

# MOZAMBIQUE 340

## News reports & clippings

### 10 October 2016

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**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: <http://bit.ly/chickens-beer>

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

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Attached: this newsletter in pdf

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## Renamo negotiator assassinated

Senior Renamo figure Jeremias Pondeca was gunned down in Maputo Saturday (8 October). He was a member of the joint commission negotiating a settlement between Renamo and government. He was a member of the Council of State, an advisory body to the President of the Republic, and had been a member of parliament 1995-2004.

Pondeca had two businesses in the new fish market on the Marginal and he normally opened the businesses and then took a run along the Marginal. He was running past the Game store at 07.00 when he was shot seven times by four men. (AIM En 9 Oct; *Noticias & O Pais* 10 Oct) So far there has been no statement from President Nyusi.

Renamo-government talks were set to resume this afternoon (10 October), having been suspended since 30 September. Talks had been suspended by the mediators for two reasons. First was to allow the two sides to consult privately to try to find some way to break the negotiating log-jam. Second was two interventions by the mediators, and especially defacto chief mediator Mario Raffaelli. In a very formalistic way, Renamo-Frelimo negotiations have always rigidly followed an agreed agenda, dealing with only one point at a time. The second point on the agenda is decentralization and Renamo's demand to appoint six governors. Raffaelli tabled a paper on 27 September setting out how Renamo's demands could be met without amending the constitution, and unexpectedly the next day the government asked more time to consider the paper, suggesting they were taking it seriously. Raffaelli also gained agreement to move on to the third item on the agenda, integration of Renamo forces into the police and military, before the second point was resolved.

**Comment:** The negotiators set up sub-committees and Pondeca headed the Renamo team on the sub-committee to draft decentralization legislation. Thus Pondeca was a key person in the negotiations over the Raffaelli paper on the governors. And in an interview published Friday, Dhlakama put more stress on the joint commission. Pondeca's murder will be seen by many as Frelimo's response to Renamo's demand to name governors.

Killing Renamo officials has become part of the government's military strategy in the war, but the killing of a negotiator is a dramatic escalation, which also seems a clear message to Dhlakama that it is not safe for him to go to Maputo.

When Raffaelli said that Frelimo had asked for more time to analyse his proposal on governors, he made it clear that the request came from President Filipe Nyusi himself, who was personally analysing the proposal. Does Nyusi, a former defence minister, have control of the hit squad, or is it acting independently of Nyusi to end the talks? There are repeated rumours that Nyusi does not control the military or the security services, and that there is a faction that believes Renamo can only be defeated militarily, which in turn requires substantial weapons purchases (see article below). *jh*

## Renamo provincial assembly member gunned down

Armindo Ncuhe, head of the economic affairs commission in the Tete provincial assembly, and Renamo political delegate in Moatize district, was gunned down in broad daylight on 22 September. He was struck by five bullets at about 13.30 as he was going home from a meeting of the assembly.

Subsequently Renamo boycotted the Manica provincial assembly for fear of assassinations, after a Frelimo member, Joao Roque, was found to have a pistol with him while the assembly was in session. (AIM En 27, 29 Sept)

## Dhlakama rejects Nyusi meeting

In an interview in *Savana* (7 Oct) to mark the 24th anniversary of the Rome peace accord, Dhlakama unexpectedly refused to meet with Nyusi. Officially, the joint commission negotiations are only supposed to be preparing a face-to-face Dhlakama-Nyusi meeting, but Dhlakama continued: "I think the level of on-going negotiations is at the highest level. I am saying I organized a team, President Nyusi has a team, and they are negotiating in Maputo with the presence of international mediation. I do not think it is important that Nyusi and Dhlakama, two people, have to meet to negotiate alone, because this country does not belong to Nyusi nor to Dhlakama. ... I speak every day with my representatives in the joint commission; I believe that Nyusi also does this. So I dispensed with this [Nyusi-Dhlakama] meeting." They should meet only to sign a final agreement, like the one in Rome in 1992. "Now while there is dialogue, and delegations are negotiating in the capital, it is not necessary to have a meeting between Dhlakama and Nyusi".

Dhlakama again set out his demands: "The joint commission should produce a final agreement on Renamo governance of the six provinces. The governors must have their own powers, because we will not be integrated into the Frelimo regime, nor will there be a government of national unity, like Kenya and Zimbabwe, between Tsvangirai and Mugabe. We do not want this. We will govern with our policies."

Finally, he said the six governors should be named by Renamo this year. "This interim governance and transition ends with the 2019 elections, when the governors will be elected."

**Comment:** This reflects three changes in Dhlakama's position. Dhlakama has always had tight control over the people he names, talking to Renamo members of the parliament presidium and Renamo members of the National Elections Commission on the mobile telephone during meetings, to give them detailed instructions. Thus he appears to see the joint commission as a more useful negotiating forum, as during the 1990-92 Rome talks. Dhlakama will surely see the assassination of Pondeca just a day after the interview was published as a Frelimo response.

Second, he has accepted that governors can be elected, and that he would only appoint interim governors - important because Renamo could probably only elect governors in three of the six provinces Dhlakama claims.

Third, he has moved to a demand for federalism with much more autonomy for provinces, which is totally unacceptable to Frelimo. Indeed, those in Frelimo who want more decentralisation have been developing a negotiating position based on defining more clearly the power of governors and restricting their current

defacto unchecked power - which Dhlakama seems unlikely to accept. *jh*

## Nacala railway attacked

Trains on the railway from Malawi to Nacala port were attacked twice last week - the first attacks on the northern railway in this phase of the renewed war. On Thursday 6 October at 01.00 gunmen shot at a Vale coal train heading toward Nacala. The locomotive windscreen was shattered and shards of glass injured the engine driver. The attack was in Mutuali, Malema, 40 km east of Cuamba.

On Monday 3 October at 23.00 gunmen shot at a train in Muriza, Niassa, 18 kilometres east of Cuamba. This was a CFM train with just ten empty wagons going to Nacala. Three police and three drivers were in the locomotive, and one of the drivers was shot in the leg.

Meanwhile, the government has admitted that Vale has not been sending any coal on the Sena railway line to Beira for the past two months, since the last attack on that line. Government is now negotiating with Vale about how to provide protection on the Sena line. (O Pais and AIM Pt 7, 8 Oct)

A group of 13 Renamo men attacked the town of Mecua in Meconta district, Nampula on 3 October, damaging the government office and burning documents and a car and motorcycle, as well taking bedding from the health post. (AIM Pt 3 Oct)

## \$900 mn for arms?

More than half of the more than \$2 billion in secret loans around Ematum and maritime security have never been explained. *Africa Confidential* (7 Oct), which has been unusually well informed on the secret debt, reports that \$900 million of the secret loans has been passed on to companies owned by members of the Frelimo elite to buy assault rifles, armoured cars and other weapons from Israel and elsewhere for the escalating war against Renamo. There are indications of substantial commissions. The report is buried in a somewhat confusing article, which has been largely reprinted by Rhula (30 Sep to 7 Oct) and which will eventually appear on <http://www.rhula.net/news-announcements.html>

## Sell gas in advance to pay debt?

As predicted here in June, Mozambique will try to sell in advance large parts of its 15-20% share of the gas to be produced in Cabo Delgado in order to pay off the secret debt. Ragendra de Sousa, the recently appointed Deputy Minister of Industry and Trade, told the Portuguese newspaper *Publico* (30 Sept) "If we sell the gas in advance, the receipts will be far greater than the debt." (*Mozambique News Reports & Clippings* 325, 8 June) <https://www.publico.pt/economia/noticia/nao-preciso-que-o-fmi-me-venha-dar-aulas-eu-estudei-na-mesma-escola-1745599>

Mozambique is already committed to selling part of its gas to pay for its multibillion dollar share of the gas liquification plants. This and de Sousa's proposed sale, for example for gas for a pipeline to South Africa, will take all of Mozambique's share for several years. That means it will be at least a decade before Mozambique gains any revenues it could use.

De Sousa said the debt of the Guebuza government must be accepted, but renegotiated. "What the previous government did, the new government must take on," he said. "I argue that the country has to honour its commitments, but we do not have to honour the face value [of the debt] ... We must renegotiate the terms and conditions."

"We have to see the ability that we have to pay and the time. I go to the lender and say that I can not afford to pay, either you renegotiate or we default. But then I say that the default is also yours, because you did not do due diligence. What will financial agencies Credit Suisse and the Soviets [VTB Group] say? We are all in the same boat, with very small margins. We have to pay, but they also need that Mozambique not say to their shareholders that they were not professional," he said.

## How close are government

## and IMF on the audit?

Mozambique appears to have accepted that it will get no money from the IMF until an acceptable audit of the secret debt is under way, and the financial gap will have to be filled by sales of gas and other assets. But the government and IMF may be closer than is realised on the question of how to do an independent external audit.

"The President did not say that the audit will be done under the command of the PRG [Attorney General's office, Procuradoria Geral da Republica de Mocambique]; what he asked is that it be done within [national] institutions. The team sent by the IMF would not work at the Hotel Polana but instead work at the Ministry of Economy and Finance," explained de Sousa in his *Publico* interview. "It continues to be external, as the IMF intends. What is the difference between making the audit in the Polana Hotel or at the offices of the PGR? The technicians are the same, the terms of reference of the audit will be by mutual agreement. If so, Mozambicans involved will learn. Making the audit in the Polana, no one learns; doing it in London, all we will receive is 500 pages of paper, while the rest stays there. It seems to me fair and sensible. ... Another advantage of having the audit inside the PGR is that if there are criminal matters, action can be taken right there in the PGR."

In an 8 October press briefing IMF African Department Director Abebe Aemro Selassie said: "The good news here is that there's a good agreement between the government [of Mozambique] and the IMF on some of the key prerequisites for the audit. That is that there will be an independent audit undertaken of the loans that have been taken up by state owned enterprises, and that this audit will be made public. Will be published. So I think this is a very good understanding. We are going to wait to see how that evolves in the coming months." And following the 15 September meeting in Washington between IMF Managing Director Christine Lagarde and President Filipe Nyusi, the IMF issued a statement saying that "the Managing Director welcomed that the President indicated the Government of Mozambique's willingness to work with the IMF on the terms-of-reference for this process - to be initiated by the office of the Attorney General - and to implement it."

<http://www.imf.org/en/News/Articles/2016/10/08/AM16-TR100716-Transcript-of-African-Department-Press-Briefing> <http://www.imf.org/en/News/Articles/2016/09/15/PR16411-Mozambique-IMF-Statement>

Clearly there is much negotiation still to come as to how much power the PRG will have and how far the audit will go, but Mozambique seems to have won agreement to keep the audit within national institutions - and probably to be able to prevent prosecutions of senior people in Frelimo. In exchange, the Mozambicans appear to have accepted that it will be a long time before there will be any IMF money.

Finally, the US-trained economist de Sousa said that "it is not for the IMF to give me lessons. I studied at the same school."

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NOTE OF EXPLANATION: This 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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**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>

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