

# Historic Role of Lenders & Donors in Mozambique's current crisis

Joseph Hanlon

London School of Economics

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Based on Third World Quarterly article:

*Following the donor-designed path to the \$2.2 billion secret debt* <http://bit.ly/3WQ-hanlon>

*Seguindo o caminho desenhado pelos doadores para lidar com a dívida secreta de \$2,2 bilhões de Moçambique*

<http://bit.ly/3WQ-Pt>

# World Bank & donors have been training Mozambique for 30 years

1988. World Bank & donors

- offered \$100 mn in loans
- never need to repay
- makes profits for yourselves
- country will be pleased because part of new move to capitalism

Condition: farms and businesses were being privatised  
– loans only to those taking privatised businesses.

***Sound familiar?***

# Why?

End of cold war. Goal: defeating socialism.

End state enterprises.

- Big ones to TNCs - sugar, beer.
- 100s of small businesses to Mozambicans – convert socialists to capitalists

# Teaching capitalism

## **Capitalism lesson 1: something for nothing**

- You get the business for nothing
- Loans do not have to be repaid
- These gifts come from government & donors

## **Capitalism lesson 2 – greed is good**

Trickle down theory – crumbs from the rich help to end poverty.

# Bank privatization

IMF demanded rapid bank privatization 1997

\$400 mn stolen

Carlos Cardoso investigated – killed 22 Nov 2000

Siba Siba to publish named – killed 11 Aug 2001

Donor meeting 23 Oct 2001 – gave Moz extra \$\$

- Sergio Vieira: government good performance "overrides the bank scandal and the assassinations of Siba-Siba Macuacua and Carlos Cardoso"

- No prosecutions for Siba Siba or thefts – donor OK

**Capitalism Lesson 3** – elite can kill and steal

# Capitalism Lesson 4

## Patronage

- Donor jobs, contracts, top ups, per diems, foreign travel
- Depends on who you know
- High salaries raise expectations

## Comprador – act for the foreigners

- Facilitate their projects and investments

# The model

For 30 years the Frelimo elite has been taught to dream of super riches.

Greed is good & through the magic of the free market this will end poverty.

They can steal and kill to get rich – if they are compradors.

# It nearly worked

\$2 bn - coastal protection, huge profits,  
arms to fight Renamo

International approval:

Switzerland, Russia, Britain, France

If gas prices had not fallen, it might have worked.

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