: Chinese takeaway" by Catherine Mackenzie, and has been the subject of countless articles since then, but the corrupt networks seemed untouchable. Celso Correia is one of President Nyusi's closest confidants; one of Correia's top priorities over the past two years has been to halt the unchecked exploitation of valuable hardwoods, and he moved slowly with a series of restrictions. Only recently could Nyusi be sure that he had enough power within Frelimo and in the Council of Ministers to finally curb the trade - and with so many people profiting, the battle is not over. *jh*

Kroll to see Guebuza bank account, 19 others

Banks were ordered by the Attorney General's office (Procuradoria-Geral da República, PGR) on 29 March to provide details of all movements during 2012-16 for all accounts in Meticals and foreign currency for 19 individuals and one company. PGR spokesperson Georgina Zandamela told Bloomberg that the request is part of the audit into Ematum, Proindicus and MAM being undertaken for the PRG by the forensic auditor Kroll. Those named are:

- Former President Armando Guebuza and his sons Mussumbuluco and Ndambi.
- Edson Macuacaua, who was press officer and advisor to Guebuza when he was president. A member of parliament since 2000, and currently chair of the Constitutional Affairs, Human Rights and Legality Commission.
- Other advisors to former President Guebuza: Renato Matusse (also a member for the board of LAM), Marlene Magaia (also curator of the Museum of the Presidency), Carlos Simango, Neusa Cristina Matos, and Carlos Pessane.
- Three members of the embassy in the UAE (United Arab Emirates), which is the base of Abu Dhabi Mar, which owns the shipyard that built the Ematum fishing boats. They are Francisco Cigarro (former head of protocol to Guebuza) and now ambassador to UAE, José Maneia, consul in Dubai, and Riduan Adamo.
- Lizete Chang, who died last year, was the wife of former finance minister Manuel Chang.
- Jociro International, an investment company mainly owned by António Carlos do Rosário, head of Ematum, MAM and Proindicus; and Angela Leão, shareholder in Jociro and wife of Gregório Leão, who was dismissed as head of the security services, SISE, in January.
- Izadora Faztudo, who died in 2015 and was a member of parliament and a former deputy minister of fisheries. She was involved in a conflict of interest controversy in 2011 when she was chair of Cervejas de Moçambique (CDM) and an MP when parliament approved a new law which cut the taxes for CDM.
- Guilhermina Langa, Maria Gamito, Salvador Mula and Teófilo Nhangumele (country manager for McDermott Marine Construction).

Savana reports that access to other accounts, including those of Manuel Chang and António Carlos do Rosário, had been authorized earlier.

(Zitamar and Bloomberg 5 Apr, *Savana* 7 Apr, *O País* 27.10.2011, *Africa Intelligence* 6.5.2016, various other newspapers and websites. A copy of the PRG's order was posted first on 3 April on the Facebook page of Momade Assife Abdul Satar ("Nini") who was convicted of the 2002 murder of journalist Carlos Cardoso and has since been released from prison.)

Kroll's audit is due to be submitted to the PRG on 28 April. Departing Swedish ambassador Irina Schoulgin Nyoni, who paid for the audit, told Savana (31 March) that initially the PGR will publish an executive summary of Kroll's report and within 90 days (to 27 July) "it should publish the final report which, according to the agreed terms of reference, will not divulge the names of those who orchestrated the hidden debts" because the PGR is undertaking its own

criminal investigation and expects to bring prosecutions. Also, the published report will not include "classified military information". But she stressed: "The terms of reference say that the final report must be published, and there's no going back on that".

Ematum workers have not been paid this year, employees claim. (*O Pais* 31 March)

Logging ban continued; timber 'daylight robbery' costs \$150-200 mn/year

The ban on logging, in effect from the beginning of the year, was extended for another three months to the end of June, by the Council of Ministers on 4 April. It is a major victory for Land, Environment and Rural Development Minister Celso Correia, who has been trying to control an extremely corrupt sector.

Illegal logging and wood exports cost the country \$150-200 million per year, which Correia calls "daylight robbery". The quantity of wood declared to the Mozambican authorities is far less than that sold on the international market.

In March the ministry ran Operação Tronco - Operation Tree Trunk - and inspected 123 timber yards and found 70% operating illegally; fines of 157 mn Meticias (\$2.3 mn) were imposed and an incredible 153,000 cubic metres of wood were seized. The entire annual timber harvest should only be 500,000 cubic metres. He warned that some of the timber seized was fresh, cut since the start of the year, and that there had been violence and threats of violence and offers of bribes.

Correia met last week with loggers and timber companies to try to develop a new licensing system and more local processing to lead to sustainable exploitation of forests. Otherwise, he says, Mozambique will soon have no forests at all. Probably this means the state becoming the sole buyer and exporter of timber to guarantee a transparent market.

Speaking at a meeting Thursday, Vitória da Silva Coelho for the Associação Moçambicana de Operadores Madeireiros cited a host of reasons for illegal logging, partly blaming the Chinese and partly local unemployment. She cited false licences, particularly given to families of civil servants, whole networks of illegal exporters, and corruption by the police and customs. Correia called on forestry and timber operators not to embark on illegal activities, but to exploit natural resources in a way that brings economic benefits for the development of the country. (*O Pais* 5, 7 Apr, Lusa & AIM 6 Apr)

Municipal elections set for 10 Oct 2018

As expected, the Council of Ministers has set Wednesday 10 October 2018 as the date for the next municipal elections. There are currently 53 municipalities with elected mayors and assemblies that have substantial control over local finance. But it is expected that negotiations between Renamo and the government on decentralisation will significantly increase that number, demanding some hasty organisation by the National Elections Commission (CNE) and Ministry of State Administration if they are to be included in the next elections. The current electoral law requires registration this year (2017) which is highly unlikely because of the national census in August, and the CNE has suggested that they be postponed to early next year, but nothing has been said yet.

An academic paper on the election newsletter was given at the London School of Economics on 31 March, and sets out how in the last three pairs of elections (2003-4, 2008-9 and 2013-4) local journalists, mainly for community radio, reported for a daily newsletter published by the *Mozambique Political Process Bulletin*. This led to effective and rapid monitoring of violence,

misconduct and equipment failures, as well as reporting of the majority of areas where things went smoothly. The paper is on <http://bit.ly/LSE-newsletter>. It is intended to publish the daily newsletter again in 2018-9, with up to 250 correspondents.

Mitsui buys part of Vale, but delays LNG decision

After three years of negotiation, the Brazilian mining giant Vale has agreed the sale of part of its assets in Mozambique to the Japanese company Mitsui, for \$733 mn and a probable \$37 mn later this year. Mitsui is purchasing 15% of Vale's holding in its open cast coal mine at Moatize, Tete. Vale owns 95% of the mine, while the other 5% belongs to the Mozambican state.

Mitsui is also purchasing half of Vale's participation in the Nacala Logistics Corridor (CLN), which consists of the new coal terminal at the northern port of Nacala-a-Velha, and the railway from Moatize to Nacala, which crosses southern Malawi. 50% of CLN is owned by Vale and 50% by the publicly owned Mozambican ports and rail company, CFM. (AIM 30 Mar)

Meanwhile, Mitsui reports that it will not make a final investment decision on the Anadarko-led onshore LNG plan until mid 2018, more than a year late, claiming that it is behind in negotiations with the Mozambican government. The two-train 12 million tonnes per annum project is expected to start operations in 2022-2023, after construction of about four years. It holds 20% of the Anadarko led sector. (Reuters 4 Apr)

Other news

Brazilian chickens banned

Chicken imports were banned on 27 March (but not announced until 30 March). Officially, the ban is on all Brazilian meat and chicken, following a scandal of Brazil covering up the export of deteriorated meat. But it is clear that Brazilian chicken was being relabelled as being from other countries, notably South Africa, leading to a total ban on chicken.

Mozambique imported at least \$13 mn of Brazilian chicken in 2015. Most chicken is already locally produced, and local producers say they can expand to meet demand. So the ruling is partly an attempt to protect local producers. The National Veterinary Service reports that local chicken production is 75,000 tonnes per year and imports only 5,500 tonnes. (*O Pais Económico*, 31 Mar)

Bread and fuel subsidies cut

Fuel subsidies were cut sharply, with petrol and diesel prices rising 6 Meticaís per litre, to MT 56.06 (\$.84) and MT 51.89 (\$.77), respectively - still quite low. Minibus (chapa) operators continue to receive subsidised fuel, but only if they are registered and meet safety conditions, so they want a price rise so they can stay unregistered. Fares in Maputo and Matola are MT 7 (\$.11, i.e. 11 US cents) for short journeys, and MT 9 for longer ones. Longer distance fares in Nampula have been raised to MT 1.25 (under 2 US cents) per km.

Flour subsidies were stopped on 1 April, and bread prices will no longer be controlled.

The dream of biodiesel is over, Almirante Dima, deputy national director of hydrocarbons in the Ministry of Mineral Resources and Energy, told *O Pais* (6 Apr). President Armando Guebuza toured the countryside promoting a plant called jatropha and sugar plantations were planned to produce ethanol. Government had ruled that from 2012 diesel was to be 3% biodiesel and petrol was to be 10% ethanol. But it never happened. Dima said the biofuel could only be economically viable when oil cost more than \$100 a barrel, whereas it now costs half that.

The President of Equatorial Guinea, Teodoro Obiang Nguema, visited Maputo last week, in another hangover from the Guebuza era. The tiny former Spanish colony in west Africa is a major oil producer, but the country's authoritarian government has one of the worst human rights records in the world. After being refused several times, the country was finally admitted to the Community of Portuguese Language Countries (CPLP) in 2014. The visit was boycotted by opposition parties Renamo and MDM.

LAM is in serious trouble with three of its seven planes out of operation. (*O Pais* 30 Mar)

Four senior officials of Cornelder Moçambique were killed along with the two pilots in an air crash in bad weather near the Mozambique-Zimbabwe border 27 March. The company runs Beira port. Among the dead was administrator Adelino Mesquita. (*O Pais* 29 March)

New exchange rate rules were set by the Bank of Mozambique starting 3 April. Commercial Banks must report their average US dollar rates three times a day and the Bank of Mozambique will report an average "reference rate" which must be posted in all banks and exchange houses. They are allowed to set their own rate, but the spread between buying and selling cannot exceed 2%. (*Zitamar* 3 Apr)

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"Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.
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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: kapicuadir@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.riener.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://oficinasociologia.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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