

MOZAMBIQUE News reports & clippings

339 14 September 2016 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Comment: something will turn up: <http://bit.ly/28SN7QP>

Oxfam blog: Bill Gates & chickens:

<http://oxfamblogs.org/fp2p/will-bill-gates-chickens-end-african-poverty/>

Chickens and beer: A recipe for agricultural growth in Mozambique

by Teresa Smart and Joseph Hanlon is on <http://bit.ly/chickens-beer>

Gas for development or just for money? is on <http://bit.ly/MozGasEn>

Break: No newsletter for the next month as the editor takes a break.

Comment:

Forensic audit?

It is unclear how to interpret President Filipe Nyusi's response to a question of a forensic audit of the secret debt at a press conference in Gaza Saturday (10 Sep). "There is no government official who said at any time that there would not be a forensic audit. What we have been saying is that processes are already underway" through the Public Prosecutors Office and parliament. (Rádio Moçambique, 11 Sep) According to the *O País* website (11 Sep), Nyusi added that the government has never made a statement about a forensic audit, because it has never been asked.

The IMF and donors have called for an independent forensic audit of the more than \$2 bn in secret loans. If done well, it would expose overpricing and poor contracts, and identify those who benefitted. IMF head Christine Lagarde has called the secret loans corrupt, which suggests the IMF expects the audit to detail that corruption. The loans and projects were negotiated by a small group around then President Armando Guebuza, and senior party people close to the former president want to block a forensic audit.

The careful double negative in President's Nyusi's statement suggests that a forensic audit has neither been accepted nor rejected, and he is putting it on the table in negotiations with both the IMF and inside Frelimo. Nyusi's appointment of an IMF man as Bank of Mozambique governor suggests he is slowly gaining power against those allied to Guebuza, and this statement may be the next step. By putting stress on ongoing investigations by the Public Prosecutors Office and parliament, he may be pointing to another way forward. Could Frelimo allow enough scapegoats can be found locally and enough money to be returned to appease the IMF?

Media reports been quite different. Here are the full quotes, in Portuguese, and links:

Rádio Moçambique 11 Sep: "Não há nenhum governante que disse que não se ia fazer auditoria forense, em nenhum momento; O que temos estado a dizer é que os processos já estão em curso.", frisou o Presidente da República, Filipe Nyusi.

My translation: "There is no government official who said at any time that there would not be a forensic audit. What we have been saying is that processes are already underway ", said the President, Filipe Nyusi.

O País 11 Sept 2016 website, <http://opais.sapo.mz/index.php/politica/63-politica/41848-filipe-nyusi-diz-que-o-governo-nao-se-opoe-a-auditoria-internacional-as-dividas->

[ocultas.html](#) :

“O que temos estado a dizer é que os processos já estão em curso, ao nível da Procuradoria e ao nível da Assembleia. Portanto, as autoridades estão a funcionar e nós nunca nos pronunciamos nesse sentido [de recusar a auditoria forense]. A não ser que haja uma preocupação de se saber o que nós pensamos disso”, afirmou o Presidente.

My translation: "What we have been saying is that the processes are already under way at the level of the Public Prosecutor and the level of Parliament. Therefore, the authorities are working [on this] and we have never pronounced on this [to refuse forensic audit]. There has not been a concern/interest/request to know what we thought of it " said the President.

O Pais newspaper 12 Sept 2016 presents the quote differently: “O que temos estado a dizer é que os processos já estão em curso, a nível da Procuradoria-Geral da República e da Assembleia de República, portanto, as autoridades estão a funcionar e nunca nos pronunciamos ao contrário do que deve ser feito”.

My translation: "... the authorities are working and we never stated the opposite of what should be done "

Noticias 12 Sept 2016 has only one quote: “Não há nenhum governante que disse que não se ia fazer auditoria forense, em nenhum momento”, sublinhou Filipe Nyusi.

My translation: "There is no government official who at any time said we were not going to do a forensic audit", said Filipe Nyusi.

20 non-viable state companies to be sold or closed this year

Of the 109 companies in which the Mozambican state holds shares, 64 are not viable and will be sold off or liquidated; 20 of them by December, and 20 next year, Finance Minister Adriano Maleiane said on 5 September. He was speaking at a meeting of the Consultative Council of the Institute for the Management of State Holdings (Instituto de Gestão das Participações do Estado, IGEPE). Most were abandoned when their original owners fled shortly after independence, 40 years ago, and were kept running by the state.

Maleiane said that the state business sector consists of 13 public companies, 2 state companies, and 109 companies in which the state holds shares. He said that 20 companies regarded as “strategic and viable” are being analyzed in order to restructure them financially, identify strategic partners, diversify and expand their products and services, consolidate their operations and rationalize costs. Restructuring measures have already been adopted for six of them: the telecommunications company TDM, the mobile phone company M-Cel, the Mozambican Post Office, the Airports Company (ADM), Mozambique Airlines (LAM), and STEMA, the company that runs the grain terminal in the port of Matola. “The restructuring under way will catalyze the development of the national economy through public-private partnerships, which will make viable state participation in major development projects”. These companies must be “capable of competing with other companies on the market”. (AIM En & Pt 5 Sep)

LAM cancels plane purchase due to \$139 mn debt

Mozambique Airlines (LAM) has cancelled its order for three Boeing 737 Next Generation aircraft, “because it is unable to pay for these acquisitions”, LAM chair Antonio Pinto de Abreu told reporters at the IGEPE meeting Monday. The state-owned airline dismissed its entire board on 10 February and named a new board chaired by de Abreu, who had been deputy government of the Bank of Mozambique. The former LAM management has always painted a picture of a financially healthy company, but the reality was different. Pinto de Abreu said that six months ago LAM had debts of \$160 million, which has now been brought down to \$139 mn. Back in 2014, the company’s then Chief Executive Officer, Marlene Manave, said LAM was acquiring the three Boeings which

would be delivered in 2015, 2016 and 2017. Then delivery of the first was delayed until November this year, and now all three are cancelled. Pinto de Abreu said LAM had already paid Boeing some money which he is trying to recover. (AIM 9 Feb, 5 Sep; ch-aviation 7 Sep; <http://www.ch-aviation.com/portal/news/49150-lam-mozambique-curbs-fleet-network-expansion-over-debts>)

de Abreu said the deficit is "structural". One problem is that LAM has six kinds of aircraft (mostly Boeing, Embraer and Bombardier) which is unusual for a small airline with only 13 planes and means LAM must manage six sets of spare parts and train pilots and technical staff to handle them, which raises costs. A new study of LAM by the new Maputo think-tank Waza accepts there are structural factors, for example that half of all passengers fly to or from Maputo. And only half of airports have refuelling facilities, requiring planes to carry extra fuel. Nevertheless, poor management means these structural problems have never been responded to. "LAM operates as if it did not need to be commercially viable," the report notes.

According to Waza, LAM fares are more expensive per kilometre than other regional airlines. In addition, LAM is "extremely unreliable" with delays and short notice cancellations and alterations that are never communicated to passengers. "Actually, LAM does not have any real customers' service, the their ground staff is not trained in customer service." Furthermore, "data collection as well as performance review is not common at LAM". "Other costs are passed on to LAM's customers, including expensive catering (despite the mediocre meals) and the exceptionally high scanning fees charged by private company Kudumba." Kudumba is part owned by SPI, and Frelimo party holding company, and was given the contract for port and airport scanning in preference to more competitive bids. Since then there have been repeated complaints about Kudumba's high charges. (*CIP Newsletter* 2 and 16, 2007 and 2012).

Waza calls itself a "think-and-do tank" aimed at developing solutions, as is on <http://wazatank.com/> (The report "Mozambique Aviation: let it air!" is by Waza director Claire Hassoun and is on <http://wazatank.com/wp-content/uploads/2016/07/WAZA-aviation-Aug-2016.pdf>)

Is Nacala airport a white elephant? Nacala international airport, the most modern airport in the country, was opened with great fanfare by President Armando Guebuza in 2014, but it remains virtually unused. The only flights are by LAM to and from Maputo. On 1 June the government announced that it would try to privatise management of the airport in the hope that a private company could attract foreign airlines and charter companies to fly there. The airport is a former military airport, and was designed and built for \$144 mn by the Brazilian company Odebrecht. Its runway is 3,100 metres long and it can accommodate large aircraft such as the Boeing-747. It can deal with 500,000 passengers and 5,000 tonnes of cargo a year.

Inflation hits 22%

The yearly inflation rate (1 September 2015 to 31 August 2016) is 21.96%. The monthly inflation rate rose to 1.27% in August, compared with 0.9% in July and 0.76% in June, according to the latest figures from the National Statistics Institute (INE), based on the consumer price indices for the three largest cities (Maputo, Nampula and Beira). (AIM En 11 Sep)

The increase is largely due to food prices. Cooking oil and soap both increased 10.3% in August. Of the three cities covered by the survey, August inflation was highest in Maputo (1.75%), followed by 0.94% in Nampula and 0.52% in Beira.

Dollar devaluation continues, with the metical falling 6% in three weeks, from 72 Meticias to \$1 on 21 August to 77 on Monday. Exchange rate against the rand was stable in the same period at 5.4 Meticais to 1 Rand. Minister of Economy and Finance, Adriano Maleiane blamed the devaluation on "large scale speculation". Interviewed on STV he said "according to parity purchasing power, and bearing in mind inflation in the neighbouring countries, particularly South Africa, and the general level of prices in Mozambique, a dollar should cost 55 or 56 meticais". (AIM En 12 Sep)

The Bank of Mozambique has denied reports that it has issued new directives curbing the amount people can withdraw from foreign currency accounts, but admits there is a squeeze because the commercial banks can only allow withdrawals of foreign currency they have, and there is a shortage of foreign banknotes due to the economic squeeze. (AIM En 10 Sep)

War

Big Renamo base taken in Morrumbala, Zambézia

Riot police occupied a major Renamo base in Sabe, Morrumbala, Zambézia, Saturday 10 September, which was much larger than any base identified so far. Police said that the perimeter of the base was 1 kilometre long and the base contained 600 huts. Police spokesperson Inácio Dina said "there were no casualties. The Renamo bandits had abandoned the location. They must have been informed that an attack was to take place." (*O País* 12 Sep, AIM En & Pt 10 Sep, *MediaFax* 14 Sep) This points to a common feature of the fighting this year and in 2013-14, that both sides are trying to avoid casualties and that neither side is defending their installations. There have even been reports that Renamo is told when security forces intend to attack so they can leave in advance.

Meanwhile Renamo continues to demonstrate its ability to move about some areas at will.

A roadblock was set up between Cuamba and Marrupa, Niassa by about 30 Renamo men on Sunday 11 September. The guerrillas said they were looking for soldiers or police. No one was killed or injured, and nothing was taken from vehicles. (AIM En 13 Sep)

The local police chief was killed in Lulute, Mogovolas, Nampula on 8 September as he walked home. Police say he was shot by a group of 10 Renamo. (AIM En 8 Dec)

Two people were killed and three injured in an attack on the N1 road between Nhamapandza and Caia on Tuesday 13 September. (*Radio Moçambique*)

15 Renamo men attacked the headquarters of the Sabeta administrative post in Tambara, Manica, on Friday 9 September. Only four were armed. They also stole medicines and medical equipment. The administrative post secretariat was attacked and archives and furniture destroyed. They went on to the home of the head of the administrative post, where they smashed windows, but were unable to break down the doors. They vandalized the maternity ward in the local hospital, smashing windows and destroying chairs, desks and cupboards. (AIM En 12 Sep)

Renamo attacked the Muaquia administrative post, Mocuba, Zambezia on 7 September. The group broke into the local health post and the houses of a locality chief and health director. There were no fatalities or injuries. (AIM En 8 Sep)

Why does the international community not condemn Renamo attacks? asked Foreign Minister Oldemiro Baloi in a Radio Moçambique interview Monday (12 Sep)

Dialogue resumed Monday with the mediators, and a change in the Frelimo negotiators. Lawyers António Boene and Eduardo Chiziane replaced two MPs, António Hama Thai and Edmundo Galiza Matos Jr. Deadlocked talks appear to be about a temporary cease fire to allow the mediators to go to the Gorongosa base of Renamo head Afonso Dhlakama. The Civil Society Panel for Monitoring the Political Dialog on Tuesday 13 September again demanded that civil society be included in the talks.

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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>

Chickens and beer: A recipe for agricultural growth in Mozambique

by Teresa Smart and Joseph Hanlon

E-book for Kindle and iPad, for \$9.32 from US Amazon -
<http://www.amazon.com/dp/B00NRZXXKE> - £5.14 from UK Amazon.

In pdf format, 6 Mb file, free on <http://bit.ly/chickens-beer>

Galinhas e cerveja: uma receita para o crescimento

by Teresa Smart & Joseph Hanlon. Copies are in Maputo bookshops or from
KAPICUA, Rua Fernão Veloso 12, Maputo; Tel.: +258 21 413 201 or +258 21 415 451
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 email 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 now available in **paperback**, for £17.99 (+ p&p)
from the publisher <http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

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**
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:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

@Verdade: <http://www.verdade.co.mz>

Diario de Moçambique (Beira): <http://www.diariodemocambique.co.mz>

Carlos Serra Diario de um sociologo: <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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