

# MOZAMBIQUE 168

## News reports & clippings

8 September 2010

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**Mozambique leads World Bank success list**

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Attached files: This report in PDF and articles on the demonstrations (in Portuguese)

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## **Tobacco company admits bribe to 'a governor in Mozambique'**

The largest tobacco buyer in Mozambique (and the world) has admitted paying bribes to “a governor in Mozambique” and to officials (and a brother and a wife of officials) in the Ministry of Agriculture. Bribes between 2004 and 2007 totalled \$165,000.

On 6 August, Universal corporation (trading as Mozambique Leaf Tobacco, MLT) pleaded guilty to charges brought by the United States Securities and Exchange Commission (SEC), and paid fines and penalties of \$9 million. As well as Mozambique, there were \$850,000 of bribes to two “high ranking Malawian government officials” and “a political opposition leader” and \$800,000 to officials in Thailand.

Between October 2005 and July 2006 MLT paid cash to “a governor” and “gave gifts including supplies for a bathroom renovation, personal travel on a company jet, and cash payments to officials in Mozambique.” These payments related to the transfer of the exclusive license to buy tobacco in Chifunde district, Tete – one of the best districts for tobacco – from Dimon to MLT. A hostile crowd in Chifunde said they preferred Dimon and sharply criticised the decision at a public meeting with President Armando Guebuza on 5 May 2006.

The shift in the licence was also linked to the agreement of MLT to build a tobacco processing factory in Tete, which Dimon was unwilling to do. At the time, both Dimon and the US embassy

made allegations of bribery (See “Do Bicycles Equal Development in Mozambique?” page 54 and “Ha mais bicicletas – mas ha desenvolvimento?” page 126 for the bribe allegation and more details.) The SEC says that \$86,830 in bribes relating to Chifunde brought MLT an extra \$457,260 in profits in the first year alone.

Ironically, as part of the same action, Alliance One, which owns Dimon, paid \$20 million in penalties to the SEC for Dimon’s bribery of officials in Kyrgyzstan and Thailand.

Tomas Mandlate was the governor of Tete until January 2005 and then Minister of Agriculture until he was dismissed in February 2007, and is generally believed to have taken the decision on Chifunde. He was replaced as governor by Ildefonso Muanantatha, who served until the end of 2009.

Universal also admitted two other Mozambican bribes. On 26 March 2004 it paid \$10,000 to the wife of a Ministry of Agriculture official who was supposed to influence a decision on revising the export tax on tobacco to benefit processed tobacco from the MLT factory. In the end the change was never approved, and a promised second payment was not made.

On 21 March 2005 a \$50,000 bribe was paid to the brother of a Ministry of Agriculture official to allow unprocessed tobacco to be exported tax free. Between June 2005 and September 2007 various payments totalling \$19,061 were made to “Mozambican government officials and their family members for continue business favor.”

This is the second time a company has admitted bribing Mozambican officials. In September 2009 the British construction firm, Mabey and Johnson (M&J) pleaded guilty in a London court to giving Carlos Fragoso, then National Director of Roads and Bridges in the Mozambican Ministry of Public Works, 287,000 pounds (\$450,000 at current exchange rates) between 14 October 1997 and 10 April 2000. The money was paid into a Swiss bank account. Other unnamed Mozambican roads officials were also bribed, the company admitted.

Despite companies admitting the bribes of senior Mozambican officials, the Mozambican government has so far made no comment.

The full set of SEC documents is on:

<http://www.sec.gov/news/press/2010/2010-144.htm>

Universal’s admission and press statement is on

<http://phx.corporate-ir.net/phoenix.zhtml?c=89047&p=irol-newsArticle&ID=1457764&highlight=>

The story was reported in detail in Savana on 13 August.

## **13 dead, 300 injured, 224 arrested in violent demonstrations last week**

Thirteen dead, at least 300 injured, and 224 arrested is the toll of three days of demonstrations against prices rises and the high cost of living. The main protests were in Maputo and the adjoining city of Matola, with both cities paralysed on Wednesday and Thursday (1 and 2 September) and only slightly functioning on Friday. Activity returned to normal on Saturday.

In Maputo and Matola young people coordinated by mobile telephone text message (SMS) blocked all main roads with burning tyres and other barriers on Wednesday. There was also some looting of shops and market stalls, and cars and buses were attacked.

There were also disturbances in the Beira corridor (Beira, Chimoio, Gondola and Vila Manica) with disruptions Wednesday and Thursday. In Chimoio the main road was blocked and part of a market looted and burned; demonstrations continued through Friday.

Soldiers and police were still on the streets Monday. Offices were open but Noticias reported that public transport was still limited, with many private minibuses (chapas) not running. The free newspaper @Verdade on its website (verdade.co.mz) and Carlos Serra on his blog report that it was impossible to send text messages with either mobile telephone company Monday or Tuesday. Yesterday (Tuesday 7 September) was a public holiday.

Health Minister Ivo Garrido announced the 13 deaths in Maputo and Matola. Noticias reported more than 290 injuries and 150 arrests in Maputo and Matola, and six injuries and 68 arrests in Chimoio and Manica. MediaFax and WampulaFax reported the six people were arrested in Nampula for trying to organise demonstrations.

Police spokesman Pedro Cossa said repeatedly that the police were only using rubber bullets and not live ammunition, but this has been widely contradicted by the media and observers. The government newspaper Noticias quoted Natércia Duarte, clinical director of Hospital Geral José Macamo in Maputo, saying that 43 of those admitted had been shot by firearms. Garrido in an interview with O Pais published Friday said some of those in the Maputo Central Hospital had been shot. Noticias reported that two of the injured in Chimoio were children shot by police in the Francisco Manyanga neighbourhood.

The free weekly newspaper @Verdade in its 3 September issue carried the photograph (below) of the body of Helio, an 11-year old schoolboy who it said was shot in the head by police Wednesday on Avenida Acordos de Lusaka in Maputo as he returned from school. The article is attached.



A video has been posted on YouTube which appears to show someone shooting from the first floor of a Frelimo building on Av de Angola in Maputo.  
<http://www.youtube.com/watch?v=Aw7XLeuu72U>

Detailed coverage of the demonstrations, in Portuguese, is available on the O Pais website ([www.opais.co.mz](http://www.opais.co.mz)) with pictures, and on the blog “Diário de um sociólogo” by Carlos Serra (<http://www.oficinadesociologia.blogspot.com>) There are also photos on: <http://fotos.sapo.mz/ultimos.html>  
Accessing the YouTube video also gives links to other videos of the demonstrations <http://www.youtube.com/watch?v=Aw7XLeuu72U>

In a statement on 1 September, President Armando Guebuza stressed that “the government is implementing an action plan to increase food production and in a general way taking actions to struggle against poverty in urban and rural areas, and has already registered progress in implementing this plan for food production as well as the supply of water and sanitation, and improving transport, communications, health and education.”

President Guebuza’s 1 September statement is on <http://verdade.co.mz/destaques/nacional/discuro-do-presidente-da-republica-de-mocambique-armando-guebuza-por-ocasio-das-manifestacoes-que-assolam-a-cidade-e-provincia-de-maputo.html>

## Price rises reversed

Price rises which triggered the riots last week have been reversed, the government announced Tuesday afternoon after an emergency cabinet meeting.

Wheat will be subsidised to bring bread prices back to what they were before. Prices had gone up by 18% to 33%. Small loaves rose from 4.5 to 5.5 meticaís (12 US cents to 15¢) and rolls from 1.5 to 2 meticaís (4¢ to 6¢).

The government also reversed the electricity and water prices rises on “social tariffs” for small consumers. Electricity consumers who use less than 100 kilowatt-hours a month will not pay more. For those who use between 100 and 300 kilowatt-hours a month, the price increase is reduced from 13.4% to 7%. Richer consumers, who used over 300 kilowatt-hours a month, will pay the full increase. Households who use less than five cubic metres of water a month will continue to pay 150 meticaís a month. Prices for urban electricity and water connections have also been cut.

The price of low grade rice will be cut by 7.5% by removing an import duty. The surtax on imported sugar will be also temporarily removed. Subsidies for urban passenger transport will be “maintained and guaranteed”.

The government also announced austerity measures, including a freeze on wages and allowances of all senior state figures (who include members of the government itself) and all members of the boards of public companies and companies where the state is the major shareholder. These wages must be paid in meticaís, and not in foreign currency. The

government also promises to rationalize its own expenditure on air travel (particularly in business class), fuel, lubricants and communications.

## Demonstrations legitimate and justified

Many commentators, even in the government daily Noticias, were critical of the government and consider the demonstrations legitimate and justified (although usually condemning the violence.) Writers note that this is a repeat of the 5 February 2008 demonstrations, which means problems have not been resolved. A selection of articles (in Portuguese) is attached.

“The government has driven its people to desperation, and the people have responded with violence,” wrote Lazaro Mabuda, deputy editor of O Pais, the second Maputo daily. “We did not choose a government to present excuses in periods of tension, we chose a government to provide solutions in time of crisis.” He concludes: “The great dilemma of our country is that our leaders never take decisions that benefit everyone. Instead they say ‘me first, then the people’.”

Instead of just condemning the violence, we should look for the reasons for the demonstrations, notes Jeremias Langa, editorial director of O Pais. “Clearly there is a class that feels itself excluded from the redistribution of income, and believes that the state has broken the social contract.” In particular he talks about ideas which come to the fore at times of crisis – biofuels, using Mozambican natural gas for cars, producing wheat in Mozambique, etc. But when the crisis is over, the ideas are forgotten, and there is no change.

Mia Couto writes of “youth with no present who attack their future.” With no unions and no parties to represent them, violence is the only response. The demonstrations may not have been legal, but they were legitimate; those without a voice are trying to say something. President Guebuza in his speech talked about the “marvellous” Mozambican people. But all peoples are “marvellous”. Leaders need to think seriously about poverty, and not just repeat nice words.

Even the government newspaper Noticias, while criticising the demonstrations and violence, also printed voices critical of the government. One letter to the editor stressed that “development projects are not benefitting the population, but instead have the tendency to generate political elites and corrupt economies.” Elites talk about “absolute poverty” but do nothing to reduce it.

## Survey shows fewer think economy is good

Mozambicans view of the economy is deteriorating. In a 2008 survey only 37% thought economic conditions were good, compared to 50% in earlier surveys in 2002 and 2005. Similarly the number who think their own living conditions are good fell from 36% to 27%. These results come from a report published last month by Afrobarometer. It is Briefing Paper No. 87, “Economic Conditions, Living Conditions and Poverty in Mozambique”. On the other hand, Mozambicans were far less likely to experience shortages in basic necessities in 2008 than they were in either 2005 or 2002. ([www.afrobarometer.org](http://www.afrobarometer.org))

The most recent survey was carried out in December 2008, and was a nationally representative, random, stratified probability sample of 1,200 Mozambicans. The relative accuracy of the survey was shown by asking people if they voted in 2004. Of those who said they were registered, 85% said they voted. The actual turnout was 43%. When asked who they thought sent out the survey team, more than half said government, even though Afrobarometer is private.

In the 2008 survey, people were asked “what are the most important problems facing this country that government should address?”. 20% said unemployment, 15% said poverty, and 8% said food. Health (6%), education (4%), crime (4%) and corruption (2%) were much lower down the list. This is underlined by another question, in which “improving economic conditions for the poor” was given a much higher priority (61% of respondents) than political rights such as “giving people more say in government decisions” and “protecting people's right to live freely”. 50% of respondents say the government is doing well in “improving living standards of the poor” while 41% say it is doing badly. Only 25% say government is doing well in “keeping prices down” and 65% say it is doing badly. Similarly, 33% say government is doing well in “narrowing income gaps” and 55% say doing badly.

## World Bank calls Mozambique an “African success”

Mozambique is put at the top of the list of “African Successes” in a recent but undated entry to the World Bank blog “Africa Can End Poverty” by Shanta Devarajan, World Bank Chief Economist for Africa. He writes: “Mozambique’s growth episode is one of the longest for low-income countries in recent years. ... Sustained, broad-based growth has helped to substantially reduce income poverty. ... A key driver of economic expansion was the government’s pro-growth economic policies: sound monetary and fiscal policies to promote overall macroeconomic stability; lowering of restrictions on competition, such as price controls and inefficient monopolies; high levels of public investment in post-war reconstruction and infrastructure rehabilitation.”

<http://blogs.worldbank.org/africacan/african-successes-one-pagers>

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## Do bicycles equal development in Mozambique?

by Joseph Hanlon & Teresa Smart

is now available in **paperback**, for £17.99 (+ p&p)

but only from the publisher (not Amazon)

<http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

## 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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**Also on the web:** Previous newsletters and other Mozambique material are posted on [tinyurl.com/mozamb](http://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

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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)

Savana: [www.savana.co.mz](http://www.savana.co.mz)

Canal de Moçambique: [www.canalmoz.com](http://www.canalmoz.com)

AIM Reports: [www.poptel.org.uk/mozambique-news](http://www.poptel.org.uk/mozambique-news)

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