

MOZAMBIQUE News reports & clippings

195 15 May 2012 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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In this issue: 2 big new reports warn
high growth is not ending poverty,
& stress need to look at
smallholder agriculture

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Heavyweight panel warns Mozambique's high growth is not ending poverty

Report calls for new stress on
jobs & smallholder agriculture

Mozambique is highlighted as a country with a high growth rate but that is failing to convert growth into poverty reduction, in a report issued Friday 11 May by the Africa Progress Panel, chaired by Kofi Annan, former Secretary-General of the United Nations. Members of the panel include Graça Machel, Bank of Botswana Governor Linah Mohohlo, former IMF head Michel Camdessus, former US Treasury Secretary Robert Rubin, and former Nigeria president Olusegun Obasanjo.

It is a heavyweight and conservative panel, yet it says that one of the biggest dangers is the growing inequality between rich and poor, and notes that Mozambique is one of the more unequal countries, with the top 10% of the population having an income 19 times that of the poorest 10%. The report notes that in sub-Saharan Africa "wealth disparities are increasingly visible. The current pattern of trickle-down growth is leaving too many people in poverty, too many children hungry, and too many people in poverty."

The report notes that in China "political leaders have identified rising inequality as a threat to social stability and future growth", and then adds pointedly that Mozambique is more unequal than China.

The report cites Mozambique as the fifth fastest growing country in Africa in the period 2001-2009 (at 7.9% per year) and predicts it will be second fastest in 2011-15 (at 7.7%/y). Yet it points out that "household survey evidence showed no decrease in national poverty from 2002 to 2008 and in the central regions there was a marked increase in poverty." It goes on to note that Mozambique is a net importer of staple foods and that "more than 70% of working youth live on less than \$1.25 a day."

"We at the Africa Progress Panel are convinced that the time has come to rethink Africa's development path," notes Kofi Annan in his introduction to the report. "Raising the productivity of smallholder farmers is critical", he continues. This will require more government action, the report concludes; "smallholder agriculture must be placed at the centre of a green revolution in Africa."

Cereal yields in Africa have not improved in 30 years and are now one-third of the average of the

developing world, because fertiliser use is the lowest in the world and there is low use of new technologies, improved seeds, pesticides and irrigation, the Africa Progress Panel report says. And data published last November showed that agricultural productivity in Mozambique is the lowest in southern Africa, because of tiny use of any modern technology - improved seeds, fertiliser, extension services, animal traction or irrigation (See News reports & clippings 188, 25 Nov 2011).

http://www.africaprogresspanel.org/index.php/download_file/view/1794/

UNDP calls for policy change to support smallholder farmers

"Greater agricultural productivity of smallholder farmers" is also seen as the top priority in the UNDP's *Africa Human Development Report 2012* issued today (Tuesday 15 May). "Fundamental change" in both donor and African government policies "is imperative", the report says, calling for a much more active government role and increased agricultural subsidies. It says "rapid economic progress in Africa has not brought food security for the substantial portion of the population still gripped by hunger."

The report singles out for praise two of Mozambique's neighbours, Malawi and Zambia, for their "remarkable successes". Malawi's seed and fertiliser subsidies and Zambia's fertiliser subsidy and maize price subsidy have led to record-breaking maize production.

The report partly blames "poor governance" in Africa and "self-serving elites, quick to profit from graft and patronage." But it puts equal stress on the international community. It says that "harsh structural adjustment policies" were such a severe blow that African agriculture has still not recovered. Conditions imposed as part of structural adjustment "stalled agricultural development" by ending government support for agriculture but not replacing it with anything else. There was a switch from food to export crops to pay debts. The failure of purely market-based policies is shown by that fact that "the inability to market surpluses is common across sub-Saharan Africa."

Asia's successful green revolution is "in sharp contrast" to the lack of change in Africa. The Asian revolution was driven by subsidies for research to develop new technologies and improved seeds, extension services, and irrigation. "Asia's farm inputs were subsidised, to encourage smallholder farmers to shift to new, high-yield varieties."

The report repeatedly stresses the need for substantial public investment in agriculture. It notes: "During Asia's green revolution, governments spent more than 20% of their budgets on agriculture. African governments spend just 5%-10%." And it concludes: "African governments can do the same, especially now that anti-interventionist sentiments have given way to a more balanced approach."

<http://www.afhdr.org>

Both warn: be wary of big foreign investment

Both the Africa Progress Panel (APP) report and the Africa Human Development Report (AfHDR) 2012 urge caution on big foreign investors in the current climate of what they call land "grabs" and "scrambles".

The AfHDR notes that "much agricultural technology for producing crops is scale-invariant (it is as efficient on small farms as on large), so large farms should not be expected to be inherently more

efficient." The report continues that "private investors naturally prioritize their own objectives, not the well-being of the poor and vulnerable."

"Implementation of these investments has been slow" and results of large foreign investments so far have been "well below expectations." The AfHDR concludes: "Where the balance of power between large multinationals and uneducated peasant farmers tips steeply towards the multinationals, the risks are vast."

The APP report points specifically to the very large land concessions in Mozambique, and the 2010-11 moratorium on new concessions. "For Africans, the benefits of large-scale land acquisitions are questionable" and "the results of large-scale land acquisition have often proved disappointing".

APP points to the growing importance of "outright speculation". And it calls for a moratorium on large-scale land deals and more action to protect local farmers against speculative land grabs.

Urban bias?

The AfHDR warns that in many countries there is an urban bias, with "overvalued exchange rates, making imports cheaper for domestic urban consumers."

In Mozambique the exchange rate is been kept artificially high. Much of the food consumed in Maputo is imported from South Africa. Riots in Maputo 1-3 September 2010 were triggered by the high cost of imported South Africa food. That, in turn, was caused by devaluation.

At the beginning of 2010 the rate of exchange was 3.7 Meticaais to the South African Rand. Then the government implemented IMF policy, and did a rapid devaluation. By the time of the riots, the exchange rate was 5 Mt to the Rand, meaning prices of imported food had risen by one-third in just a few months. In response, the government reversed the devaluation. (See News Reports & Clippings 169, 23 Sept 2010)

The rate is currently 4.3 Mt to the rand. The problem is that local farmers cannot compete with imports at this rate of exchange. So Maputo eats food from South Africa rather than from thousands of smallholder farmers in southern Mozambique.

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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.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>

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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

Tambem em Portugues:

<http://www2.lse.ac.uk/internationalDevelopment/research/crisisStates/Publications/phase2papers.aspx>

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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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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Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

Macauhub English: www.macauhub.com.mo/en/

Savana: www.savana.co.mz

Canal de Moçambique: www.canalmoz.co.mz

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

Carlos Serra Diario de um sociologo: <http://oficinadesociologia.blogspot.com>

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