

MOZAMBIQUE News reports & clippings

350 18 December 2016 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Following the donor-designed path to the \$2.2 billion secret debt <http://bit.ly/3WQ-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/>

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>

Also in this issue:

Mediators abandon talks

Government accused of abuses'

Loan guarantee rejection possible

Husband kills Valentina Guebuza

Valentina Guebuza was shot and killed by her husband Zófimo Muiuane on Wednesday 14 December. She was daughter of ex-president Armando Guebuza and head of Focus 21 and other family businesses, and one of the wealthiest women in Mozambique. Guebuza, 36, and Muiuane, 43, were married in July 2014; they have one child. Among the wedding guests were South African President Jacob Zuma, King Mswati III of Swaziland, and Isabel dos Santos, daughter of Angolan President Jose Eduardo dos Santos.

Police said Muiuane shot his wife four times, using a pistol which was unlicensed in Mozambique and which he had brought from South Africa. Muiuane is head of marketing at the state-owned mobile telephone company Mcel, which is in financial difficulty and has been losing customers to competitor Vodacom. Muiuane's parents were family friends of Armando Guebuza.

Valentina Guebuza was a member of the Frelimo Central Committee. She was one of "The 20 Young Power Women In Africa 2013" in *Forbes*, the US magazine which once billed itself as the "capitalist tool". At the time, the magazine said "The 33 year-old daughter of Mozambique's President Armando Guebuza heads Focus 21 Management & Development, a large family-owned investment holding company with interests in banking, telecommunications, fisheries, transport, mining and property. Focus 21 owns significant stakes in Beira Grain Terminal and Chinese Pay TV Company StarTimes' operations in Mozambique."

<http://www.forbes.com/sites/mfonobongnsehe/2013/12/04/the-20-young-power-women-in-africa-2013/-af9a5607231d> StarTimes won the contract for implementing the transition from analogue to digital broadcasting systems in November.

The murder has put more focus on violence against women and domestic violence, which have become increasingly prominent issues recently. Margarida Talapa, the head of the Frelimo parliamentary group, expressed her dismay at the "aggression and domestic violence against women" which had culminated in Valentina's death. One recent study showed that in Maputo,

seven out of ten women had been violated or mistreated in public places, particularly in the high density suburbs. (AIM En, @Verdade 15 Dec)

Mediators abandon stalemated talks

International mediators left Mozambique last week, giving up on the stalemated talks between Renamo and the government. There was no formal statement, but the coordinator of the mediators, Mario Raffaelli, made clear they would only return if there was a formal invitation from the negotiating teams of the two sides.

Renamo has been demanding elections of governors in the six provinces in which it says it won the most votes in 2014 (in fact, it won in only five), and a new integration of Renamo fighters into the army and police with some form of joint control (as was agreed in 2014 for the Electoral Commission). Raffaelli's strategy was to help the two sides to agree on a decentralisation proposal to submit to parliament, followed by Renamo agreeing a ceasefire.

The two sides did agree in later October to a very general paper by Raffaelli which called for governors "chosen locally", without saying how or what powers they would have. It also talked of a truce and of possible "provisional Renamo governments" in some provinces. There then followed a period of shuttle diplomacy, with mediators talking to one side and then the other, to try to reach a compromise document with an outline of a proposed law which could be submitted to parliament.

Renamo claimed that the government negotiating team said it did not have a mandate to negotiate details of decentralisation, and that the purpose of the talks was only to organise a meeting between Renamo head Afonso Dhlakama and President Filipe Nyusi. Government then proposed that Dhlakama and Nyusi would appoint a committee of negotiators and Mozambican experts, but not mediators, to thrash out a draft. There were a few joint commission meetings, but that proposal finally failed. Dhlakama told *Savana* (16 Dec) that he opposed it because it would bypass the mediators. He has always been nervous that the government will use its much greater technical capacity to trick Renamo in technical negotiations, and sees the mediators as a partial protection.

Dhlakama, from his bush camp on the Gorongosa mountain, will not make any concessions - he wants to name six governors and that they should retain the current virtually dictatorial power of governors. Frelimo is divided. One group agrees to decentralisation and elected governors, but with the power sharply limited in a way similar to elected mayors. Another group wants no concessions on governors and is not happy with the talks at all, wanting to defeat Renamo militarily.

Challenged by *Savana* to declare a unilateral cease fire, Dhlakama refused. With neither side seeing any urgency for a settlement, the mediators went home.

And in the on-going war, regular attacks continue. Gunmen on 7 December shot at a train of the Indian coal mining company Jindal carrying coal from Moatize to Beira; the attack was in Inhamitanga, Sofala, and the train driver was injured. (AIM En & Pt 8 Dec) There have been three attacks on buses in the military convoys on the N7 road in Ncondezi, Bárúè, Manica. In all, eight people were injured. (Lusa 14 Dec) In an attack on 7 December 15 people were kidnapped by Renamo and later released in Barué. (Zitamar 9 Dec) There are now five accommodation centres in Manica with 650 families and 3,166 people who have fled the war with Renamo; the centres are in Vanduzi, Mossurize, Guro, Gondola and Bárúè. (AIM Pt 15 Dec)

A Renamo member of the Nampula provincial assembly, José Almeida Murevete, was shot and killed at his home in Nampula city on 15 December. (Voice of America 16 Dec)

The house of John Chekwa, a journalist with the community radio in Catandica, Barué, Manica was attacked by eight men claiming to be part of the police Rapid Intervention Unit. Chekwa was not at

home at the time, so they took his 15 year old son and a friend and threw them in the back of a truck containing other people. The two later escaped. The police also took all of Chekwa's computers, telephones, etc. Chekwa has been accused of being too critical of Frelimo and of reporting on the fighting between Renamo and the Rapid Intervention Unit in Barué. (Zitamar 9 Dec)

Freedom House accused government of 'human rights abuses' in Tete & points to Renamo presence there

"Security forces of the Mozambican government are committing gross human rights abuses against civilians" in Tete, leading people to cross the border into Malawi as refugees, says Freedom House in a new report. The report is based on interviews with 469 people in the Luwana refugee camp in Malawi.

But the report also shows that there is a significant presence of Renamo in parts of eastern Tete near the border with Malawi, who seem to move freely about the area. One woman said "Renamo soldiers stayed [in our village] for almost two years before the clashes began." Another said that villages fed the Renamo fighters. Another said that Renamo warned them of upcoming attacks by government soldiers.

Luwana has had up to 10,000 refugees, but most people had returned home, so the number has dropped significantly to 2,351. This means the people interviewed are those who refused to return home. Of those, half (53%) said they or family members had been personally attacked by the security forces. They cited killings, sexual attacks and burning houses and grain stores. Several community leaders cited a football match in Zobue, on the border, where six people suspected of being Renamo were killed.

In many ways, local peasants are caught in the middle. One said "when Renamo forces passed [through communities] the Frelimo forces asked individuals about who passed through, and when we didn't explain, the Frelimo forces would fight the villagers, and kill people."

Freedom House is a conservative US agency which considers Israel and Taiwan "free countries" and Mozambique, Malawi and Zimbabwe "partly free". The report "Mozambique: Violence, Refugees, and the Luwani Camp" is on <https://freedomhouse.org/report/special-reports/mozambique-refugees-luwani-camp-in-malawi>

Comment

Mozambique could refuse to recognise loan guarantee

The Parliamentary Commission on the secret \$2 billion debt said that the government guarantees were unconstitutional and that the loans should be seen purely as loans to three private companies. Nevertheless, it advised that the guarantee should not be rejected, in part because any judgement would be in an English court, and in part because such a public hearing would put Frelimo officials at risk of local court judgements.

However, discussions in London suggest that Mozambique would receive a more friendly response in English courts than it expects, and could refuse to recognise the guarantee of the secret debt.

The Ematum loan was a public bond issue and has already been rescheduled. But Credit Suisse and the Russian state bank VTB made secret loans to MAM (Mozambique Asset Management) and Proindicus, which were then syndicated to other lenders (who have formed a creditors committee). These loans had the controversial guarantee and say that any dispute will be settled in

an English court.

The first step would be for the Mozambican government to say it does not recognise the guarantees and to take the guarantees off its own books (which would probably reduce the total foreign debt enough to allow negotiation with the IMF).

The next step would be for Credit Suisse and/or VTB and/or the creditors committee to bring an action in an English court to enforce the guarantee. They would argue that:

- + The guarantee was signed by Finance Minister Manuel Chang and that a Finance Minister must have the right to sign contracts as an agent of the state.
- + The government has renegotiated the Ematum bonds as a government bond, and thus has accepted liability for a similar loan.

Mozambique would reply that:

- + The Finance Minister acted *ultra vires*, beyond his capacity, and that this is specified in the constitution.
- + The Credit Suisse and VTB did, or should have done, due diligence studies which would have made clear that the Finance Minister could not agree such a guarantee. This was not an obscure law, but in the constitution, and thus any due diligence would have advised against making the loan.
- + The Credit Suisse, VTB, and the Finance Minister would have known from documents relating the projects to be funded by the loans that it would be impossible for the companies to repay the loans in the short specified time, and thus that the guarantee would be sure to be invoked. All parties knew that the guarantee was against the constitution and thus that any payment under the guarantee would be illegal in Mozambique.

This defence has two unusual aspects:

- + A government would be claiming that its own minister did not have the power to act. The minister admitted to the parliamentary commission that he kept the signatures secret and did not tell parliament or the council of ministers. It may be unprecedented in an English court for a foreign government to say that one of its own ministers did not have the right to act for it, but because it is in the Mozambican constitution and so obvious, an English court would give a hearing to such a claim.
- + The case would be brought by the creditors under English law and thus an English court would give preference to English law over that of a foreign country. And English courts have enforced a contract which required an action illegal under foreign law. But an English court would not enforce a contract which intended the performance of an illegal act. Thus Mozambique's case would be that the Banks and the Finance Minister knew that the companies could not repay and the state would be forced to pay under the guarantee and thus it was intended, at the time of the signing, that an illegal act be carried out later. If proven, an English court would probably not enforce such a contract.

A final point is that both the banks and the government might prefer arbitration, which is probably permitted under the loan agreement, because a court action is public but arbitration is secret. The law is the same and the judgement would probably be the same. But in arbitration, the banks would not be required to make public their due diligence reports (or lack thereof), and the government would not be required to state publicly that it was claiming that its own minister acted unconstitutionally.

In such an unusual case, it is very hard to predict how an English court or arbitrator would rule. But Mozambique would find an English court more receptive to its case than it appears to think. Thus there is a strong argument for the government to say it does not accept the guarantee and wait for the creditors to take the case to court, and then to push for secret arbitration. *jh*

CIP points to unknown \$1.1 bn debt payment, plus printing money

Reading the governments own accounts leads CIP to point to two actions which seem unclear and questionable. One is \$1.1 billion external payment in 2015, which is unexplained but must be either a foreign loan repayment or an external loan made by the government - perhaps the on-lending of some of the secret borrowing. The other is an increase in credit to government in 2016 of \$950 million, which CIP says was effectively printing money.

The government accounts for 2015 (Conta Geral do Estado, CGE) recently submitted to parliament have an entry for Foreign Borrowing - Other Operations of -42.1 billion Meticaís (Mapa 1.1 and Anexo 2 Tabela 1), equivalent to 7.2% of GDP and -\$1.1 billion at the average 2015 exchange rate - an amount higher than the entire EMATUM debt. This implies a foreign payment of \$1.1 bn relating to a loan, but there is no explanation in the accounts of this huge amount, and it is not included in the foreign debt tables. CIP (Centro de Integridade Pública) says the National Accounts Office (Direcção Nacional de Contabilidade Pública, DNCP) would not provide further information. CIP does a further calculation comparing various annual state accounts and notes that the money held by the government (*caixa*) jumped dramatically from 21.7 bn Meticaís in 2012 to 70 bn MT in 2013, a massive increase of \$1.6 bn (at 2013 exchange rate). The money held by government remained the same in 2014, but then dropped equally dramatically to 46.4 bn MT in 2015, a fall of \$650 mn (at 2015 exchange rate). Does this reflect the secret borrowing in 2013, and then on-lending of that money (for purchases including weapons) in 2015?

Another new CIP report accuses the government of "a structural problem in managing Mozambican public accounts [and] incessant interference by political elites in the conduct of the economy." The actions of elites to protect themselves is delaying corrective measures and damaging the economy. It says government should stop blaming the war, the international economic crisis, and low agricultural productivity for the crisis, and look at the real causes, which are political. In 2014 imports were 38% of GDP (excluding mega-projects) and exports were only 23% - the difference was made up by aid, loans and foreign investment, all of which have collapsed. It responded by borrowing \$950 million dollars internally, which CIP argues was effectively printing money, which in turn caused the inflation and devaluation. The response was a huge rise in interest rates and a sharp increase in import costs, which hit local business very hard. This is because the Mozambican economy "is mainly one of intermediation and services" with a high import content, and the crisis "reduces the capacity of businesspeople to buy goods to resell".

CIP concludes that there is "a permanent lack of transparency in the management of public goods" and that the political elites have no interest in making the changes that are necessary to stabilise prices and increase production and employment.

When President Filipe Nyusi was inaugurated on 15 January 2015 he promised zero tolerance for corruption in government and he has been repeating the message more recently. But in a third report, CIP says it is all words and no actions. "Corruption continues to cause major damage to the State [and] we can see no strategic and effective actions by the government to combat the lack of transparency and corruption in public bodies and Institutions. The impunity of public officials involved in acts of corruption remains the rule, underpinned by the weak ability to recover funds illegally stolen from the state coffers."

But three days after the report was issued, Prime Minister Carlos Agostinho do Rosario told parliament that preventing and fighting against corruption "are priorities in the action of our government, because corruption compromises the government's efforts to improve living standards." (AIM En 15 Dec) However on 9 December President Filipe Nyusi admitted that corruption "persists in our country across practically all sectors of government, in both the public and private sectors, compromising social and human relations." Nyusi was speaking at an officer

graduation ceremony at the Samora Machel Military Academy in Nampula. (Lusa 12 Dec)

The three reports, all only in Portuguese, are "A que serviram os 42 Mil Milhões de Meticais transferidos ao exterior?" published 28 November on http://cipmoz.org/images/Documentos/Financas_Publicas/gestao_politica_da_divida.pdf, "Gestão Política da Dívida e Seu Impacto nas Políticas Fiscal e Monetária" published 16 December on http://cipmoz.org/images/Documentos/Financas_Publicas/42MMT.pdf, and "Combate à Corrupção Esteve Fora das Prioridades da Agenda de Governação do Presidente Nyusi ", published 12 December on http://cipmoz.org/images/Documentos/Anti-Corruptcao/Corruptcao_Nyusi.pdf

Accused killer of prosecutor trying kidnap cases allowed to escape

Castigo Machaieie, director of Machava prison (Maputo Provincial Penitentiary), has been arrested with eight other people and accused of helping Abdul Tembe to escape on 24 October. Tembe is accused of driving the car used by the men who assassinated prominent prosecutor Marcelino Vilanculos on 11 April, in front of his home in Maputo. Tembe had been transferred from the cells of the Maputo Police Command to Machava, even though security is much tighter at the Police Command than Machava. The other two accused, Amade Antonio and Jose Coutinho, are still held at the Police Command.

Vilanculo is believed to have been targeted because he was handling a number of sensitive cases, including the kidnapping of Asia-origin business people. It is believed enormous ransoms, running into millions of US dollars, have been paid. (AIM En 6,7 Dec)

The third kidnap attempt of one of the owners of the Tiger Centre, a large central Maputo electrical appliances shop, failed on 14 December. A group of criminals using two cars blocked the car of Mahebus Gulam Rassul as he was driving along Ho Chi Minh Avenue, near his shop and close to both the Interior Ministry and the Maputo City Police Command. A nearby police patrol spotted the attempted abduction and there was an exchange of fire which injured one kidnapper, but the kidnappers got away. There was an earlier attempt to kidnap Rassul on 15 November and in August 2012 Gulam's brother Asslam was a target. (AIM En 16 Dec) A 79 year old businessman of Asian origin, Norotam Ramuji, the owner of a jewellery shop, Ourivesaria Imperial, was kidnapped on 15 November in Sommerschield, Maputo. (AIM En 17 Nov)

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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>

Books by Joseph Hanlon

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 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

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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>

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:

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 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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