

MOZAMBIQUE 146

FRELIMO DIVIDED ON ZIMBABWE NO FURTHER CHARGES ON SIBA-SIBA

PLUS: police, floods, minerals,
education, tax, mines *and a book*

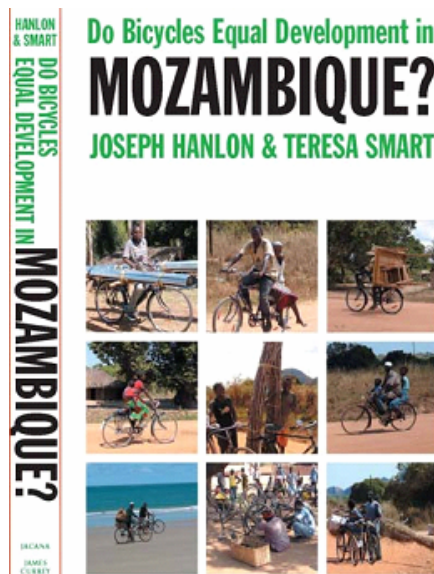
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News reports & clippings no. 146 from Joseph Hanlon
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New Mozambique Book

Is Mozambique an African success story? It has 7% a year growth rate and substantial foreign investment. It is the donors' model pupil, but poverty is increasing. The number of bicycles has doubled and this is often cited as the symbol of development. In their book, *Do bicycles equal development in Mozambique?* Joseph Hanlon and Teresa Smart challenge key assumptions of both donors and the government. The book has is now available from the publisher, James Currey.

To order go to
<http://www.jamescurrey.co.uk/>
click on
the cover picture
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Also available from <http://www.africabookcentre.com/>

In Maputo, you can buy copies of the English edition at
Europa-America, 377 av 24 de Julho
Mabuko
Escola Editora

The Portuguese edition, *Há mais bicicletas - mas há desenvolvimento?*
is available at all good bookshops in Mozambique.
Outside Mozambique, contact Joseph Hanlon on j.hanlon@open.ac.uk

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Graça speaks out, but Frelimo divided on Zimbabwe

Graça Machel became the first prominent Mozambican to speak out against Robert Mugabe, when she spoke at the launch of the "Save Zimbabwe Now" campaign Wednesday 21 January in Johannesburg. Asked whether Mugabe should step down, she said: "The people of Zimbabwe have already said so ... through the ballot." Also at the meeting was Archbishop Desmond Tutu.

Machel, Tutu and former U.S. President Jimmy Carter were the group of “Elders” who were barred from visiting Zimbabwe in November.

But Machel’s views are not shared by the others in Frelimo. In a column in *Notícias* on 20 January, Elisio Macamo, who usually reflects the views of the party leadership, argued that “the demonisation of Mugabe is part of the problem, not the solution.” He puts the blame on the US and UK, who are shamelessly using the Zimbabwe crisis to undermine African leaders and institutions and making a solution more difficult. Any solution requires the participation of Mugabe and that he remain as president, Macamo argues.

He also notes the importance of continued solidarity with those who supported us in the past, citing Nelson Mandela’s support for Fidel Castro and Muammar Gaddafi.

But history can be looked at in different way. Graça Machel noted that leaders in the region, including Zimbabwe, stood together to fight against oppressive white rule. But “what has happened in the meantime in Zimbabwe? Those colleagues of mine from yesterday now brutalise their own people simply because the people consciously voted them out. ... Any government who goes out and assaults its own citizens, its own people, has lost completely any kind of legitimacy.”

But Jorge Rebelo, in a little noticed interview last year in *Savana* (4 July 2008) said he still felt sympathy for Robert Mugabe because of the ties forged between Frelimo and the ruling ZANU-PF during the struggle to free Zimbabwe from the white minority regime of Ian Smith. Rebelo probably reflects a significant part of Frelimo opinion when he said: “Mugabe was our comrade-in-arms. ... He has certainly made mistakes, but I think it may be possible to get him to see reason, so that he sees that what he has done is wrong because the people are suffering”.

Morgan Tsvangirai, leader of the opposition Movement for Democratic Change (MDC), did not endear himself to Frelimo when he met with Renamo leader Afonso Dhlakama on a visit to Mozambique in April 2008. Rebelo was critical: “What’s Tsvangirai’s programme?”, he asked. “What’s his vision for dealing with the problems? He hasn’t got one. So how can I say no to Mugabe and yes to Tsvangirai when I don’t know what he’s going to do?” He also feared that Tsvangirai “will dismantle Mugabe’s measures and give the land back to the white farmers”.

In an earlier column (16 December), Macamo argued that the recent land reform has been more successful than portrayed, and notes that land reform had been blocked for two decades by Britain and the US through the Lancaster House agreement and structural adjustment.

No charges against bank heads in Siba-Siba case

No other former heads of Banco Austral will be charged for the murder of Antonio Siba-Siba Macuacua, the public prosecutors office (Ministério Público) announced on 15 January, according to *O País*. In particular, former bank president Octávio Muthemba, former administrators Jamú Hassan and Arlete Patel, and Álvaro Massinga, a former member of the fiscal council, are no longer considered “suspects” (arguidos)

Three people were arrested and charged with the murder on 8 December 2008: former board member Benigno Parente Junior, and two security guards, Carlitos Jose Sitoi and Jose Carlos Figueiredo.

The state-owned People’s Development Bank (BPD) was privatised in 1997 to a Mozambican-Malaysian consortium and renamed Banco Austral. Muthemba, Hassan and Massingue were the three key Mozambican figures in the privatised bank, which embarked on a wave of reckless

lending, particularly to some prominent political figures. In effect, the bank was looted and it collapsed.

The Bank of Mozambique appointed Siba-Siba, then head of banking supervision, to run the bank and prepare it for a second privatization. Siba-Siba embarked on a vigorous debt recovery programme, and on 11 August 2001 he was killed and his body thrown down the stairwell at the bank's Maputo headquarters.

No charges have ever been brought against the Banco Austral management for their ruinous management of the bank, which appears to have violated Mozambican corporate and banking laws.

But in Portugal

Three former presidents of Banco Comercial Português (BCP), now Millennium BCP, including Jardim Gonçalves, were accused of serious misconduct by the Bank of Portugal on 15 December. As well as creating one of the largest banks in Portugal, Gonçalves played a major personal role in Mozambique. He first controlled Banco Internacional de Moçambique (BIM) and then in 2000 took over the troubled Banco Comercial de Moçambique (BCM), merging them into what is now Millennium BIM.

Police shake-up

Interior Minister Jose Pacheco continues his shake-up of the police, appointing new directors of criminal investigation in nine provinces.

Meanwhile, Samito (Samuel Januario Nhare), one of the three murderers who escaped from the cells of the Maputo City Police on 7 December and was recaptured last week, gave a television interview when he was brought back to Maputo. "We did not escape. We walked out the front door in the company of four policemen", he said. Samito claims the release was organised by the then Commander-General of the Police, Custodio Luis Pinto, who ordered him to accompany Anibalzinho (the convicted murderer of journalist Carlo Cardoso) to a house in Malhampsene, Matola, where he was given money and told to flee to Quelimane.

Pinto and several senior police officers were sacked by Pacheco 10 days after the escape. Pinto denies Samito's claim, and says it is a part of a plot by some police officers to blacken his name.

In a report on 24 January, AIM comments: "It is known that, when President Armando Guebuza appointed Pinto as General Commander of the police in 2006, there was anger among the police hierarchy because Pinto did not have a police background, but came from the armed forces."

Anibalzinho remains at large. The third escapee, Todinho, has been shot and killed by the police.

No major floods yet

Above average rainfall had been predicted for this rainy season, and there has been some quite heavy rain in several places, as well as some flood warnings. At least 10 people have died – drowned or killed in road accidents related to the heavy rain. But, so far, there has been no abnormal disruption and no major floods.

Water authorities in the central region reported that levels of the Zambeze, Púnguè, Búzi and Save rivers are all falling. Hundreds of people have had to move from river banks, and at present, no one is at risk.

But the rainy season is not yet half over.

In Namilasse, the war is finally over

The war ended 16 years ago, but a remarkable article in Noticias (17 December) shows how long it has taken for the government to reassert control in some isolated areas.

Namilasse, a locality in Chinga administrative post, 70 km west of Nampula city, had been an important Renamo base used to attack the roads from Nampula to Ribáuè and Alto Molocue. After the 1992 peace accord and even after the 1994 elections Renamo fighters continued to occupy this area and local people refused to cooperate with the government. The Noticias article admits that government has only recently regained control over Namilasse, with the opening of a government office and a primary school, and the building of a new bridge.

(The *Mozambique Peace Process Bulletin* 15 of April 1995 reports the governor of Nampula negotiating with Renamo in areas it continued to occupy. The Noticias article is on <http://www.jornalnoticias.co.mz/pls/notimz2/getxml/pt/contentx/326611/20081217>)

Insufficient places and poor quality in schools

Mozambique's education system continues to pay the price of donor-imposed policies. During the 1990s, the IMF said Mozambique could not afford universal primary education so there was little increase in school places until 1997 and no expansion of teacher training was allowed. With the Millennium Development Goals, policy was reversed and universal primary education suddenly became a goal – but the World Bank has continued a defacto restriction on teacher training, recently forcing a cut to just one year of training.

This month, a record 1,700,000 children started school – but there were still 300.000 children who could not find primary school places.

And the quality of teaching remains very poor. For example, in the four big secondary school in Maputo, only 30% of pupils passed their 10th class exams at the end of last year. Speaking in Homoine on 13 December, Vice-minister of Education and Culture Luís Covane said the problem was poorly trained teachers, and that Mozambique still did not have enough teacher training institutions to meet the demand.

Simplified small business tax approved

In an attempt to bring informal traders and small businesses into the tax system, parliament approved an optional simplified tax for any business or self-employed person with an annual turnover of less than 2.5 million meticaís (\$100,000) per year. In place of VAT and personal income tax, individual traders and small business can opt for one of two alternative systems.

They can pay a flat rate of 125,000 meticaís (\$5000) per year in urban areas or 75,000 mt per year in rural areas, or they can pay 5% of turnover in urban areas and 3% of turnover in rural areas. Those who agree to join the new system will be charged only half their tax in the first year.

Based on a recent survey, the national statistics institute estimates that average turnover in the informal sector is 1 million mt (\$40,000) in urban areas and 341,000 mt (\$14,000) in rural areas.

The change ends a debate which has run for the more than a decade. In the mid-1990s, the IMF forced Mozambique to replace sales tax with VAT. There was fierce opposition at the time, with many in the business sector arguing that VAT was too complicated for small semi-literate traders. This turned out to be the case, and one reason why many businesses stay in the informal sector is to avoid the bookkeeping needed by VAT. This is, in effect, agreeing that the opponents were right, and allowing small businesses to return to the old system.

Mineral and energy exports rising

Mineral and gas exports are rapidly increasing in importance, and could account for 10 to 15% of GDP, Mineral Resources Minister Esperança Bias said in a *Notícias* interview on 15 December. Mineral exports were over \$100 million in 2008 and gas exports were expected to have been \$167 mn. Bias confirmed that Mozambique is joining EITI, the Extractive Industries Transparency Initiative, and says that Mozambican law already complies.

There has been a crackdown on exploration licences which have not been properly used, and 100 licences were cancelled last year.

Bias recognises the problem of uncontrolled mining of semi-precious stones in Nhampassa in Manica and Mugovolas in Nampula. It is difficult to control since valuable stones fit in the palm of your hand. Informal miners often don't know the value of the stones, she added, selling a stone worth \$5000 for just \$1. The government's solution has been to demarcate these two areas into blocs, giving some blocs to the community and licensing others to outsiders, and trying to increase inspection and control.

Meanwhile, officials of the new Mozambique Revenue Authority (Autoridade Tributária) have called for the renegotiation of the high tax breaks given to the older "megaprojects", so that they contribute more to the state. (*Notícias* 22 December)

Tourism, mines, grants to cities

+ Mozambique had 771,000 tourists last year – 71% from South Africa, 11% from Britain, and 6% from Portugal.

+ Clearing land mines from Mozambique will take until at least 2014. According to Fernando Mulima, of the National Demining Institute (IND), only in four provinces have all mines been cleared – Cabo Delgado, Niassa, Nampula and Zambezia. Mines date from three different wars, some having been laid by the Portuguese colonial army more than 35 years ago. Mulima said that in 2008 only three land mine accidents, with seven victims, were recorded. The previous year there were 11 accidents with 24 victims.

+ The central government grant to the 43 municipalities this year will be only \$22 million (558 million MT). Of that, \$4.3 million (108 mn MT) goes to Maputo, \$2.1 million each to Beira (54 mn MT) and Matola (52 mn MT), and \$1.5 to Nampula (39 mn MT).

Comment:

History and humility?

By coincidence, three articles in this newsletter relate to government attempts to redress harmful impacts of donor policies of the 1990s – restrictions on education, imposition of VAT, and the forced rapid privatisation of the People's Development Bank (BPD). All three were opposed by the government and public opinion at the time, which was taken by donors as evidence of poor governance, stupidity, and obstreperousness. This justified strict conditionality and even threats to cut all aid to Mozambique if these imposed policies were not accepted.

Donor memories are short. Universal primary education and the Millennium Development Goals are now so totally accepted that many donor staff in Maputo probably cannot imagine that their own agencies opposed expansions of primary education only 15 years ago. And from short memories comes arrogance – donors feel justified in pushing policies which are "obviously" correct because they do not remember what happened 10 or 15 years ago when obviously correct policies were imposed.

Donor staff leave after two or three years, but as we see in this newsletter, it can sometimes take more than a decade to clean up the mess they leave behind. Thus drawing attention to forgotten history is an appeal for humility and leaving more space for alternative policies.

Joseph Hanlon

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