

# MOZAMBIQUE 160

## News reports & clippings

### 26 March 2010

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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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## Flood alert ended

The red flood alert on the basins of the Zambezi, Pungue and Buzi rivers, in force from 10 March, was lifted by the Council of Ministers on Tuesday 23 March. Although both the Zambezi and Pungue remain above flood alert levels, the water level is going down. This year's floods were not abnormal. They directly affected 16,000 people and caused six deaths. Reports issued this year by the INGC (National Disasters Management Institute) have been very detailed, with which roads were closed, and comparing river levels this year to past floods. The reports are posted on <http://www.tinyurl.com/mozamb>

## Donor strike settlement

Government and budget support donors (G19, PAPs, Programme Aid Partners) announced at a press conference Wednesday 24 March that they have signed a joint memorandum of understanding, which ends the donor strike. Finnish ambassador and G19 chair Kari Alanko said that money would start to flow before the end of the month.

Donors pledged \$472 million for budget support for 2010, more than 25% of government current expenditure. But in December, angered by what they saw as unnecessary unfairness in the election and a long term refusal to deal with governance issues, many of the key budget support donors went on strike and refused to release budget support money (although other aid flows continued normally). Negotiations began seriously in February and ended this week.

A carefully crafted joint statement admits “that good governance, fight against corruption and democratic processes are areas of priority for the Government and the partners and that these issues have been on the agenda of various dialogues between the Government and the PAPs, and were also, for example, among the issues for special attention raised during the Annual Review in 2009. Through constructive dialogue the Government and the Partners came to a consensus in relation to the activities that will be implemented in these areas”.

Thus government accepted that these were ongoing and not new issues, and that concessions were made. But in his statement, Planning and Cooperation Minister Aiuba Cuereneia, the government’s negotiator, made clear that government had refused to concede on the donors’ two key demands – banning Frelimo party cells in government, and publishing asset declarations of high officials. On two demands relating to parliament, there seems to have been little resistance by government – giving the MDM a right to a party bench (bancada), and rushing new electoral legislation through parliament. The latter means that civil society calls for extensive discussion on a totally new electoral code will be rejected, because that could not be done before the donor deadline of having at least draft electoral legislation ready within six months.

On issues of corruption and conflict of interest, donors appear to have accepted a speed-up of new legislation and organisation which the government says it was already planning. On the party-state issue, Cuereneia has reshaped this as an issue of improving “professionalism” in the public sector.

Various documents, including Wedesday’s statements, are posted on my website:  
<http://www.tinyurl.com/mozamb>

Meanwhile the G19 has posted on its website details, including a calendar, of the annual joint review of budget support, which concludes on 19 May:  
[http://www.pap.org.mz/annual\\_review\\_2010.html](http://www.pap.org.mz/annual_review_2010.html)

## **In brief, and stories we missed earlier**

(See attached clippings for more details)

+ Malaria remains the main cause of death, causing 29% of all deaths, compared to 27% for HIV/AIDS, according to the National Survey on the Causes of Mortality in Mozambique (INCAM) published 24 March by the National Statistics Institute (INE). Peri-natal illnesses account of 7% of deaths, diarrhoeal diseases 4%, pneumonia 4%, accidents and other “external causes” 4%, and tuberculosis (without HIV/AIDS as a contributing factor) 3%. The HIV prevalence rate in Mozambique has dropped from 16% of people aged between 15 and 49 in 2004 to 15% in 2009 according to the Health Ministry last December. Health Minister Ivo Garrido said it looks as if the epidemic has stabilized. HIV prevalence rate in the south is 21%, 18% in the centre, and 9% in the northern three provinces.

+ National Demining Institute (IND) director Julio Braga said that only 63 of the country’s 128 districts could be declared “free of mines”. Mine explosions killed 15 people and injured a further four in 2009.

+ The 10 Provincial Assemblies elected last October will cost 100 million meticaís (\$3.6 million) a year. Of this, allowances and wages for the 807 members will be 89 million meticaís (\$3.2 mn) compared to initial Finance Ministry estimates of \$407,000 given to parliament when the bill was passed in 2006. The ten presidents will receive Mt 17,000 (\$600) a month, deputy presidents Mt 14,500 (\$540), and ordinary members Mt 9,000 (\$320), compared to the highest minimum wage (for financial services) of Mt 2,745 (\$98) a month. Membership of a provincial assembly is a part time occupation. The provincial

assemblies meet twice a year for no more than 10 days per session. Presidents and deputies also receive cars and houses.

+ Government has cancelled the licensing of new higher education institutions until legal procedures are drawn up that will guarantee decent quality.

+ The commercial banking sector made net profits of Mt 3.1 billion (\$113 mn) in 2008. All the large banks are making substantial profits, while one struggling minor bank, the Mercantile and Investment Bank (BMI), and several newly established banks, are still running at a loss. Millennium-BIM (in which the majority shareholder is the Portuguese BCP) remains the largest commercial bank, with assets of Mt 35.5 bn. Commercial and Investment Bank (BCI) is next with assets of Mt 23.8 bn meticaís, followed by Standard Bank (Mt 21.4 bn), and the Mozambican subsidiary of Barclays (Mt 7.9 bn).

+ Government has confirmed its commitment to the Extractive Industries Transparency Initiative (EITI). A Coordinating Committee has been set up, consisting of four representatives of the government, four from civil society, and four from mining and oil companies. Under EITI, all revenue received by governments, and all payments made by companies, resulting from mining and hydrocarbon exploitation, are made public.

+ Under its project “Transforming Guns into Hoes” (TAE), since 1995 the Christian Council of Mozambique (CCM) has collected and destroyed 700,000 guns held illegally.

+ Government has approved the environmental impact study and will allow the construction of a coal fired power station at Benga, Tete, by the Australian company Riversdale Mining. It already has approval for an open cast mine, and plans to start mining in 2011. Initially Benga should produce 5.3 million tonnes of raw coal a year, to be processed into about 1.7 million tonnes of top quality hard coking coal, plus 0.3 million tonnes of thermal coal per year for export. Coal that is not exported can be burnt to produce electricity at the Benga power station.

+ The Local Initiative Investment Budget (OIIL), under which each of the 128 districts has, since 2006, been allocated at least Mt 7 million (\$250,000 US dollars) for projects to improve food security and create jobs, is being converted to a formal District Development Fund (FDD), under the provincial governor. The fund will be able to receive repayments of loans and relend the money. Government and six donors on 17 March signed a Memorandum of Understanding to implement a new five-year \$46 mn National Decentralised Planning and Finance Programme (PNFPD) in all 128 districts in the country. Planning and Development Minister Aiuba Cuereneia said the six partners will channel their contributions into a common fund, to be handled through a specific account in the Mozambican treasury, and that, “unlike the previous programmes, this will cover all the 128 districts”.

+ Two huge eucalyptus plantations and linked paper mills have been approved. The Norwegian-owned Lurio Green Resources has been given 126,000 hectares in Nampula, and the Portuguese-owned Portucel has been given 173,000 hectares in Zambezia. But the government in December announced that it has cancelled the contract signed in 2007 with Procana to produce ethanol from 30,000 hectares of sugar at Massingir, Gaza.

+ State contracts below Mt 5 mn (\$180,000) will be reserved for Mozambican companies, according to Industry and Commerce Minister António Fernando. In addition the first Business Support Centre for small and medium enterprises will be launched in April.

## Personal view

# Potemkin villages and fear of the bosses?

Two recent and seemingly very different incidents suggest that officials in Mozambique are worried that their bosses will be offended by open discussion. One was the decision by the parliament (AR, Assembleia da Republica), at the last minute, to cancel their highly promoted launch of an AWEPA book “Why Peace Worked: Mozambicans Look Back”. The other was the desperate attempt by the G19 budget support donors to keep the donor strike a secret.

It is possible that the official reason given for cancelling the book launch is actually true – that at the last minute AR leaders suddenly noticed they were too busy, and decided that 150 invitees including officials, ambassadors, and foreign visitors could be dismissed with the wave of a hand. But it seems more likely that officials in either parliament or the President’s office panicked, fearing President Armando Guebuza might be offended by a quite gentle critique. The book, based on recent interviews by the AWEPA representative at the time of the peace accord, Lucia van den Bergh, points to the success of Mozambique’s unique peace process, without tribunals or truth commissions. It is more critical of Renamo’s role in the war than is fashionable now. But in a concluding chapter “Poverty and stability: you cannot eat democracy”, it also raises questions about the role of parliament and development policy.

The political explanation seems mostly likely, because it fits within a broader pattern, in which the President is increasingly surrounded by yes-people who shield him from reality, even on his open presidency tours. This is, of course, hardly new or unique to Mozambique. Often cited are the “Potemkin villages”, fake settlements supposedly built to fool Empress Catherine II during her visit to Crimea in 1787. And there seems to be a growing climate in which ministers and officials are afraid to criticise or even debate proposals made by the President.

An alternative political explanation for the book launch cancellation is that the book highlights the independent role of parliament during the 1995-2004 period when Armando Guebuza was head of the Frelimo bench (bancada). Frelimo in parliament became, in effect, a progressive opposition to then President Joaquim Chissano; it may of been an era of “deixa andar” (“let it go”), but in retrospect that also meant an era of more debate and independent initiatives. An independent parliament was also how Guebuza built his political base. Perhaps his acolytes do not want to remind people that parliament can be a route for challengers.

Meanwhile, on the donor side, the G19 challenged the government over an unfair election, the growing role of the Frelimo party, and continued conflict of interest. In December, they actually stopped providing budget support – a donor strike. But, surprisingly, the G19 tried to keep the strike secret, even when the government made it public. Two factors seem behind this. First, donors were trying to impose policies which deserve more public debate, both on the role of the party and if (and how) Mozambique should be allowed to promote domestic capital. Second, however, the donors have their own Potemkin villages. Under budget support and SWAps (Sector Wide Approaches, such as in health), donor staff are deeply involved in setting detailed government policies. High profile is given to meaningless indicators such as the Transparency and Doing Business indices. And ambassadors and donor staff justify Mozambique’s unusually high aid levels and huge staff involvement through claims of rapid growth and incredible poverty reduction as a result of following World Bank neo-liberal policies. But it is becoming clear that poverty is not declining, and that Mozambique is unlikely to meet Millennium Development Goal 1 on poverty reduction. Meanwhile key European donors have increasingly conservative governments which are questioning both aid in general and aid to Mozambique. Suddenly donors are worried about the press and ministers in their own capitals. If they suddenly have to act on elections and conflict of interest after five years of telling their capitals that

everything is fine, then the best way to maintain the Potemkin village is to keep secret the pressure on the Mozambican government.

So senior Frelimo and donor officials are caught in the same trap – how to maintain the Potemkin villages and not let the bosses know the reality. But the longer the myths are maintained, the harder it is to admit that the real world is different.

Joseph Hanlon

(This is an entirely personal view, linked to no institution or organisation)

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***Do bicycles equal development  
in Mozambique?***

by Joseph Hanlon & Teresa Smart

**is only available direct from the publisher**

[www.jamescurrey.co.uk](http://www.jamescurrey.co.uk)

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<http://www.tinyurl.com/mozamb>

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**Mozambique media websites:**

Noticias: [www.jornalnoticias.co.mz](http://www.jornalnoticias.co.mz)

O Pais: [www.opais.co.mz](http://www.opais.co.mz)

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