

MOZAMBIQUE News reports & clippings

397 14 December 2017 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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IMF thumbs down: secret debt details & major spending cuts required

There is no IMF programme on the horizon as the IMF mission took a very hard line in a statement issued Thursday afternoon. More information on the secret debt, more spending cuts, and restructuring state companies are all required - and must go much further than the small attempts made in the past two weeks to placate the IMF mission.

The IMF points to the large deficit caused by high wage bills and falling tax revenue, and being funded by borrowing and not paying bills, and says this cannot continue. And it calls for "decisive action to restructure financially-weak state-owned enterprises (SOEs)". The full statement is on <http://www.imf.org/en/News/Articles/2017/12/14/pr17493-imf-staff-completes-2017-article-iv-mission-to-mozambique?cid=em-COM-123-36335>

The team was in Mozambique 30 November -13 December and issued its statement on 14 December. Officially this was what is known as an "Article IV mission" to assess the state of the economy and was not formally to talk about the IMF programme suspended when the \$2 bn secret debt was revealed. That programme was suspended in part because IMF officials felt personally offended that they had been lied to by Mozambican ministers who denied the existence of the secret debt. The IMF demanded the Kroll forensic audit, and IMF and donor anger has been fuelled because the government refused to provide key information, so Kroll could not account for most of the money.

Recent reports

Special report on social protection <http://bit.ly/MozSocPro>

Secret debt documents and report:

Kroll full report (80 Mb!) <http://bit.ly/Kroll-Moz-full>

Kroll audit Executive Summary <http://bit.ly/Kroll-sum>

Parliamentary Report on the Secret Debt (complete, in Portuguese) bit.ly/MozAR-debt

Key points from the Parliamentary Report on the Secret Debt <http://bit.ly/MozAR-debt-En>

Mozambique should not pay the hidden debt <http://bit.ly/Moz-do-not-pay>

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

Other books and reports:

Government's detailed flood reports: <http://bit.ly/flood-17>

Local media monitoring of Mozambique elections (background of election newsletters)
<http://bit.ly/LSE-newsletter>

Chickens and beer: A recipe for agricultural growth in Mozambique book by Teresa Smart and Joseph Hanlon, **free** English download <http://bit.ly/chickens-beer>

Há mais bicicletas - mas há desenvolvimento? book by Joseph Hanlon and Teresa Smart, **free** Portuguese download <http://bit.ly/Mais-bicicletas>

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

Minimum wages & exchange rates 1996-2017 <http://bit.ly/MinWage2017>

Previous newsletters and other Mozambique material are posted on bit.ly/mozamb

The mission's statement makes clear that the IMF will not move toward a new programme until the government releases more information: "Regarding the follow up to the audit of Ematum, Proindicus and MAM companies, the mission reiterates the need to fill the information gaps in the audit report and takes note of the Government's recommendation to wait for the outcome of the ongoing investigations by the Prosecutor General Office." In other words, no I programme soon as the IMF waits for government action.

The mission was is not optimistic about the economy: "Mozambique's growth continues to slow down and the outlook remains challenging." Although inflation has fallen faster than expected, growth "is now expected to decline to about 3% in 2017, compared to 3.8% in 2016."

"Significant spending pressures stemming from debt service and wages, as well as weaker-than-anticipated revenue collection, are expected to result in an overall fiscal deficit exceeding 8% of GDP. The large financing needs of the Treasury combined with a tight monetary policy to stabilize inflation continues to press market interest rates higher, depressing credit availability to the private sector - particularly to SMEs - and affecting economic activity, employment, and socio-economic conditions," the mission says. "A sustained fiscal effort will be required to lower deficits and limit further accumulation of public domestic and external debt, including arrears to creditors and suppliers."

The mission noted the actions announced when it was in Maputo (see this newsletter 394, 10 Dec) to try to cut the wage bill and increase revenue, but said that this was not nearly enough. Government must do much more to "mobilize additional revenues and by reducing current spending, while protecting outlays to social and infrastructure spending."

Perhaps noting the announcement 8 December, while the mission was in Maputo, of an unnecessary \$60 mn Chinese funded airport in Xai-Xai, "the mission urged the authorities to align the public investments' program considering project feasibility, absorption capacity constraints, and debt sustainability."

Finally "the mission urges the authorities to take decisive steps ... to restructure financially-weak SOEs that pose significant fiscal and financial sector risks."

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If you need to cite it for academic purposes, treat it as a blog. The normal citation format would be:

"Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.

Previous newsletters and other Mozambique material are posted on bit.ly/mozamb

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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>

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Other books and reports by Joseph 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/>

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 (Karibu at airport, Livaria UEM, Bazar Pariso, Mivany) or from **KAPICUA**, which recently moved to Av de Maguiguana (nr Lenine), Maputo; Tel: +258 21 413 201.

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Outside Mozambique, we have a few copies we can send from London. Please e-mail 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 available from the publisher <http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

Há mais bicicletas - mas há desenvolvimento? free download of Portuguese edition (5 Mb)

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 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 sociólogo: <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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