



Sipatsi Networking Workshop

# PHASE 2 TRANSCRIPTION

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# 1. INTRODUCTION

**Moderator:** Today we will begin by summarising yesterday's session. The first speaker we have today is Rufus Maculuve and then, we will have a Q&A session and a 10-minute break. After the break, we will introduce our second speaker, Rui Mondlane, who is an auditor, followed by a Q&A session. Our general considerations will end the session.

I would like to ask everyone's patience today, since one of our speakers does not speak English, so I will have to do a translation. Therefore, there may be a small delay between the information.

Once again, welcome. Let me give you a brief summary of yesterday's session, day 28.

Yesterday we had two speakers, Sol de Carvalho, and Ivan Laranjeira where both spoke a little about how we need to have a good interaction between the administrative and the creative teams. The most important notes I have here are:

- We must always remember and pass on to our donors that they give us money to produce culture, not to produce reports;
- Always remember that any cultural project should always be prepared in coordination with the administrative teams, because they understand what the donor really needs, while the management team must always understand that creatives know what the rest of the world needs.
- To manage donor control, you must always be sure that the administrative team is integrated throughout the project plan from the beginning. When receiving the donation, the creative team must act with the administrative team.
- Communication and visibility to the donor should be constant throughout the project.

We also had a few presentations of our regional partners; from Botswana, Queba; from Lesotho to Morija Museum Archives; from Malawi, we had two visitors, the Music Crossroads and University of Malawi; from Namibia, Ngundo Events; from Zambia, Circus of Zambia; and from Zimbabwe, Music Crossroads.

If I am not mistaken, we have one of our regional partners that was not available yesterday, here today from Malawi, which is Tumanilethu. Tumanilethu are you available today to give a presentation or an address about your projects and your team? We will try again after the first speaker speaks.

Today we have a very interesting twist. We have someone who is connected to the creative part and then we have someone who is administrative. So let us start with our first speaker, Rufus Maculuve.

## 2. SPEAKERS

### 2.1. Rufus Maculuve

**Moderator:** Rufus is an art and culture consultant. Rufus is a musician, university professor, researcher and cultural manager. He is the founding member of the acclaimed Mozambican band Kapa Dech, where he plays keyboards. He teaches the subjects of cultural production and sound for cinema at the Superior Institute of Arts and Culture - ISArC. He is also the co-founder of the Kaleidoscopio - Research in Public Policies and Culture where he conducts

research related to acoustic ecology with a particular focus on the Island of Mozambique. As a cultural manager, he has worked in national and international initiatives, as a leader, which gives him a vast knowledge in this area, such as Music Crossroads Mozambique (Executive Director), Umoja CFC (International Coordinator), Music Bridges (Coordinator), and currently he is Director of Ntsindya Municipal Cultural Centre and President of the Mozambican Federation of Cultural and Creative Industries. Without further ado, I would like to welcome everyone and to the floor, Rufus Maculuve.

**Rufus Maculuve:** Thank you, for the gentle presentation. Just a correction. I am not a professor. I am just a lecturer. I understand that it was translated from Portuguese, and in Portuguese, when you say professor, you mean a teacher, a lecturer, not a professor. I am on my way to be a professor, but I am not yet there. I mean, formally speaking. Well, I want to thank Sipatsi for the invitation and to come and have this kind of conversations. I think it is quite rewarding because also it puts me in a space where I have to reflect about my day to day.

Without further ado, one of the challenges that was presented by Sipatsi was to look a little bit at the risks, not just from a financial perspective, because there is an expert in the house who will pull for his tools and tricks. With this presentation, I really do not want to list all the risks, or do a risk analysis. But it will be like putting something to click in our heads and saying that in whatever projects we do, we have risks and what risks can be there, looking mainly at the cultural sector.

### **Risk Concept**

First, I would like to look at risk, as you know, from the name, is something that is rather uncertain and is something that can hinder our success or our ability to materialize our ideas. It is also something bad that can happen when we are carrying out the project.

### **Type of Risks**

As managers, as project leaders, we have to be attentive to them. Of course, we do not want them to happen. The fewer risks, the better for us, but some risks are just an Act of God, or an act of nature, which we cannot control, but we must be aware that we have internal risks and may have external risks.

To internal risks, we can somehow get around and find solutions, when possible, while external risks, most of the time we are on our own. We just have to trust nature. We have to trust our luck. We have to trust whatever force is out there, but also, it is important to know that not all risks are the same.

### **External Risks**

Some risks need more attention than others do, because not all the risks that exist can be explained. So imagine if we are trying to carry out a project, then there are, as in Mozambique, many cyclones. Whoever is funding us, or other stakeholders will understand it. Of course, it was not possible to carry out the activity successfully due to force majeure events.

### **Internal Risks**

When it is an internal risk, it is much harder to explain, for example, that someone took all the money and ran away. How do we explain that? How we explain to a donor or whoever is supporting us that we had not put systems in place to prevent these kinds of possible events?

### **Type of internal and external risks**

Therefore, I also wanted to say that we could have operational risks, sociocultural, environmental, financial, legal risks and all that. So in that sense, we need to be ready, to face all these kinds of risks, but there is a risk I would like to start with.

Sometimes there is an intention within the organization to make our day-to-day work impossible. Sometimes there happens to be an unhappy employee who can, for whatever reason, sabotage or vandalize something of the project. These things happen. We have seen them happen in our organizations. So, how are we going to face it?

I do not want to discuss risk mitigation much here, because I think it will be an even longer conversation. However, of course, in this case, if employees are satisfied, the chances of misbehaving are lower. Sometimes there is a culture where people tend to behave in a certain way. So how do we face these kinds of risks? There is a possibility that they set fire to a car, or anything else, in a workspace.

Remember, we are in a sector where people come out and smear our names. Sometimes it is an unhappy person who worked with us and goes to the media and says, "These people are not paying," payment with our donor's or sponsor's money. Still, any service provider has needs and is waiting for the payment to continue and says, "Well, these people are stealing from me," or "These things are happening and they don't pay me and I did my job" and everything. Therefore, we need to have systems in place to ensure that this does not happen.

We have obvious operational risks. Health and Safety issues are important. We deal with many connections, electricity connections of easy configuration. People can fall. People can get electric shocks. Many different things happen. We need to be aware of these operational risks, even accidents. I see them as operational risks. Imagine if someone has to leave quickly to go get a guitar, or an amplifier that we need to make the event happen. Therefore, this person comes out and peak rush hour and... Things happen. We need to be aware of that as well.

Of course, when we speak about the operational risks, we have to be aware also of our working hours. When we are at the peak of our productions, we do lots of over time. We do many extra working hours, and then people can really get sensitive. At same time, people start losing focus, which also can contribute to the operational risks.

We have social and cultural risks, where local culture plays a role in our projects. Well, I don't want to hurt, be rude, or anything, but I'd like to use the example of Malawi, where we saw that an artist from South Africa, who tends to have an exaggerated sexy type, was not allowed to perform in Malawi. I think it relates to the local culture. Sorry, if I do not understand the full reality, but what I read in the newspapers and after reading the Censorship Board document, I would say, "Well, there is a strong aspect of local culture". Maybe, sometimes, local politics also can be quite influential.

In addition, I think that I have seen in Mozambique one dance company where the dancers went on strike. It might happen. Why did they go on strike? Because someone did not foresee that risk, or saw the risk, but underestimated it.

We have natural events. Southern Africa has been hit hard, in particular Mozambique, the coast of Mozambique, with all these cyclones due climate change, and we have seen extreme weather events. They are out there. As we understand them, we will see that there is a certain part of the year where they happen. Therefore, if I have to think of a project in coastal area, I would have to be aware of what is going on around that period of the year. In Mozambique, between January and March, we need to pay attention to this, because we are in the peak of the rainy season. Now with all these extreme events, things might go to a completely different direction.

With the opening of the events market, there are many events happening and there are certain parts of the city that are usually chosen. In that sense, for people living in that area, it is quite disturbing. However, for the organizers, of course, it is business, so to speak. Therefore, when you get to that point where you have to hold an event and not be aware of the inconvenience to the neighbourhood, which too can be a risk. Sometimes people can start writing letters to the mayor and block your event.

The same would say about financial risk, but I will not say much, because we have a specialist here in the house. A few days ago, I met a colleague who works in the sector. He was very upset, because when he asked for the grant, the euro was at 78 for the Metical, which means that for every euro, 78 meticais are paid, but that was a year ago or something. Now it is one to 65. Therefore, that means he has lost a lot in terms of value. He lost more than about 13 meticais, which is a lot, while we saw certain products going up in price. We started with gasoline that went from about 60 meticais to more than 80 meticais. 20 meticais is a lot, per litre, because it raises the other prices.

In addition, we have the legal aspects, by which we can end up in the courts, because we do not understand the legal framework, we have problems with our tax authorities, etc. Just because we do not understand the legal framework either.

Last but not least, politics... In the arts and culture sector, we are so appetizing. Everyone wants to be close to us. People love being around us. So when there is an election year and you are doing a big event somewhere, be aware that politicians will come after you, because we pull out hearings, we bring in many people. We bring the masses around us. Of course, they tend to be used by politicians. There is a tendency to be part of political tensions. Sometimes we are not even part of the whole story, but we find ourselves in this web.

In some cases there is the possibility of military tension or military action, as in our case in the northern part of Mozambique, we have an armed insurgency underway. So imagine if someone had planned to do a project in this area, this is a very strong risk, which would make it impossible to carry out our activities.

Well, I could say a lot more, but I will stop here and wait to hear from you, if you have any comments and contributions, questions. Thank you.

**Moderator:** I am going to open the floor for anyone who would like to comment, add anything on, and perhaps have a question for Mr. Rufus, about what was spoken. Just to resume. He was addressing the issues that are related to the risks that can affect your project. He addressed all the different risks. That one should always keep in mind and plan for as you plan your projects. Do we have any questions now? Therefore, I see, we do not have any questions now. Should someone have a question later on that you would like to ask I would be placing the Sipatsi email address in the group once again, you can always address your questions post

event, and then we can always send you an email back. I think we are going to go into a 10-minute break and then we will come back to address the few partners that were not here to do the address in the beginning, and then we are going to move on to our second lecturer. Mr. Rui Mondlane. See you in a moment. 10-minute break, everyone.

\*\*\* BREAK\*\*\*

**Moderator:** Hello, everybody. Welcome back. Therefore, I just want to open the floor one last time today to our regional partners that have not made their addresses yet, which is, Tumanilethu from Malawi. Anyone from Tumanilethu from Malawi here to do their address about their initiative? Anyone from Magamba network from Zimbabwe? Is there anyone here that would like to do address on behalf of the Magamba network?

## 2.2. Rui Mondlane

**Moderator:** We are going to be moving on to our next guest lecturer, Rui Mondlane. He is an accounting and auditor manage. Mr. Rui holds a degree in accounting from the Commercial Institute of Maputo and is a finalist in the accounting and auditing course in the University of São Tomás, in Mozambique. He joined I2A in 2021, as Manager in the Accounting department, being responsible for coordinating the teams of technicians who provide regular tax assistance services, training in taxation, tax opinions, among others. Participated and led accounting assistance work, tax diagnoses, opinions, tax litigation, preparation of annual returns and tax benefits declarations in various organisations. Between 2015 and 2020 he worked at Maragra Açucar SA, in the Accounting Department, where he held the position of Financial Accountant. Between 2013 and 2015 he was a BDO Employee as Audit Assistant Manager having led several audit work teams carried out in companies and NGOs. He was an ERNST & YOUNG Mozambique collaborator from 1998 to 2012, in the Audit Department, where he was the Auditor (Intern, Staff, Advance Staff, Senior and Supervisor) and between 2005 and 2007 he was teacher of Accounting at Commercial School of Maputo.

Without further ado everyone, I would like us to welcome Mr. Rui Mondlane. Just to remind everyone that Mr. Rui is not fluent in English, I will be translating for him. I appreciate your patience through this time. Thank you.

**Rui Mondlane:** Good afternoon everyone. First, I would like to thank Sipatsi. As they said, I am not fluent in English. Therefore, I ask Mílvia to translate my speech.

### **Translating Rui Mondlane:**

As my colleagues on the panel and very well said, I am here to talk about finance. However, before that, I want to congratulate the area of culture for being able to combine this part of culture and the financial part. As everyone knows, it is impossible to talk about the financial area in a short time of 20 minutes.

Of the 12 points indicated here, I chose two, not because they are the most important, but because I think any organization should have them. Therefore, my presentation will focus on the following: The importance of risk analysis and supporting documentation.

### **The importance of risk analysis**

As Rufus has spoken before about the other areas of risk and as a financial manager, then I will define risk in two essential parts: the inherent risk and the business risk. Rufus spoke more about the inherent risk, which is the risk associated with the activity itself. I will focus

more on the risks of the business, because all aspects related to inherent risk have already been mentioned. Therefore, we go straight to the business risks.

### **Business risks**

Both inherent and business risks depend on internal and external factors. As a project manager, you must have full control of these risks. To have a total mastery of these risks, it is necessary to give yourselves time to get training and elaborate responses to these risks.

Being a cultural project, we have a primary idea of what we expect from the activity itself. These activities depend on financial resources and in most cases, for African countries, not having financial resources available, we have to connect with someone to provide them. Hence, the need to involve people trained to help obtain these funds.

There are several types of risks that we can face in our day-to-day. I think the important thing is to be able to define them. To be able to define these risks, there must also be mastery of what must be done. Some examples of financial risks:

We have the possibility of using donor funds and not supporting them properly. I am making the connection between the risk and the documentation itself. Due to the lack of such documentation, we run the risk that donor will not accept the expense. At a time when the donor does not accept the expense, we are subject to the risk of not receiving the next funds. From then on, it affects our going concern. There is a primary need that has already been identified and join administrative-financial and creative areas at the project creation stage. We have to understand that by human nature, we cannot dominate everything, hence the need for outsourcing. If we outsource, we can execute a financially and creatively effective project.

I could mention several examples, but being a partner of Sipatsi, I will share with you more risks, but it may not be in this environment, because the connection already exists. I can share it with Sipatsi's network. I will be moving on to supporting documentation.

### **Supporting documentation**

In financial language, it is said that what we have not documented is not done. That is why supporting documents are so crucial. It is important to note that this aspect also depends on the laws and regulations of each country, but I want to believe that within the SADC in which we operate, no country accepts undocumented expenditure. Therefore, we have to look at the aspect of the document support, as it should be. For the specific case of Mozambique, we have specific requirements, for documents to be taxable acceptable that often does not coincide with what is happening in real life of a creative project. Why do I say that? Because most of the time, cultural projects happen in areas that we do not have entities that can meet this tax obligation. Hence, the challenge of the project linked to culture.

How to overcome this situation? As a financial manager and from my experience in project auditing, when preparing and negotiating the project with the donor, there are very important aspects that must be taken into account and that must be discussed with the donor, to avoid problems related to the absence of certain supporting documentation. Therefore, there is an urgent need for such communication between project managers and donors at a preliminary stage, to discuss all aspects related to the eligibility of documents.



The donor needs to be clear about the reality of the country where the project takes place, because as project managers you cannot accept solutions that you cannot achieve. Therefore, you need to argue and say, "In Niassa province, for example, in a remote area, it is impossible to find an economic agent who will give an invoice, with the taxpayer number and all the necessary requirements. However, it is necessary to have activities in that area. How should I do?" Then the donor together with the project manager will create an acceptable internal procedure, in such way, that it transforms that activity transaction, in an eligible one. It is these and other situations related to documentation support that we could talk about.

To reinforce this, yesterday, in the colloquium with Sol de Carvalho, I realized that there is a bad perception of the role of the financial administrator and the artist who is the technician, in this case, but in the end, these two are a single person. These two areas must work together so that these projects achieve the objective set.

Therefore, we, from the financial side, are open to work together. We will have more donations and will have more finished products related to the projects in which we operate. At the end of the day, we will have financial and activity reports well done. In addition, the final product will be consumed.

**Moderator:** I open the floor now to any questions that one might have for the financial and administrative aspect of project management for Mr. Rui Mondlane. For any questions, please raise your hand or take off your mute. Hello, Steven. Welcome back!

### **Questions & Answers**

**Steven:** Hi, thanks for the opportunity. My question is based on what Mr. Rui spoke about when we are engaging certain service providers who do not have proper structures in place to give a source document, or a supporting document to evidence the transaction that is taking place, but you have to go ahead to with your activity to deliver the Project. I just want him to reiterate the different ways we can go about document this to be an acceptable source document or supporting document for the transaction.

**Translation Rui Mondlane:** I would like to thank you for your question. It is very important. Therefore, we first have to examine the documents from a tax point of view and what is acceptable for donors to accept the expense. I gave an example of one of our provinces, but I can give an example of Mozambique as a whole, because most of our land is in rural areas. Therefore, this is a big problem we have here. From the experience I have, there are internal documents, which are drawn by donors, or exist in the many manual of procedures of each donor that must be followed. Since you follow all the requirements contained in the internal procedures, the document that may not be acceptable by the Tax Authority, but from the perspective of the donor may be acceptable.

For example, let us assume that in the project of building a school of precarious material, in an area where the cutters are residents of that area. You buy their stakes, but you do not have receipts. Some projects accept witnesses. Some accept statements. However, all these aspects should be discussed with donors beforehand. It is necessary to tell the donor beforehand that the school is going to be built in an area that does not have commercial entities capable of having documents according to the manual. Then, the donor cannot say that the expenditure is ineligible, because it was mentioned beforehand that there would be this problem. I hope this answers your question, Steven.

**Steven:** Yes, it does. Thanks for the information.

**Moderator:** We will be sending to everyone, more examples of these situations that you can have in written way. Our workbook will contain all these points for you.

Any other questions? Therefore, I'm going pass to Mr. Emerson to our final considerations. Mr. Emerson please...

**Emerson:** Hello everyone. Good afternoon. I want to explain something. The 12 points that have been mentioned by the speakers were identified in the questionnaire that we are all developing. So maybe we have more than 12 problems. Therefore, I ask everyone to continue sending other problems, or solutions according to the questionnaire.

Then, on the support documentation. We will send more examples and continue to develop the workbook that will be our basic manual to go to another stage when we develop the website. Therefore, we ask all materials that you have on solving issues mentioned in the questionnaire.

So today and yesterday, you were all very calm. Let me just say hello to everyone. One by one. Hello, Steven was here yesterday and today. Kabwe, how are you? Jenny, are you here? No... Melody... It is all very quiet.

**Melody:** I am around.

**Emerson:** Hello, Melody and hello for everyone. Tomorrow we will have the last session. On the last session for tomorrow, we will continue to discuss about the identification and the solution of problems. Thank you for today and see you tomorrow. Thank you.