

MOZAMBIQUE News reports & clippings

293 12 July 2015 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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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://www.lse.ac.uk/internationalDevelopment/research/mozambiqueElections/home.aspx>

Also in this issue:

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EMATUM causes more waves

Standard and Poor's credit ratings agency has downgraded Mozambique's long term rating from B to B-, due to the proposal by the new Minister of Economy and Finance, Adriano Maleiane, to restructure the \$850 million loan for EMATUM (Mozambican Tuna Company). The agency notes that the bond is guaranteed by the government, and thus "we would classify the restructuring as a distressed debt exchange" - that is, that EMATUM was being treated as bankrupt. Standard and Poor's adds "the financial difficulties of EMATUM ... raise broader questions about Mozambique's governance and public sector debt management."

Former Finance Minister Tomas Salomão was highly critical of the lack of information about the EMATUM bond issue, in an interview with *O País* (8 July). It is impossible to comment, he said, because the numbers are secret. "These things must appear in black and white." He continued, "some day these numbers must appear in public. Because this is a company that says it is fishing for tuna, so I cannot see how you can have any secrecy."

Meanwhile Manual Chang, now an MP but who was Finance Minister when the bond issue was negotiated, refused to discuss it in an interview with *O País*. (8 July)

The EMATUM bond is 13% of Mozambique's debt. It is in dollars, and the rapid rise in the value of the US dollar, from 31 Meticaís to \$1 a year ago to 38 to \$1 now, makes the debt even more expensive in local terms.

Study shows fear & youth discontent in elections

An insightful study of the flawed 15 October 2014 elections raises questions about discontented youth and the way Frelimo maintains power. The study was headed by Luis de Brito of IESE (Instituto de Estudos Sociais e Económicos; Social and Economic Studies Institute) with teams in firmly Frelimo Manjacaze, Gaza, and divided Murrupula, Nampula.

Both teams saw fraud and disorganization. There were extra ballot papers in circulation in Manjacaze and there was a polling station in a Frelimo official's compound. Polling stations were

moved long distances in Murrupula. The report notes that STAE (Secretariado Técnico do Administração Eleitoral) has been operating without substantial changes since 1994 and thus one would expect each election to be better run, but "in truth, the 2014 elections show this is not the case."

In Gaza, researchers were struck by "the fear that many citizens have to express their opinions." The power of Frelimo was enforced by intimidation and violence by groups of unemployed youth known as "shock groups", who even succeeded in intimidating the researchers. Hostility to Renamo remains very strong because its brutality during the war remains fresh in people's minds. But MDM appears to gain more support. In both places there was a strong presence of Frelimo-aligned community leaders.

In both places, the teams commented on the discontented youth, with no jobs and increasingly hostile to the government. Some did not bother to vote, while others voted for the opposition.

"Crónicas de uma eleição falhada", in Portuguese only, on http://www.iese.ac.mz/lib/noticias/2015/IESE_RR1.pdf

Consolidating power with military & OMM changes

Six armed forces generals retired Friday, and passed into the reserve. Two are prominent: major-general Jorge David Gune, head of the presidential guard (Casa Militar) and rear admiral (contra-almirante) Patrício Cancuta Yotamo, former head of the navy who was made inspector of the armed forces in 2013. (AIM Pt 11 July) This means two key posts will now be filled by President Filipe Nyusi.

At a ceremony at the police school in Matalana, Maputo province, Thursday, Nyusi said that the police would be restructured and that older police officials would be retired. In an implicit criticism, he said "we must have the courage to reform the [police] system to make it functional." (*O País* 10 July)

Maria da Luz Guebuza, wife of the former president, has unexpectedly resigned as President of Frelimo's women's organization OMM (Organização da Mulher Moçambicana). The OMM has brought forward its Congress from 2016 to 9-12 December this year, when it is expected to elect the wife of the current president, Isaura Nyusi. (AIM En 12 July) The announcement was made at the end of the OMM national council meeting in Xai-Xai. The Council also agreed to keep Maria de Fátima Pelembe as Secretary-General, despite the fact that she was appointed Vice Minister of Veterans Affairs in January, as part of the Nyusi government. (*O País* 10 July)

Comment: Much of President Nyusi's first six months have been occupied with consolidating power, marginalising former President Armando Guebuza and his supporters and putting Nyusi loyalists in place. So far, however, there is no indication of plans as to how to use this power. *jh*

Keeping tabs on cellphone users

Mobile phone text messages were used to organise demonstrations against rising prices in September 2010, in which 13 people died in clashes between demonstrators and police. Government then ordered that every SIM card be registered by the mobile telephone companies; the process started but was never completed. In February the new Minister of Transport and Communications, Carlos Mesquita, discovered that less than half the 12 million SIM cards were registered. On Tuesday the Council of Ministers decided on fines of up to 6 million meticaís (\$150,000) if companies do not complete the registration quickly. Companies must create a data base with the telephone numbers, names, and details of all holders of SIM cards. (AIM En & *O País* 8 July)

Half of investments did not go ahead

Eight of the 13 largest investment projects approved between 1990 and 2012 never went ahead. This corresponds to 60% by value of projects approved. By number, only half of approved projects have done ahead, according to a study by IESE (Instituto de Estudos Sociais e Económicos; Social and Economic Studies Institute) released 23 June.

The government's Investment Promotion Centre (Centro de Promoção de Investimento - CPI) publishes reports of investments approved, but not what happens to them. The IESE study is the first to look at this. The projects which did not go ahead or which have already failed include biofuels, forestry & paper, coal, iron & steel, petrochemicals and a hydro-electric dam.

Projects approved were valued at \$35 billion, of which 37% was to be foreign investment, 38% foreign bank loans, 19% domestic bank loans, and 6% domestic investment. The report argues many were speculative, sometimes being given land much in excess of what they needed, and they could not raise the funding. Others were done by multinational companies simply to keep out competitors, and never intended to go ahead.

Proposed domestic investment was mainly in finance, tourism, transport and construction. These were concentrated around providing services and infrastructure to the extractive industries and providing services to the state.

The report warns that these are all investments are linked to a bubble, and that "instead of links to big monopoly capital, the focus of public policy must change to the diversification and links to production capacity, generating employment ... and rising real incomes." But it warns that "trends and patterns of current investment ... point in the opposite direction, toward the consolidation of the extractive economy."

"Padrões de investimento privado e tendências especulativas na economia moçambicana", by Carlos Nuno Castel-Branco, Nelsa Massingue and Carlos Muianga; IDEIAS 75:
http://www.iese.ac.mz/lib/publication/outras/ideias/IESE_Ideias75.pdf

An IESE report issued 1 July looks more closely at the decline of the productive sector. Two decades ago Mozambique still produced machinery, textiles, ceramics, and glass. Now domestic industry is largely linked to the extractive sector - mining, energy and export agriculture. "Dilemas das ligações produtivas entre empresas numa economia afunilada" by Carlos Nuno Castel-Branco, Epifânia Langa and Oksana Mandlate; IDEIAS 76:
http://www.iese.ac.mz/lib/publication/outras/ideias/IESE_Ideias76.pdf

Carlos Nuno Castel-Branco has done a summary of the creation of domestic capital and what he calls Mozambican "oligarchs." The start was in the late 1980s with enforced privatisation, when smaller state companies were handed out to generals and the Frelimo elite. This was supported by the corruption around the privatisation of the state banks in the mid-1990s. The end of apartheid and war led to an influx of South African capital (sugar, beer, gas, super markets and smaller businesses) forced Mozambican capital to link with the South Africans. More privatisations and contracting out of public services again benefitted local capital. Thus domestic capital formation has been dependent on often hidden state subsidy and resources.

He concludes that the Guebuza government recognised that as "you cannot accumulate without strong links and dependence on multinational capital, It is best to call on the big corporations for major projects, preferably expensive, and join them to extract a proportion of profits to 'capitalize' domestic capitalism."

"Estado e a capitalização do capitalismo em Moçambique", IDEIAS 73
http://www.iese.ac.mz/lib/publication/outras/ideias/IESE_Ideias73.pdf

Refugees flee to Malawi

Fighting between Renamo and government near the border between Tete and Malawi since 3 July has driven 678 Mozambicans, including 415 children, to Mwanzi district, Malawi. They are now living there in poor conditions, according to a report released on Thursday 9 July by the district commissioner Gift Rapozo, the Malawian website Zodiak reported on 11 July. It is also said that some of those fleeing were armed Renamo cadres. <http://zodiakmalawi.com/malawi-news/hundred-flee-into-malawi-amid-renewed-fighting-in-mozambique>

Serious plagiarism at universities

A study by Peter E. Coughlin has found significant plagiarism at Mozambique's five largest universities. He examines 48 degree theses and 102 master's theses and found that of the 150 theses, 75% contained significant plagiarism and 39% very serious plagiarism.

"Plágio em Cinco Universidades de Moçambique: Amplitude, Técnicas de Detecção e Medidas de Controlo", http://www.iese.ac.mz/lib/publication/cad_iese/IESE_Cad15.pdf

Comment: One issue is that students are not taught how to cite and reference material quoted from other articles and books. *jh*

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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>

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.riener.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-its-land-detail>

Now in paper at a reasonable price

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

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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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Mozambique media websites:

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>

CanalMoz on Facebook: <https://www.facebook.com/CanalMoz>

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

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

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

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