

MOZAMBIQUE 177

News reports & clippings

28 January 2011

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Floods: not serious yet

Economy:

New evidence of poverty increase

Government economic policy hit

Sachs says renegotiate mega-projects

India coal project rejected

Cholera, migrants, other news

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Attached file: This newsletter in pdf.

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Floods: keeping watch

Very heavy rains in the neighbouring states of South Africa, Zambia and Zimbabwe have caused serious flooding and more than 100 deaths there. Since the water must pass through Mozambique, the government on Tuesday issued a “red alert”. But so far, flooding is not serious. The Pungoe, Limpopo and Zambeze rivers are slightly above alert levels, according to the report of INGC (National Disasters Management Institute) Wednesday. This is enough to flood fields close to the rivers.

AIM reported Thursday that 12,000 people have been forced to move from low-lying areas near the Limpopo; some people have fled from close to other rivers. Five schools near the Limpopo and three near the Pungue are closed. There are reports of 10 flood-related deaths in Mozambique.

More evidence of poverty growth

“There has been a real deterioration of welfare in terms of income, food consumption and nutritional status in Mozambique between 2007 and 2008,” concludes a study by the Washington-based Center for Global Development. All but one measure showed “a worsening of economic conditions” in urban areas.

The study was done to look at the impact of HIV/AIDS, but instead its main conclusion was of a general sharp fall in family income and food consumption, and a decline in nutritional status of children. Families of HIV/AIDS patients were actually less badly hit, because the increased availability of anti-retroviral treatment allowed HIV/AIDS positive people to do more work.

Data was collected in 2007 and 2008 in Maputo city and mainly in urban areas of Maputo province, Manica and Sofala from 896 households, two-thirds with at least one identified HIV positive adult, and the other third from a non HIV/AIDS household nearby.

The article is Damien de Walque et al. 2011. "Food Crisis, Household Welfare and HIV/AIDS Treatment: Evidence from Mozambique." CGD Working Paper 238. Washington, DC: Center for Global Development and is available on <http://www.cgdev.org/content/publications/detail/1424730>

Respected figures hit government response to poverty, inflation

Two respected establishment figures attacked the government on economic issues in articles in O Pais 17 January. Tomas Vieira Mario, chair of the Mozambican chapter of the regional press freedom body, MISA (Media Institute of Southern Africa), sharply criticised the government response to reports of increasing poverty by attacking the messenger. And Prakash Ratilal, president of Moza Banco and former governor of the Bank of Mozambique, says that "Mozambique, considered a country with huge land and water potential and which has received immense donor aid, has turned itself into a trading country, essentially importing consumer goods."

Tomas Vieira Mario points to the way government officials and ministers are responding to recent studies showing that poverty is not decreasing by "rising up against technically solid institutions which they control, negating the scientific validity of the results of the surveys [and] discrediting, demotivating, and marginalising highly skilled national researchers, which will end only in dismantling solid institutions" that are praised for their research and have international standing.

In a TV interview, the Prime Minister blamed the National Statistics Institute for asking the wrong questions, because the results did not capture "the significant advances in our country," Mario continues. The Prime Minister added, "it is not possible, for the ordinary Mozambican citizen, to say that Mozambique is poorer." The governor of Inhambane said that the SETSAN (the food security technical group) report that 45,000 people in his province were hungry had been "invented to attract donor support". For President Armando Guebuza, to say poverty is increasing is to show a lack of self-esteem.

Officials "repeat the argument that the 'evidence' of the naked eye refutes statistics." But what their naked eye sees is Maputo, "one of the richest African cities", where luxurious mansions and international standard shopping malls are being built. More fancy cars are in circulation. That is obvious to the naked eye, he notes. Yet it was also Maputo which had public demonstrations against poverty in February 2008 and September 2010, he notes.

Prakash Ratilal in his article says that "agriculture, agro-industry and light industry contribute little to national production," and the government has no fiscal, labour or other policies to break

the numerous blockages facing small businesspeople. Inflation increases because more money circulates but little is produced locally.

“The only way out is to give priority to the micro-economy, make use of natural resources and locally available capabilities, and promote national initiatives,” and these “small and medium projects must be pushed forward with the support of the state and the donors.” Ratilal concludes: “National interest must take priority over the interests of special groups and individuals.”

(The articles appeared only in the print edition, not on-line. Poor quality copies available on request.)

Another call to renegotiate mega-projects & support farms

The well known economist Jeffrey Sachs, speaking in Maputo 13 January, joined the growing chorus calling on the government to renegotiate the contracts of the mining and energy mega-projects to extract more revenue. It is necessary to change to rules, to extract more gains for Mozambique, he said, and cited the example of Israel which successfully renegotiated a contract for the export of natural gas to increase its revenue.

He also called for more support for agriculture, including subsidies, and for guaranteeing rural communities access to fertiliser and markets.

India coal proposal rejected

Mozambique has rejected a request by the state owned company Coal India for a further five coal exploration licences in Tete. Deputy Minister of Mineral Resources, Abdul Razak Noormahomed, said on 10 January that Coal India already has two licences in Moatize, Tete, which it has not yet begun to exploit. “They must develop what they have first. Then we will sit down and decide what to offer,” Razak said.

The refusal caused a diplomatic incident, because the request was made personally by Indian Coal Minister Sriprakash Jaiswal, who was accompanied by Coal India officials, at meeting with the Minister of Mineral Resources, Esperanca Bias. The meeting was supposed to discuss a Memorandum of Understanding under which India is to spend \$40 million for building a Mozambican Institute of Planning and Organisation and a SADC (Southern African Development Community) regional institute for training and organisation, both aimed at the coal mining sector.

But it is part of a hard line by the Mozambicans to not hand out mineral licences to China, India and other countries on political grounds, but rather to demand concrete investment proposals.

More cholera attacks

Local people in Nampula and Cabo Delgado provinces continue to attack officials, and accuse them of spreading cholera. In Namarecuca village, Montepuez, Cabo Delgado, a mob beat a

community leader, Luis Pedro, to death. He just returned from the provincial capital, Pemba, where he had attended a meeting addressed by the provincial governor. The crowd claimed that, at the meeting, Pedro had collected 'the products that cause cholera'. 15 people have been arrested.

On 7 January in Nancaramu village, Pemba-Metuge, Cabo Delgado, 17 youths were detained by police after they vandalized and destroyed the homes of 12 people the youths claimed were in possession of pills used to spread cholera. Earlier studies have linked the attacks to poor people fearing that the rich want to kill them, and Noticias reports that one of the severely damaged houses belonged to Pineira Siraila, who in village terms is relatively rich. He claimed he the youths stole 10,000 meticaís (\$300) he had in the house, and he had been given a loan from the District Development Fund which funds projects that might create jobs and boost food production.

In Namialo, Nampula, on 19 January, mobs destroyed the houses of six neighbourhood secretaries and injured a guard in an unsuccessful attack on the local health centre.

Illegal migrants

The arrival of 133 Pakistani and Bangladeshi migrants with false visas has highlighting the increasing problem of Mozambique as a migrant transit point. On 18 January, immigration authorities stopped 63 Bangladeshi migrants at the airport; they had arrived on an Air Ethiopia flight from Addis Ababa, and were sent back of a flight on 20 January.

However, after a tip off by the private TV station STV, the police raided a house near the airport on 20 January and found 70 more people from the same flight. The owner of the house was a Pakistani man named Momad Altaf, who appears to have escaped police custody. Maputo City police spokesperson Arnaldo Chefo had no doubt that the men could only have entered the country through corruption in the immigration services. It is assumed that the men were on their way to work as cheap labour in South Africa.

Police reported that they also detained 240 other illegal immigrants last week, mainly Somalis. There are an increasing number of migrants arriving from Somalia and Ethiopia by boat. Many are given formal asylum and sent to a camp at Maratane, Nampula – but more than 6000 have left the camp, and are assumed to be trying to reach South Africa.

Other news

PIRATES: Somali pirates have moved further south and on 27 December seized a Mozambican fishing boat, the Vega 5, in Mozambican waters. It has now been taken to Somali waters. The boat is owned by the Spanish-Mozambican fishing company Pescamar. The crew consists of 19 Mozambicans, three Indonesians, and two Spanish.

MOZA BANCO: The Portuguese Banco Espirito Santo group, through its holding company BES Africa, bought 25.1% of Moza Banco. 24.5% is held by Geocapital, the holding company of the Macau billionaire Stanley Ho, with Portuguese investor Jorge Ferro Ribeiro, and Macau businessman Ambrose So Shu Fai who is member of the Chinese People's Political Consultative Conference, an advisory body to the Chinese government. The majority, 50.4%, is held by Mocambique Capitais, a private company open to any Mozambican businessman or other professional, which now has about 300 shareholders. Moza Banco was started in 2008 by

former governor of the Bank of Mozambique, Prakash Ratilal. It currently it has just two branches and 63 workers, but Ratilal says the BES investment will allow it to expand to 30 branches and about 300 workers by 2013.

NEW APPOINTMENTS:

- + Carvalho Muaria has become governor of Sofala, replacing Mauricio Vieira, who died in December. Muaria had been interim governor for six months due to Vieira's failing health.
- + Francisco Pereira replaces Muaria as Deputy Minister of Public Works and Housing. He was previously chair of the board of the government's Roads Fund.
- + Amelia Nakhare was named Deputy Minister of Development and Planning, to replace Maria Jose Lucas, who died on 2 January. Nakhare was previously Director of Statistical Coordination and Integration at the National Institute of Statistics (INE).

ILLEGAL LOGGING: Pemba police stopped a ship from sailing with 161 20-foot containers full of the unprocessed logs which cannot legally be exported. Noticias reports that the timber belongs to five companies owned by Chinese citizens – Mofid (89 containers), Tienhe (30), Pacif (20), Sinlan (15) and Alphaben (7). Mofid has had illegal log exports stopped twice before, in 2004 and 2007. The illegal export appears to have been allowed by agriculture and customs officials and the port operator, state railway company CFM, and only stopped by local police, which inevitably raises questions about possible corruption.

MONEY LAUNDERING: A businessman resident in Nampula but with a British passport was stopped at Nampula airport trying to take \$190,000 in cash out of Mozambique. Under Mozambican law, the maximum amount of cash that can be taken out of the country without a declaration is \$5000. This is the third such seizure in recent weeks.

LAND SALES: Community leaders in the border area of Milange district, Zambezia, are accused of selling farmland to Malawian nationals, stripping hundreds of Mozambicans of their fields. Under Mozambican law, land cannot be sold.

THIRD MOBILE PHONE COMPANY: Mozambique's third mobile phone operator MOVITEL says it will invest \$120 million over the next year and \$465 mn over five year. MOVITEL is 70% owned by Vietel, a Vietnamese company with operations in Vietnam, Cambodia, Laos and Haiti, 29% by the Frelimo holding company SPI, and 1% by Inves Park. MOVITEL's mobile phone numbers will start with the prefix 86.

CAHORA BASSA SALE DELAY: The sale of the 15% of Hydroelectrica de Cahora Bassa (HCB) still held by the Portuguese state has been delayed by haggling over the price, according to the Portuguese newspaper "Diário Económico". Initially Portugal owned 82% of the dam and Mozambique 18%, but in 2007 Portugal sold a 67% share for \$700 million (obtained as a loan from a banking consortium) because the Portuguese government needed to reduce its deficit to meet EU rules. At the time, it was agreed that Portugal would sell the remaining 15% to Portuguese and Mozambican companies, later named as the Zambezi Electricity Company (CEZ) of Mozambique, and REN, the Portuguese state company that runs the Portuguese national grid. The sale should have happened in September 2010, but the two sides continue to disagree about price. The Portuguese also say the price is being depressed because Zimbabwe is still not paying for the electricity it consumes.

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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>

and on

Amazon.com for \$27.95

Amazon.co.uk for £17.09

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**

<http://tinyurl.com/justgivemoney>

Two working papers on the web

Poverty is not being reduced in Mozambique

LSE Crisis States Research Centre Working Paper No. 74 (series 2)

Benedito Cunguara and Joseph Hanlon, June 2010

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2.pdf>

Tambem em Portugues:

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2portuguese.pdf>

Mozambique's Elite – Finding its Way in a Globalized World and Returning to Old Development Models

Joseph Hanlon and Marcelo Mosse September 2010

WP/105 UNU-WIDER: The Role of Elites in Economic Development project

http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-105/

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Also on the web: Previous newsletters and other Mozambique material are posted on tinyurl.com/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

Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

Savana: www.savana.co.mz

Canal de Moçambique: www.canalmoz.com

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

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