

MOZAMBIQUE News reports & clippings

369 24 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>

Minimum wages & exchange rates 1996-2017 <http://bit.ly/MinWage2017>

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

Also in this issue:

Comment: Cleaning up after Guebuza

Attorney General highlights greed and violence

Nyusi promises \$50 mn Xai-Xai airport, as IMF says debt 'not looking good'

Government wage cut

In contrast to previous years, the percentage increase in the civil service minimum wage is not being applied to other civil service salaries. Instead, anyone earning above the minimum wage will receive an increase of just MT 500 (\$8) per month, *O Pais* reported Friday (21 Apr). Inflation for the year to March was 21.6%, and the minimum wage for public service, defence and security increased by 21.9% to MT 3996 (\$61) per month. But only 45,000 civil servants, 13% of the total, are on the minimum wage; for those above the minimum wage, this is a substantial income cut.

There is good table of government salaries (which does not include additional perks and benefits) on <http://www.meusalario.org/mocambique>. Before the small increase, the highest monthly salaries for various categories included army general (MT 115,720, \$ 1,769), university full professor (MT 52,502, \$ 803), doctor (MT 46,553, \$ 712), nurse (MT 20,572, \$ 315), teacher (MT 25,136, \$ 384), army captain (MT 10,487, \$ 160), police sergeant (MT 9,421, \$ 144). These are all the top of the wage ranges; by contrast the lowest teacher's salary is (MT 7,580, \$ 116).

The state payroll in November had 348,665 people. Of those, 13% are on the lowest level and receive the minimum wage, 20% are on basic level, 46% intermediate, and 21% superior. The salary scale is based on both the job level and education level. (*O Pais* 21 Apr)

The full table of minimum wages is on <http://bit.ly/MinWage2017>

Peace talks: announcement soon, but for Dhlakama to comment

President Nyusi and Renamo head Dhlakama are talking frequently on the telephone, Filipe Nyusi told rallies in Macaneta and Namaacha, Maputo province, on 20 and 21 April. For his part, Dhlakama told a 19 April press conference that "the war is over" and that he hopes a permanent truce can be agreed. But he also stressed that he does not yet feel safe to leave his bush headquarters in Gorongosa.

In Namaacha Nyusi said that it was up to Dhlakama to reveal any agreements the two have reached in their telephone chats. But he suggested such a statement might be forthcoming soon. Nyusi has obviously decided that all announcements will be made by Dhlakama, who announced the cease fire and its extension, with only the most limited comment by Nyusi.

The current cease fire ends on 4 May. "Within days, we will have a different response from the one we currently have [the ceasefire]. It does not necessarily mean the end, because this process is long and the model we are designing, because of its thoroughness, will of course take some time," Nyusi said.

Nyusi made an obscure comment in Maceneta. The two negotiating teams are continuing to work, he said, and "the president of Renamo and I do not want informal intermediaries." Those who want to help "should not disturb what is happening. Because if we come up with stories to think we're helping, we're pushing, and you do not know what people are doing. This is dangerous because it creates distrust again and we are already leaving this atmosphere of mistrust between Mozambicans." He did not identify the people or explain his comments. (*O País* 20, 21, 24 Apr; AIM En 23 Apr)

Comment

Cleaning up after Guebuza

The presidency of Armando Guebuza has left a host of problems in government and the civil service. The \$2 bn secret debt is tip of an iceberg of corruption and sense of entitlement at all levels. US legal actions revealed bribes paid to senior people in LAM and the airports authority. Demands for money by the traffic police, at airports, and for services have become endemic. There is a long list of dubious government contracts issued outside the normal public tender system, which often mean poorer services for ordinary Mozambicans.

One of the problems has been the entrenchment of patronage. Jobs are dependent on Frelimo party member and/or family or social links. There is a sense of entitlement - to perks, extra money, a car, etc. Priority becomes serving the patron - doing party work rather than doing a good job. At the same time there are no rewards for taking risks or doing the job well; indeed the good and honest people are often marginalised because they show up the others. Taken together it has led to a sharp deterioration in state services. LAM has four of seven airplanes grounded, a result partly of difficulty maintaining a fleet of too many kinds of aircraft, resulting from bribes, and flights are cancelled arbitrarily and no revised schedule is announced. Maputo has water shortages now because no one was brave enough to announce water rationing a year ago or push for new wells and pipelines two years ago. There are electricity cuts because EDM does not maintain or replace its aging equipment or keep enough spares. MCEL crumbles because there is no pressure to keep up with the competition and changing technology. The IMF and donors are now demanding privatization of the remaining state companies, which would surely be supported by the disgruntled customers.

Reversing a decade and more of patronage, entitlement and corruption is not easy. Too many people benefit from the present system. And any change in leadership is met by a new set of family and cronies who demand similar jobs and privileges. Recent moves by President Filipe

Nyusi and his government suggest that they feel that the power of former president Guebuza has weakened enough that some people have lost protection. The attack on the corrupt timber trade (see newsletter 366) and the visits by Nyusi to state enterprises similar to those of Samora Machel 40 years ago suggest an attempt to clean up after Guebuza.

But is a culture change possible? No senior figures have been prosecuted for corruption, which remains a very low risk crime. So far, it is only the "small fish" who are targeted. Many people are still protected by Frelimo, Nyusi is still building his power base and his new allies want their rewards, and any peace deal with Afonso Dhlakama will include privileged positions for Renamo people. But a few steps are being taken and some stories are noted below. *jh*

Targeting transport

President Filipe Nyusi is an engineer and was head of the northern railways, so transport is an area he knows. At the same time, former President Armando Guebuza was previously transport minister, and it became an important part of his power base as he put his people into key posts. So it was an obvious area for Nyusi to choose for a clean-up tour in the style of Samora Machel 40 years ago.

Nyusi on 13 April visited institutions supervised by the Transport and Communications Ministry: Mozambique Airlines (LAM), the Maputo municipal bus company (EMTPM), the port of Maputo, the National Land Transport Institute (INATTER) and the telecommunications regulatory body (Mozambique National Communications Institute, INCM).

When he visited the Maputo bus company, Nyusi found several young mechanics idle and chatting. They told him "there's no work. All the buses are circulating. Today we have had no breakdowns". But Nyusi saw dozens of buses that were off the roads. "You say you have no work, but here there are buses that are not moving." The young mechanics told him there were more than 30 buses off the roads because of lack of imported tyres and batteries. Of 200 buses, only 50 are operations, with many others off the road due to lack of spare parts.

After his tour, Nyusi met the Consultative Council of the Transport Ministry, and said the problem was not just a shortage of buses, but of attitude. If the broken down EMTPM buses were sold off, private operators would soon put them back on the roads. "In the hands of private businessmen, all those buses can circulate", he said. "The problem is us; we relax because we will always receive our wages".

Nyusi found LAM grossly overstaffed, with 909 staff for a fleet of seven aircraft, only four of which were flying. He criticised LAM's claim to be the "Mozambican flag carrier" and demanded competition. He promised a "profound transition" of LAM, probably privatisation or management by a foreign airline. He also criticised the fact that the seven planes come from three different manufacturers (in part due to an Embraer bribe) which makes training and maintenance much more difficult.

Nyusi discovered that the coastal shipping company Transmaritima had acquired boats in 2011 that were inappropriate and are now paralysed in Zambézia, waiting to be scrapped along with eight other Transmaritima vessels.

He called the Ministry "a warehouse of staff who can work nowhere else" and with senior staff with no clear plan for what they were doing. (AIM En, *O Pais* 14 Apr)

LAM's maintenance crisis is caused by the sacking of the chief maintenance engineer for opposing corruption, claims *Canal de Moçambique* (18 Apr, based on *Africa Monitor Intel* 13 Apr). *Canal* says the experienced engineer was recruited from Ethiopian Airlines but was recently sacked without notice. He had been reorganising maintenance and spare parts supplies, and *Canal* reports he cancelled contracts on which LAM officials were receiving commissions and in

some cases were for second hand parts.

Transport subsidies are being shifted. The fuel subsidy of MT 42 mn (\$650,000) per year is being discontinued, and instead the government will subsidise new buses, Transport Minister Carlos Mesquita announced on 17 April; 50 buses will be imported in the next 45 days for routes to Maputo, Matola, Boane and Marracuene and 300 buses will be imported in the next 18 months. Private companies will receive the buses on credit, but will be required to operate fixed routes and schedules. Mesquita said he expects a fare rise shortly. (*O Pais Económico* 21 Apr)

Attorney General highlights greed and violence

Attorney General (Procuradora-Geral) Beatriz Buchilli presented her annual report to parliament 19 and 20 April. The report notes "with concern cases of corruption that are highlighted by the greedy and excessive manner in which they were practiced, as well as by the amounts and status of the people involved." This ranges from Traffic Police agents "who receive money to avoid fines, up to the holders of public office who, by virtue of their position, gain from business and/or public money, to the detriment of the state and of all the community".

Buchilli appealed to parliament to pass a law making it easier to confiscate assets that are the result of crime. She also appealed for the passing of the new penal procedures code, which is currently stuck in committee. Parliament passed the new penal code in 2014, but the procedural code was not changed and dates from the colonial era, so prosecutors are having problems applying the new penal code, in part because the old procedures do not deal with modern forms of crime. (*O Pais* 20, 21, 22 Apr; *Savana* 21 Apr; *@Verdade* 19, 20 Apr; *Noticias* 18, 19, 20 Apr)

In well know assassinations and shootings:

- Two people have been charged with the 3 March 2015 murder of **Gilles Cistac**, but they have not been arrested and apparently cannot be found.
- No one has been identified as a suspect in the 23 May 2016 shooting and injury of commentator and academic **José Jaime Macuane**.
- Three people have been charged with 11 April 2016 killing prosecutor **Marcelino Vilanculos**; one is still being held in jail, but two are abroad and cannot be found, including one who escaped from jail on 24 October 2016. An Interpol warrant has been issued.

On the corruption front:

- Three people have been charged and their bank accounts frozen in the case of the \$800,000 bribe paid in 2009 by the Brazilian aircraft company **Embraer** to sell two planes to **LAM**, and the amount was added to the price of the planes. Buchilli did not name them, but two have been named in other documents, José Viegas, then head of LAM, and Mateus Zimba, then Mozambique head of Sasol. *Savana* (21 Apr) names the third as Paulo Zucula, Minister of Transport 2008-13 under Guebuza, and says that he told investigators that he was acting purely for Frelimo and not for personal gain. It is widely assumed that Frelimo takes a share of bribes and other corruption.
- 27 people have been charged (of whom 7 are in preventive detention) in the theft of MT 127 mn (\$2 mn) from the **Agriculture Development Fund** (Fundo de Desenvolvimento Agrário). One of those detained is former FDA head Setina Titosse. They had invented agricultural projects which did not exist and siphoned off the money.
- On the \$900,000 bribes paid by **Odebrecht** to win the contract for the white elephant Nacala airport, Buchilli said that agreement between Odebrecht and the Brazilian government remains confidential until June, and only then will Mozambique have sufficient information to bring charges.
- The social security fund (Instituto Nacional de Segurança Social, **INSS**) invested improperly in lending MT 210 mn to CR Aviation to buy four airplanes and also in taking

15% of the shares. @Verdade (20 Apr) says there was a similar illegal investment in Epsilon Investimentos, which is linked to Labour Minister Vitoria Diogo.

Other issues highlights by Buchilli and her report for 2016 include:

- 5959 cases of **domestic violence**, which has reached an "alarming" level.
- Of the 6757 civil servants and senior officials of public bodies required to submit asset and income lists, only 2976 have done so, and of those 737 were late. The declarations are secret.
- MT 1.9 bn (\$30 mn) of **money laundering** from kidnapping, drugs, and trading in wildlife. Just one example was the arrest on 20 March of two Pakistani citizens near the Zimbabwe border with \$424,792 in cash, which they were taking to Dubai.
- Thefts from the state of MT 460 mn (\$ 7 mn) of which MT 21 mn (\$320,000) and 11 vehicles were recovered.
- Kidnapping continues, although at a lower level than in earlier years.
- People trafficking, for sex, forced labour and organ theft.
- 27 people were lynched and killed, and 87 people charged with involvement.

Nyusi: Local party 'irresponsible' for not demanding '7 million' repayment

"Visibly angry, Nyusi classified the local consultative councils, which are the agencies in charge of managing the district development funds, as bad managers," reported the state news agency AIM (Pt, 23 Apr) "The advisory councils are not collecting repayments of the seven million, they are bad managers, they give money and then they do not expect repayment,' he said, adding that 'this is irresponsible.' According to the President, the province of Maputo is being the champion of dishonesty regarding repayments, and in some cases the money available has been practically given to a single beneficiary. Nyusi said that this creates discontent within the populations because they know that some have received money and some have not."

Nyusi was speaking in Boane, Maputo province. The declaration is important because it is a direct attack on local Frelimo party officials linked to former President Armando Guebuza. The district development fund (FDD) was set up in 2006 by Guebuza, when donors prevented him from creating a development bank. It was initially 7 million Meticaís for each district and colloquially has kept that name, despite increases in size subsequently. Initially it was meant to be a revolving rural development loan fund directed by local consultative councils which would determine if projects were viable and money could be repaid. But it soon became notorious as the local Frelimo elite handing out patronage and never requiring repayments. But it was also part of the Guebuza network at lowest levels and despite repeated press reports, seemed untouchable.

Nyusi was making an internal political point to call it "dishonest" not to repay, in front of the press in a Frelimo stronghold not far from Maputo, and to not blame the borrowers but instead blame the Frelimo dominated consultative councils.

Passport contract to be cancelled

The shambles caused by the award of a dubious contract for producing passports and identity cards has continued since the contract was awarded to Semlex in 2009. Problems including waiting time increased from 15 to 90 days were exposed in a report by the Public Integrity Centre (Centro de Integridade Pública, CIP) two years ago in a report "How not to do a public-private partnership" - http://www.cip.org.mz/cipdoc/365_CIP-a_transparencia_16.pdf *Savana* (14 Apr) reported that government is finally trying to cancel the contract. The final straw appears to be a corrupt network of Semlex staff selling documents, including diplomatic passports. *Savana* says that South Africa authorities reported to Mozambique that in one week earlier this year, 1500 Mozambicans crossed the border with diplomatic passports. It also reports that although it receives more than half the income from identity cards and passports, Semlex has still only invested \$25 mn

of the \$100mn promised in the 10 year contract and the two regional processing centres have never been opened. Semlex retains total control over the software and processing, making it hard for government to cancel the contract.

Two magistrates dismissed

Two judges have been dismissed by the Magistrate's Council (Conselho Superior de Magistratura Judicial). Judite Simão, a judge in the Marracuene (Maputo province) district court, had ruled in favour of a land invasion, in which people claiming to be natives of Marracuene occupied 200 hectares of a eucalyptus plantation which had been a 1970s FAO project. The land had been sold to another company, which complained against Simao's behaviour, and the CSMJ opened disciplinary proceedings. The Council found that she had violated her duty to act with impartiality, by giving opinions and offering informal advice to parties to the dispute. Furthermore, she failed to take decisions in good time. Roberto Balate, of the Manica Provincial Court, was found guilty of issuing sentences in favour of accused persons in exchange for money. He had also ordered court officials to issue cheques, on court accounts, to people outside the institution. (AIM *O Pais* 13 Apr, *Savana* 14 Apr)

And on debt

Nyusi promises \$50 mn Xai-Xai airport

Despite the debt crisis, President Filipe Nyusi on 19 April announced a new \$50 mn airport to be built in Gaza, in Poiombo, Chongoene district, 26 km from Xai-Xai. He admitted that the government was still looking for money, but claimed "there is no problem". *O Pais* (20 Apr) points out that the airport was first announced in 2009, and *@Verdade* (20 Apr) notes that in 2012 it was only estimated to cost \$12 mn. In his 19 April speech in Gaza, Nyusi also said that "a big airport" would probably be built in Massingir, near the dam and the Limpopo park. Both airports would potentially serve the tourist trade. "We have to think big and look forward. The airport will have an economic impact and Gaza will grow economically," Nyusi said.

IMF says debt 'not looking good'

In a press briefing Sunday morning 23 April at the IMF annual meeting in Washington, Abebe Aemro Selassie, Director of the IMF African Department, was asked about Mozambique. He replied: "On Mozambique, we have an agreement with the government that three things need to be in place ... before we can have a program-type engagement. I think the first one is completion of the audits that are ongoing. So, we're waiting for results of the audit. ... But the terms of reference of that audit are very clear in trying to understand exactly what happened with the proceeds of the loans that have been taken out by the three enterprises. Second, I think is that, there are indications that the debt picture in the country is not looking good. So, some kind of debt re-profiling will be necessary and important to get more a sustainable debt path. So, this is something the government is working on. And then lastly, we have to agree on policies to support the program. So, I think once those three are in place, we can move forward."

<http://www.imf.org/en/News/Articles/2017/04/23/tr042117-transcript-of-african-department-press-briefing?cid=em-COM-123-35112>

Other news

Election registration will be from 1 March to 29 April 2018, the National Elections Commission (CNE) has proposed. There would be a verification period 1-4 May and the register would be published and the number of assembly seats in each municipality announced by 2 June. The CNE would like to use the registration data base from the 2013-4 elections and simply update it, which would mean only new voters, those who had moved, and those who had lost their voters

card would have to register. This would require minor changes in the electoral law, which could be done in the second parliament session this year if there are no objections from political parties.

Chicken production is rising to meet the demand caused by the ban on Brazilian imports, according to Trade and Industry Minister Max Tonela. Mozambique consumes an estimated 75,000 tonnes per year of chicken, of which 5,000 was imported, so it does not require a substantial increase in production. (*O Pais Económico* 21 Apr) Production time from egg to frozen chicken is normally 5-6 weeks.

Stop regarding the state as your only client and source of survival, President Nyusi told a meeting of national business people in a speech in Marracuene on 20 April. He warned that anyone regarding the state as the sole client is in for a rude awakening, since that market is shrinking, given the government's policy of cutting expenditure on goods and services. He was rejecting calls for the government to give priority to Mozambican companies in the supply of goods and services for the state, notably from the chair of the Maputo Provincial Business Council, Candido Bila, who said "We feel it is necessary to give privileges or make room for the small national companies so that they can grow". (AIM En 21 Apr)

The iodised salt subsidy has been ended by the government and UNICEF, but with the hope that salt producers will continue to add iodine without subsidy. UNICEF representative Michelle Pechoux said that the health of women and children had "improved substantially" because of the addition of iodine to salt. (AIM En, *Noticias* 19 Apr)

The Metical continues to increase in value. The Bank of Mozambique mid-rate was MT 65.4 = \$1 on 21 April, compared to Mt 66.5 = \$1 on 10 April and MT 67.9 = \$1 on 30 March.

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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: 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://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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