

MOZAMBIQUE News reports & clippings

196 18 May 2012 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Minimum wage up

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G8 to name Mozambique as smallholder 'vanguard'

plus: shootouts, corruption, pirates

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Big rise in minimum wage

Minimum wages have increased in real terms for the second year. Minimum wages are now \$83 per month for farm workers, \$109-\$127 per month for industrial, construction and mining workers, and \$222 for financial sector workers. The minimum for civil servants is \$91.

There are now 11 categories of minimum wages. Inflation was 6% last year, and minimum wages for civil servants and some other groups increased only by that amount (in Meticaís). But increases for farm, industrial and services workers were 15-18% and for mining workers 22%, in Meticaís.

Wage increases in dollars are much larger, because the Bank of Mozambique has steadily revalued the Metical. Having been stable at between 24 and 28 to the dollar for nearly a decade, under IMF guidance it was suddenly devalued from April 2010 reaching 37 by August 2010, which was a major cause of the 1-3 September riots. It has now been steadily pulled back, and was Mt 31 to \$1 on 1 April 2011 (the date the previous minimum wages came into force) and Mt 26.5 by October 2011. Since March 2012 it has remained between Mt 27 and Mt 28.

Since 2009 (when the \$ exchange rate was the same as now), there have been major increases in the minimum wage -- \$54 to \$83 (54% up) in agriculture and \$78-88 to \$118-128 (36% up) in industry and construction. Civil service wages have risen from \$76 to \$91 (20% up).

(An attached document, also posted on tinyurl.com/mozamb, gives details of all 11 minimum wages and historic exchange rates and minimum wages.)

Meanwhile, the Bank of Mozambique has cut interest rates again. The Standing Lending Facility interest rate (paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) was cut from 16% to 15% in December, then cut substantially to 13.75% in March, and to 13.5% in April. This is still quite high compared to inflation around 6%,

Gas: 2nd largest reserve in Africa; tax deal on Cove Energy sale

Mozambique now has the second largest gas reserves in Africa (after Nigeria), and perhaps the 11th largest in the world, after new finds announced this week. New finds in the Rovuma Offshore

Area 1 block off the coast of Cabo Delgado have boosted recoverable gas reserves from 30 trillion cubic feet to 50 trillion, the Texas-based Anadarko Petroleum said on 15 May. And ENI announced the next day that its new finds in Area 4 had raised its recoverable gas to 50 trillion cubic feet. Exploration in this massive gas field is continuing.

Anadarko is the operator of Area 1 and holds a 36.5% share; co-owners are Mitsui of Japan (20%), BPRL Ventures and Videocon (both of India, with 10% each) and Cove Energy of Britain (8.5%). The Mozambican government is represented by Empresa Nacional de Hidrocarbonetos with 15%.

Cove has put itself up for sale in an ongoing auction. Mozambique said the value of Cove was entirely Mozambican gas in the ground, and demanded a share. After Mozambique gained nothing from the sale last year of Riversdale Coal to Rio Tinto, the government has taken a hard line and demanded a share of all such transfers. Legal experts say there is nothing in Mozambican law requiring such a payment, but it appears that such sales require the approval of the Mozambican government. Lawyers are now drafting revisions to the mining and minerals laws to try to formalise capital gains tax payments in the future.

The Ministry of Mineral Resources said in February that the Talbot Group of Australia had negotiated an agreement to pay a capital gains tax of 40% when it sold its 59% stake in Minas de Revuboe in Tete, giving government \$77 million. After some negotiations, Cove offered to pay the government a 12.8% capital gains tax on the sale, and this was accepted last month. This could mean up to \$200 million going to the government. Neither 40% nor 12.8% has any basis in the law, and these are negotiated figures.

In April Royal Dutch Shell bid \$1.8 billion for Cove Energy, matching an earlier offer by the Thai state oil company PTT. This valued Cove shares at £2.20. But the Anadarko statement pushed Cove shares up to \$2.28, so a new round of bidding is expected.

G8 to name Mozambique 'vanguard' country for farm aid

Mozambique is one of six African "vanguard" countries to be discussed at a special food security session of the G8 meeting in the United States tomorrow (19 May). The G8 plans to pilot investments ranging from risk management to innovation in farming, targeting smallholder farmers and especially women, in Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique, and Tanzania. Presidents of Ethiopia, Ghana and Tanzania have been invited to attend the meeting; they are seen as having better governance than the other three.

The G8 will consider a plan to invest \$1 billion (mainly from private companies) over ten years in agricultural development to try to end food poverty in the six countries. Mozambique is highlighted because rapid growth has not reduced the very high levels of malnutrition.

In an article in the London *Guardian* yesterday (17 May, <http://www.guardian.co.uk/global-development/2012/may/16/g8-malnutrition-hidden-killer-mozambique>), journalist Simon Tisdall went to Machace, Gaza, with Save the Children to meet people surviving by eating wood shavings.

But Tisdall notes that \$6 billion over three years was pledged at the G8 in 2009 for food security and agricultural development, but so far, only one quarter of the money has been spent. And he quotes Rafael Uaiene, former director of Mozambique's National Agricultural Research Institute: "The trouble is, millions of dollars are committed but they never reach the ground in most cases. ... The G8 is always making plans but they don't implement them."

Infant mortality declining but fertility rising

The 2011 Demographics and Health Survey (IDS) shows:

+ Falling infant mortality: In the 10 to 14 years prior to the 2011 survey, 158 out of every 1,000 live births did not survive until their fifth birthday. But in the five to nine years prior to the survey the figure fell to 122. And in the period 2007-2011, the under five mortality rate was 97 per 1,000 live births.

+ The total fertility rate is 5.9 children per woman of childbearing age, compared to 5.6 in 1997. Women in the countryside average 6.6 children while those in the city average 4.5. Only 12% of women aged 15-49 use any form of contraception.

+ Rising vaccination rates: The number of children aged 12-23 months who had received all the basic vaccines rose from 47% in 1997 to 63% in 2003 but remained the same in 2011. But coverage is 91% for BCG (against tuberculosis) and 92% for the first dose of the polio vaccine. Repeated campaigns have raised the number of children vaccinated against measles from 58% in 1997 to 82% in 2011.

Police, courts & shippers battle over anti-pirate arms

Arms for anti-piracy protection on ships leaving Nacala has led to a standoff between the police and the courts.

The saga started on 3 April when the national police spokesperson, Pedro Cossa, said Nacala police commander Adriano Muranga had been arrested after 62 automatic weapons (including AK-47, FN and G-3 rifles), 8,465 bullets, and two pairs of binoculars, belonging to the owners of vessels moored in the port of Nacala, had been found stored in his office. Cossa alleged that Muranga and four other policemen were being paid tens of thousands of dollars to improperly store arms used by ships' crews to protect themselves against attacks by Somali pirates in the Indian Ocean.

But this was immediately denied. One of the companies, the Mozambican shipping agency Mocargo, claimed that it was a well-known and long established practice. Mocargo says that freight agents always notified the port and police authorities about any movement of weapons. The transfer of weapons "from the airport to the ship, or vice versa in the case of disembarkation, invariably takes place with the direct involvement of the police", said a Mocargo press release – and also with the knowledge of customs, port security, and the immigration authorities

No-one may be detained for more than 48 hours without court authorisation. So Muianga and his subordinates were taken before a magistrate – who granted them provisional freedom, while the case was being investigated. They could await trial at home, AIM reported. But then the police immediately re-arrested the five, and took them to cells in Nampula city on the express orders of the General Command.

General Commander of the Police Jorge Khalau said: "We know the laws. We don't obey any judge. We take our own internal measures". The police were acting under their own 1987 internal regulations, which for disciplinary action overrides the courts, he said.

Lawyers for the detained police officers then submitted a writ of habeas corpus, and once again a magistrate granted the men provisional freedom. But police surrounded the court and demanded that Muianga and his colleagues be sent back to the provincial command. They took refuge in the office of the prosecutor. Hours of negotiations followed, until at about 19.30 that evening when the provincial chief attorney received a phone call, passed the phone to one of the policemen on the door, who then ordered the police unit to leave. AIM reports that much of this drama was filmed by the independent television station STV.

Khalau said: "They say that our regulations are out of date. But what year does the Penal Code date from? 1886! Is it only the police regulations that are out of date? There was a violation of our internal norms."

The Mozambican Constitution states unequivocally that court decisions are binding on all citizens, and prevail over the decisions of any other authorities. And on 3 May Attorney-General, Augusto Paulino said he had asked the Constitutional Council to rule on whether the police internal regulations of 1987 are in line with the current constitution.

The dispute continues. Speaking on 15 May Khalau said "I shall continue to be intransigent, I shall continue to fight against lack of discipline".

The Human Rights League (LDH) blames Khalau for a range of abuses, including the excessive use of force against demonstrators in Maputo and Matola in September 2010, against striking workers of the G4S security company in May 2011, and against protestors in Cateme, Tete province, in January of this year.

Two dead in shootout between Renamo & police

A shootout between riot police and former Renamo guerrillas on 8 March killed one policeman and one of the demobilised Renamo fighters. Renamo general secretary Ossufo Mamude claimed that the Renamo "Presidential Guard" had killed seven policemen, including the local commander of the riot police, and that only two Renamo members had been injured.

Up to 300 ex-fighters demobilised from Renamo at the end of the war 20 years ago had been camping outside the Renamo office in Nampula for several months, after having been summoned by Renamo president Afonso Dhlakama for anti-government demonstrations, which were repeatedly postponed. Some told STV that they had been promised money if they went to Nampula. In February, Emame Buandau had been detained by the Renamo demobilised who claimed he was a Frelimo spy; Buandau was released on 12 March.

President Armando Guebuza then met with Renamo president Afonso Dhlakama on Sunday 15 April in Nampula, where Dhlakama has been living for the past three years.

\$2 million businessman gunned down

Businessman Momed Khalid Ayoob was shot dead outside a mosque in Alto Mae, Maputo, after Friday prayers on 20 April. The gunman drove up to the mosque on a motor-bike, took a firearm out of the rucksack he was carrying and fired three shots, killing Ayoob.

Ayoob had been arrested at Matsapha airport in Swaziland on 1 December 2010 carrying \$2,666,300 in cash, which he later claimed was from "customers in Mozambique". Carrying that much money across borders is illegal in both Swaziland and Mozambique, and he was arrested in both countries. In March 2002, Momed's brother Macsud Ayoob had been arrested at Maputo airport on his way to Dubai carrying a suitcase full of over a million dollars in banknotes.

In 2008 Momed and Macsud were accused of drug trafficking by the weekly paper Zambeze, which alleged that Momed had been arrested in Portugal in 1987 for possession of heroin, but managed to escape two years later.

The brothers own Niza Lda (formerly known as Modas Niza) which achieved notoriety in 2010 when the Mozambican Tax Authority ordered the public sale of its goods to pay off a debt of \$8 million to the mobile phone company M-Cel. Niza had been an authorised vendor of M-Cel pre-paid phone cards. It sold the cards – but its cheques to M-Cel bounced, and so the Tax Authority seized imported electrical appliances which would be sold off to repay the M-Cel debt, AIM reported. The brothers also own a foreign exchange bureau, Real Cambios.

AIM notes pointedly that although Ayoob was charged in Swaziland and released on bail, in Mozambique he "was released and continued to go about his normal activities – including returning to Swaziland to answer the charges against him there. Thus the Swazi legal system showed a greater interest in prosecuting Ayoob than did the Mozambican one."

Attorney general admits corruption goes unpunished

The public perception that corruption goes unpunished is legitimate, Attorney-General Augusto Paulino told parliament on 2 May, in his annual report on the state of the legal system. "There are still officials in the public administration who torment citizens with demands for bribes".

Paulino said that between 2007 and 2011, charges were laid in 783 cases of corruption or theft of state property, but only 287 cases came to trial, resulting in the conviction of 163 people. In 2011 the Central Office for the Fight against Corruption (GCCC), which is now part of the Public Prosecutor's Office, handled 677 cases of corruption or theft of state property, compared with 649 the previous year. 214 of these cases resulted in charges (223 in 2010), and 81 cases were tried (compared with 88 in 2010)

The computerized state financial management system known as e-SISTAFE is supposed to be a guarantee against theft and corruption, but Paulino admitted that often money was illegitimately siphoned from state coffers through e-SISTAFE. He called for "strengthened internal control mechanisms, and regular audits and inspections," as well as more care in hiring staff.

41,228 crimes were reported to the police in 2011, up 12% on 2010. Maputo City and Province accounted for over 40% of the total. Paulino said there was a fall in the number of crimes committed with the use of firearms, from 576 in 2010 to 477 in 2011. The number of murders reported remained exactly the same in the two years – 1107.

Paulino said prisons remained overcrowded. On 31 December 2011, there were 16,267 prisoners in Mozambican jails (67% serving sentences and 33% awaiting trial). But "our prisons are full of people sentenced for minor offences", said Paulino. Over half of convicted prisoners were serving sentences of less than two years, and many less than one year. He called for the use of alternative forms of punishment, such as suspended sentences and fines.

Officials told: don't respond to threats from big men

At a meeting of the Consultative Council of KaMpfumo municipal district (Polana, Central, Coop) of Maputo, low level officials complained to Mayor David Simango that when they tried to enforce the municipal by-laws on building regulations, parking, and excessive noise they received threats from "influential" figures or their sons.

Simango told the neighbourhood secretaries and block chiefs that they must not evade their responsibilities, when they are threatened in the names of important people. "Sometimes people tell lies and use our names maliciously", he continued. "Don't be frightened by these names. I have no power to stop people using these names, but what I can do is ask the grass roots bodies not to be afraid, and to follow the law. No matter whose son you are, we are all Mozambicans and we all owe obedience to the law", AIM reported.

Simango added that he has personally interrupted illegal building work undertaken by influential people. "If I had been afraid of these people, and if I was not certain that I was acting in accordance with the law, I would not have told them to stop".

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by Joseph Hanlon & Teresa Smart

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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**

<http://tinyurl.com/justgivemoney>

Two working papers on the web

Poverty is not being reduced in Mozambique

LSE Crisis States Research Centre Working Paper No. 74 (series 2)

Benedito Cunguara and Joseph Hanlon, June 2010

Tambem em Portugues:

<http://www2.lse.ac.uk/internationalDevelopment/research/crisisStates/Publications/phase2papers.a.spx>

Mozambique's Elite – Finding its Way in a Globalized World and Returning to Old Development Models

Joseph Hanlon and Marcelo Mosse September 2010

WP/105 UNU-WIDER: The Role of Elites in Economic Development project

http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-105/

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Also on the web: Previous newsletters and other Mozambique material are posted on tinyurl.com/mozamb

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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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Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

Macauhub English: www.macauhub.com.mo/en/

Savana: www.savana.co.mz

Canal de Moçambique: www.canalmoz.co.mz

AIM Reports: www.poptel.org.uk/mozambique-news

Carlos Serra Diario de um sociologo: <http://oficinadesociologia.blogspot.com>

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