

MOZAMBIQUE News reports & clippings

329 26 June 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>

Also in this issue:

ProSavana, Agriterra, lentils, war, debt

IMF slams government performance and sends it back to try again

Austerity, devaluation, transparency and a forensic audit were demanded by the IMF mission which left on Friday 24 June. In an unusually strong statement issued Friday, the mission was highly critical of recent economic actions and made clear it did not accept what had been presented to it by the government. Any resumption of lending is a long way off.

The statement was issued by staff team head Michel Lazare, and is available on:

<http://www.imf.org/external/np/sec/pr/2016/pr16304.htm>

Government in a statement (<http://bit.ly/28WtpYY>) said the IMF was told that crisis was caused by drought, floods, and falling export prices, and that the IMF was shown "the economic measures that the Government intends to implement." Lazare's response for the IMF was a call "for an urgent and decisive package of policy measures to avoid a further deterioration in economic performance." This is a polite way of saying the IMF team rejected as totally inadequate what was presented to it during the 10-day mission.

The mission called for "substantial fiscal and monetary tightening" - other words serious austerity - and "exchange rate flexibility" - in other words significant devaluation. Most significantly, the mission demanded a forensic audit: "The mission agreed that recent initiatives to investigate the previously undisclosed debt, through the Attorney General and a Parliamentary Inquiry Commission, are important steps to restore confidence, though it stressed that further measures are needed. In particular, an international and independent audit of the EMATUM, Proindicus, and MAM companies would be needed."

The government's failure was underlined by Lazare's statement that "further progress in the effective implementation of both the corrective macroeconomic measures and the measures aimed at strengthening transparency, improving governance, and ensuring accountability would pave the way for the resumption of program discussions at a later stage." Thus, this mission is not even the start of discussions on lending, and the statement notes that: "This mission will not result in a Board discussion."

"Mozambique is facing difficult economic challenges," Lazare notes. Economic growth this year will be below 4.5%, which is 3% below historic levels. Inflation hit 16% in May. "The metical has depreciated by about 28% since the beginning of the year and international reserves have continued to decline."

Lazare is highly critical of government performance in the past months. "Fiscal policy in 2015 and the first half of the year has been excessively expansionary, with an increase in net credit to the government that far exceeded program targets. ... In addition, the discovery in April of \$1.4 billion (10.4% of Mozambique's GDP) of previously undisclosed loans has pushed the total stock of debt at end-2015 to 86% of GDP. According to our technical assessment, public debt is now likely to have reached a high risk of distress. Against this background, performance under the 2015-2017 Stand-by Credit Facility has been disappointing, with most assessment and performance criteria or indicative targets being missed at end-December 2015 and end-March 2016."

Comment: "The causes of the problems we have today ... are economic, both internationally as well as nationally, including droughts and floods. I think we can stand up firmly to address these challenges," said former President Armando Guebuza Saturday. "Our authorities are concerned about the situation and therefore we should confidently wait for what they will decide." (AIM Pt 25 June) This is similar to the government's submission to the IMF, which was simply to hope that "something will turn up", a strategy we pointed to in a comment two weeks ago:

<http://bit.ly/28SN7QP>

Comment on ProSavana

What does a successful campaign do after it is wins?

"No to Pro-Savana" has been one of Mozambique's most successful civil society campaigns, proving that an alliance of local groups and international NGOs can change policy. But having won their victory, what do the campaigners do now? Any successful global campaign has a large and effective infrastructure, supporting jobs, offices, travel and comradery. I was part of the Jubilee 2000 anti-debt campaign, and we decided to close down after 2000 and move on to other issues. Some people disagreed, and shifted into other debt issues, including the successful Jubilee Debt campaign.

No to Pro-Savana appears to have decided to pretend it did not win, in order to continue campaigning. There is now a major anti-landgrab INGO industry, which does seem necessary in some other African countries. It, too, does not recognise the Mozambique success, continuing to claim huge land grabs and peasant displacements.

A joint Brazilian-Japanese project, Prodecer, in the 1970s and 80s opened a huge area of the Brazilian savannah to giant Brazilian agribusinesses. Japan and Brazil came together to do the same things in Mozambique's Nacala corridor. The Japanese Cooperation Agency (JICA) reported in 2012 that ProSavana was intended "to replicate Brazil's own 'agricultural miracle' which began in the 1970s and helped transform a huge swath of savannah into one of the world's largest breadbaskets." Since the socialist era and state farms, part of Frelimo has always supported big industrial plantations; Agriculture Minister José Pacheco backed Pro-Savana.

But Pro-Savana was fundamentally misguided, because the Nacala corridor is very different than the cerrado, the Brazilian savannah. The soils are good and the zone is densely populated, so large plantations would displace thousands of families. This led to protests, partly led by the peasants' union, UNAC (União Nacional de Camponeses), which became the No to Pro-Savana campaign.

However, a second issue was equally important. No new large plantation has succeeded in

Mozambique since independence - and as we note below, the failures continue. The past 15 years have seen a series of speculative investment schemes claiming that huge profits could be made from land in Africa, through industrial farming or huge tree plantations. Only the promoters made money while the investors lost out. The Fundação Getúlio Vargas (FGV), linked to agri-business in Brazil, set up Fundo Nacala and hoped to attract \$2 bn from Japanese and Brazilian investors. But there was no interest; no one wanted to invest in Mozambique farming, and the fund was quietly closed last year.

Facing its own financial crisis, a lack of interest by agri-business, and a growing international campaign, Brazil sharply reduced its funding of ProSavana. In contrast, Japan had invested money and prestige in ProSavana, and was hugely embarrassed by the global campaign against it. Last year Japan tried on its own to write a new master plan (plano director) but that proved unacceptable. Japan has too much invested in ProSavana, so decided to start again, from scratch. JICA representative Katsuyoshi Sudo told us "we have changed the concept, so it is now not for big farmers but for small farmers." The rest of this year will be spent simply organising how to move forward, with consultants doing a new master plan next year.

Civil society, and UNAC in particular, have split on how to respond. Broadly, Maputo-based civil society says they do not trust the Japanese and want nothing to do with ProSavana and will continue campaigning, while groups in the north of Mozambique are cautiously working with JICA to try to create something that will help rural communities.

Meanwhile, there appear to have been no new large agricultural land grabs in the past five years. And existing projects are not doing well. The three big soya plantations in Lioma, Gurué - Hoyo Hoyo, Rei do Agro, and AgriMoz - have all had problems and have been forced to reduce size or close. On the forest plantation side, Chikweti and Global Solidarity Forest Fund both failed to surmount their difficulties and were taken over by Green Resources in 2014, which is itself having problems. Short of capital, it planted few trees last year, and on 27 April the Phaunos Timber Fund announced it had sold its 14% state in the company for \$8.5 mn, less than a fifth of the \$49.3 mn it paid for it in 2008-9. Chief Executive Mads Aspen told Zitamar (17 May) that the company is planning a \$15 mn rights issue, hoping for money from existing shareholders to keep the company running; Aspen left Green Resources at the end of May.

But the land grab campaigns continue to highlight Mozambique. No to Prosavana had a meeting in Nampula 6-7 May which said simply "we reject the ProSavana programme".
<http://www.farmlandgrab.org/post/view/26181> Farmlandgrab.org has set up a "ProSavana files" archive: <http://www.farmlandgrab.org/post/view/26158>

"In Mozambique alone, half a million people could be displaced from their ancestral territories to make way for a 600,000 hectare farm producing hay and other feed for livestock in what is thought to be the world's fifth largest land deal, Vellve said," reported Thomson Reuters on 14 June: <http://news.trust.org/item/20160614000414-ylyq4/> Renee Vellve is a researcher with the Barcelona NGO GRAIN, citing a new report "The global farmland grab in 2016". Links to the full report and two tables of land deals are in: <https://www.grain.org/article/entries/5492-the-global-farmland-grab-in-2016-how-big-how-bad> The tables in fact show that little new has happened in the past five years in Mozambique; many of the projects listed were simply pipe-dream announcements in the newspaper by people who hoped to raise speculative capital. Some of the article claims, such as "Japanese companies, backed by their government, are focusing on northern Brazil and Mozambique for soy production," are no longer true. And the claims of "the world's fifth largest land deal" is based on a single PowerPoint presentation last year which proposed dams on the Rio Luirió, 240,000 ha of agriculture, and displacing 500,000 families - the chances of that being authorized, being given land, and raising the billions of dollars needed are negligible.

The land grab is not over in Mozambique, but the picture has changed dramatically. Economic reality, the No to ProSavana campaign and renewed government programmes to guarantee peasant land rights make land grabs more difficult. No to Pro-Savana won, which should be celebrated and not ignored. *jh*

[Another plantation closing](#)

Agriterra to buy from local farmers instead of raising its own cattle

Yet another foreign owned plantation is closing, and the company plans to buy from Mozambican farmers instead of doing its own production. Agriterra on 23 June announced it is running down its three Mozambique Manica cattle ranches at Mavonde, Dombe, and Inhazonia. The 20,000 ha ranches currently hold 4000 cattle. Over the next ten months, the company will transfer them to its facility in Vanduzi for fattening and slaughter. After that, the Vanduzi operation will only process animals purchased on the local market. The company "is confident that suitable quality animals are available in the local market for these purposes, having seen a growth in local commercial cattle farming in recent times." Agriterra hopes to lease out the ranches.

Agriterra says it took the decision to "ease pressure on the Company's operating finances." It also blamed the war, noting that "the political and economic environment in Mozambique has deteriorated during the course of 2016 and local Renamo militias are now entrenched in some rural areas in the Manica province, where the Company's three farms are located. "

Agriterra is a Guernsey-based trading company which was chaired by Phil Edmonds, who had been responsible for the failed Procana project. He was subject of an investigation by Global Witness and resigned as chair of Agriterra on 22 April. (See this newsletter 320, 14 May).

<http://www.agriterra-ltd.com/News.aspx?ArticleId=24581277>

<https://www.globalwitness.org/thedeceivers/>

[Agriculture](#)

India wants lentils

An Indian delegation headed by Consumer Affairs Secretary Hem Pande is in Maputo to assess short-term and long-term measures for importing pulses to meet the growing demand back home, according to the Indian press. The team is looking at both leasing land and at contract farming.

India produced 18 mn tonnes of pulses in the year July 2015 to June 2016, but demand was 24 mn tonnes. Prices are rising and supply is unlikely to catch up with demand; India is importing substantial amounts of green and red lentils and other pulses.

India is trying to make government-to-government long-term supply deals with Malawi, Mozambique and Myanmar, with the governments guaranteeing supply. This is unlikely to be acceptable to Mozambique, which, unlike India, does not have a public trading agency. (Indian Express 21 June; Deccan Herald, 22 June; Quartz India 23 June)

Business Standard (18 June) reported that previous Indian attempts to lease farmland in Africa had failed. Leasing proposals in Mozambique now would be controversial and difficult. Contract farming proposals, however, would probably be welcomed, but India and its agents would need to supply a whole package and guarantee to buy (as with tobacco, the main contract crop now).

Pigeon pea is the unnoticed peasant success story

Mozambique already exported 63,000 tonnes of pigeon peas to India in 2014, earning \$43 mn; Mozambique is the world's fifth largest producer and third largest exporter of the crop, according to

a Ministry of Agriculture study available on

https://www.researchgate.net/publication/281833957_Pigeonpea_in_Mozambique_An_emerging_success_story_of_crop_expansion_in_smallholder_agriculture

Production has been growing at 8% per year. Yet the expansion is little noticed because it has not been supported by either the government or the aid industry. Growth has almost entirely been promoted by the Export Trading Group (ETG) for sale to India; ETG is also building dehulling and splitting plants to produce dal.

Pigeon pea is known locally as *feijão boer*, and is a beige lentil known in India as Toor Dal. It is a particularly hardy crop which requires no inputs other than weeding and survives drought. It is not appropriate for plantations because there is no suitable machinery, it is hard to raise productivity, and it is not suitable for monoculture. It works best as a row intercrop with maize, peanuts or cassava. Most farmers grow only one quarter of a hectare. Farmers who want to grow more just use more land, and some commercial farmers grow 2-3 ha. It is estimated to have taken 10,000 rural households above the poverty line.

Most pigeon pea is grown in Zambézia, but it is expanding to other northern provinces.

Other agriculture successes:

Following the discussions in the past two newsletters about Bill Gates attempt to end poverty by sending 100,000 chickens to Africa, I have also written an Oxfam blog, "Will Bill Gates' chickens end African poverty?" <http://oxfamblogs.org/fp2p/will-bill-gates-chickens-end-african-poverty/>

And Timothy A Wise of Tufts University reports on a successfully 280-member agricultural association in Marracuene, Maputo province: <http://us5.campaign-archive2.com/?u=74907371d448da77287940e4d&id=6e68d263c7&e=0f14335ed5>

Other news

107 Renamo attacks in 9 months

Since October 2015 there have been 107 Renamo attacks, in which 40 people died and 79 had been seriously injured. By province, there were 56 in Sofala, 21 in Manica, 11 in Tete, 8 in Zambézia, 6 in Inhambane, 3 in Nampula and 2 in Gaza, according to Agostinho Vuma, a Frelimo MP and a senior figure in the Confederation of Mozambican Business Associations (CTA), speaking in parliament 23 June.

Education Minister Jorge Ferrão said Friday 24 June that 52 schools are closed due to Renamo military action in Bárue, Mossurize and Manica districts in Manica province, affecting 22,000 pupils. The spokesperson of the Frelimo parliamentary group, Edmundo Galiza-Maros Junior, said the latest Renamo attack was on 22 June when Renamo killed a local Frelimo secretary in Mossurize, Manica. (AIM En 22, 23 June, AIM Pt 25 June)

On 20 June, two Malawian fuel trucks travelling in the N7 convoy between Changara and Vanduzi were hit by Renamo gunfire; there were no injuries and the convoy did not stop. Voice of America journalists witnessed the attack and said two trucks with Malawian number plates were targeted. On 21 June suspected Renamo gunmen stopped two civilian vehicles in Cheringoma, Sofala, and robbed the occupants of mobile phones, clothing, documents and computers. Also on 21 June a second Renamo office in Beira was burned down. (Rhula from *Folha de Maputo*, VOA Pt and Deutsche Welle)

Deutsche Welle (Pt 14 June) reports that in late May in Vunduzi, Gorongosa, "in the village of Mucodza, two people over 70 years were forced to guide government troops to Renamo bases along the mountain range and indicate who were the Renamo guerrillas in that town. After two

days without having found the alleged bases of Renamo, the elderly men were tortured and held captive until they revealed the location of bases. One of them was shot in the right arm, trying to escape. Their houses were burned down."

<http://www.dw.com/pt/moçambique-populares-preocupados-com-raptos-e-desaparecimentos-em-vunduzi/a-19329869>

Garimpeiros leave Chimanimani

Up to 9000 artisanal gold miners, known as garimpeiros, are abandoning the Chimanimani reserve in Manica province. Three associations of garimpeiros have been working in Chimanimani since 2006, but the gold seam in the foothills of Mount Binga, the highest mountain in Mozambique, has been worked out. The miners had killed protected animals for food, and prevented the development of tourism in the reserve, which borders Zimbabwe. (AIM En 21 June)

[And more on debt](#)

Coastal protection cost tripled

In 2013 Privinvest proposed a turnkey maritime security project which a Credit Suisse document said would be sufficient to enforce an exclusive economic zone reaching 30 nautical miles out to sea. The cost would have been \$372 mn, *Africa Confidential* reported last year (10 July 2015). Although most details of the \$2.2 bn loans are still secret, it appears that the maritime security part of the package now exceeds \$1 bn. Privinvest is the main contractor in the Mozambique maritime contracts and is based in Beirut and Abu Dhabi.

Zitamar (21 June) published more details of the 2013 Credit Suisse memo. Under the proposal, for \$372 mn Privinvest would have:

- + supplied, installed and set up six staffed radar stations and 10 unstaffed radar stations;
- + delivered two maritime patrol aircraft, two offshore patrol vessels, 12 interceptors and spare parts.
- + provided three years of satellite surveillance; and
- + supplied, installed and set up a central command and training centre.

The memo was for the SISE (security service) owned Proindicus, and explained that the firm would repay the loan and earn large profits selling its services to oil and gas drilling rigs, as well as by charging fishing boats and cargo ships passing through the Mozambique channel.

The economic problem is long term and systemic

The President and senior ministers have tried to argue that the current crisis is caused by special factors such as falling commodity prices and the global recession, but two of the main national think tanks, IESE and CIP, say the problem is long term and structural.

Imports (excluding the mega projects) were 38% of GDP in 2014, showing the lack of domestic production, notes the Centro de Integridade Pública (CIP), in a paper issued 21 June. And it makes the same point as the IMF about the huge and inflationary increase in the money supply without an increase in domestic production. Domestic credit increased 44% in the year April 2015 to April 2016.

http://www.cip.org.mz/images/Documentos/Financas_Publicas/CIP_O_impacto_da_divida_publica_em_mocambique.pdf

A set of three papers by Carlos Castel-Branco and Fernanda Massarongo issued 6, 9 and 14 June by IESE (Instituto de Estudos Sociais e Económicos) shows how Mozambique has, since the end of the war in 1992, failed to create a diversified and articulated economy serving local needs. Instead the economy was centred on mineral-energy exports plus a few export crops - sugar,

tobacco and bananas.

The issue is how one builds domestic business and capital. "The basis of accumulation of the emerging national capitalist classes is the link with multinational capital," write Castel-Branco and Massarongo. Public debt is part of "a strategy of primitive accumulation by way of expropriation of the state, even beyond its economic possibilities." They note that "60% of the debt was to build large infrastructure associated with mega projects, and a sixth of the debt is government guarantees for private debt illegally taken by the previous executive. Thus more than 75% of the debt was to finance the accumulation by [international and domestic] private capital and not for the consumption of citizens or the state."

Public resources are the basis of capitalist development. "The Mozambican state capitalized rent-seeking oligarchies and domestic speculators, supported by the global financial system, using the strategy of public investment in the extractive core of the economy, as well as real estate speculation and weapons," they continue. Much is made of combating corruption, but "it is difficult to disentangle 'corruption' from primitive accumulation (without which there is no capitalism). At what point is the systematic expropriation the State in favour of private capital accumulation definable as corruption? What distinguishes the case of a state agent appropriating public funds for personal benefit and another public official who delivers public resources (various minerals, hydrocarbons, land, infrastructure) to multinational corporations and domestic oligarchs?"

Until a year ago, the IMF was praising the Mozambican economy. Now it wants to impose a three part package. Austerity means cuts to social services and probably drastic job cuts and unemployment. Privatization is part of the agenda, accelerating the process of giving state companies and land to "international capital and national oligarchs," they argue. Restricting access to domestic capital works against domestic business, but supports international companies with access to capital. This package will "aggravate the economic, financial and social crisis rather than helping to resolve it." And it will make it harder to diversify the economy to create jobs and basic goods. (*IDEIAS* 87,88,89 <http://www.iese.ac.mz/cronica-de-uma-crise-anunciada-divida-publica-no-contexto-da-economia-extractiva-ideias-n89/>)

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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

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

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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