

# Mozambique News Agency

## AIM Reports

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## Bridge over River Rovuma inaugurated

The Presidents of Mozambique and Tanzania, Armando Guebuza and Jakaya Kikwete, on 12 April inaugurated the “Unity Bridge” over the River Rovuma, making it possible for the first time to drive between the two countries. The 720 metres-long bridge cost \$35 million to build, shared equally between the two countries. Agreement to build such a bridge was reached in 1977 by the founding presidents of the two countries, Samora Machel of Mozambique and Julius Nyerere of Tanzania. However, no donor proved interested in funding the bridge, so eventually the two governments decided to use their own state budgets.

According to the chairperson of the Mozambican government’s National Road Fund, Francisco Pereira, the bridge has been built at exactly the same spot where Frelimo guerrillas used to cross from Tanzania to Mozambique during the war for Mozambican independence, because at Negomano the Rovuma is at its narrowest.

Negomano is part of the Niassa reserve, an area teeming in wildlife that straddles the boundary between Niassa and Cabo Delgado provinces.

Work on the bridge began in 2005, but took three years longer than planned because of difficulties faced by the contractor, the China Geo-Engineering Corporation. Taking heavy equipment to the Rovuma was not easy, given the poor conditions of access. The bridge is about 200 kilometres from the nearest tarred road.

“We are aware that we still have to complete the work that we have started with the bridge”, said President Guebuza during the opening ceremony. “We are speaking of rehabilitating the access roads to the bridge on both sides. With the same commitment with which we built the bridge, we are sure that those improved roads, from Negomano to Mueda, in Mozambique, and from Mtambatswala and Nangomba, in Tanzania, will soon become a reality”.

In his speech, President Guebuza also reiterated that the bridge expresses the dream of Samora Machel and Julius Nyerere of consolidating the relations of friendship and prosperity between the two peoples. Relations between the two countries, he recalled, date back to the struggle for the independence of Mozambique, when citizens from both countries shed

their blood to liberate Mozambique from Portuguese colonial rule. Later, Guebuza continued, Tanzania and Mozambique joined forces again in 1978 against Ugandan dictator Idi Amin when he tried to annex the Tanzanian region of Kaguera.

They also stood side by side in 1986, when a contingent of Tanzanian troops was stationed in the central Mozambican province of Zambezia, during the war against apartheid destabilisation and the attempts of the South African military and their Renamo surrogates to split the country in two along the line of the Zambezi.

For his part, Kikwete remarked that anyone who has the opportunity to visit the bridge will hardly believe that it was built by two poor countries. “This is a major project, and it would be difficult to imagine that two poor countries could have the capacity to carry out such a large undertaking”, he said.

Kikwete stressed that this bridge represents a starting point for the development of the two countries, improving the lives of the two peoples. “Within six months we will see a difference”, he said, stating that “the bridge will stimulate economic activities in the region and, consequently, improve people’s living standards”.

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## Donors to continue budget support

The 19 donors and funding agencies that provide at least some of their aid to Mozambique in the form of direct budget support, have decided that the government's performance in 2009 was good enough to justify continuing budget support totalling \$472 million this year.

This was the main conclusion of the joint annual review between the government and these donors, known as the Programme Aid Partner (PAPs), or simply the G-19. The review ended on 18 May, and although the government missed 21 of the 40 targets set for last year, its performance was deemed "satisfactory".

The outgoing chairperson of the G-19, Finnish ambassador, Kari Alanko, told the closing ceremony "the government's performance in 2009 shows solid results in many areas, but there are also areas where greater attention is needed to achieve the objectives defined in PARPA (the government's Action Plan for the Reduction of Absolute Poverty)".

"In half the 40 indicators assessed the target was not reached, although in 15 progress was recorded", he said. "Nonetheless, the PAPs regard the performance as satisfactory, taking into account the negative effects of the world economic crisis".

Among the achievements, said Alanko, were the rise in the percentage of Mozambicans with access to safe drinking water, and in the number of children who entered primary school at the right age, and concluded the full seven years of primary education.

However, there were also indications that "inequality may have increased, in terms both of income and of access to basic services, particularly in urban areas", he added. "More than a third of all households are still in a situation of great vulnerability and food insecurity. It is possible that a rapid and substantial reduction in poverty will require more efforts in the future".

The area where least progress had been made was governance. Here the PAP verdict was "unsatisfactory", said Alanko, since there had been "no signs of improvement in recent years",

The G-19 assessment that progress in fighting corruption and in "democratic processes" was slow led to what Alanko called "a process of intensified dialogue with the government".

He was referring to what other analysts called a "donor strike" at the start of the year, when expected disbursements of budget support were not made. This led to a round of discussions between the government and the G-19, culminating in a joint statement in late March claiming that consensus had been reached on matters of good governance.

The specific matters under the spotlight then had been revision of Mozambique's electoral legislation, further measures the government could take against corruption, and the "professionalisation" of the public sector.

Alanko said that the undertakings given by the government during this "policy dialogue" should "help accelerate progress in this area, which is so important for poverty reduction".

A short statement by the incoming PAP chairperson, British High Commissioner Shaun Cleary, also stressed that "political and economic governance is particularly

important for poverty reduction in Mozambique".

The measures agreed in the policy dialogue "are very important, both for us in the G-19, and for the government", he said, as he called for "clear communication" between government and donors.

Finance Minister Manuel Chang told reporters that the disbursement of budget support funds is now taking place normally, and "in line with the previously established programmes". All those members of the G-19 who had promised to disburse funds by May had done so – Chang listed them as Canada, Denmark, Norway, Ireland, Britain and the World Bank. The amount disbursed so far is about 39 per cent of the \$472 million pledged for 2010.

The tension between government and donors at the start of the year had been acknowledged by some ministers – thus Foreign Minister Oldemiro Baloi had spoken of "a certain friction".

However, Chang insisted that relations were good, and "we want to maintain dialogue with our partners, just as we have been doing. We will continue our reforms in the public sector, in the legal system and in the financial sector".

The government was working to achieve progress in governance, in such areas as decentralization and the fight against corruption. "The work is not easy", said Chang, "but all of us believe we must make rapid advances here".

Alanko told the reporters that the result of the policy dialogue "shows the excellent quality of our partnership", and formed "a very good basis for continuing our cooperation".

"Very important undertakings were given", he said, "but the key thing will be implementation".

## Chinese support for rice production

The Ministry of Science and Technology is envisaging dramatic increases in rice yields thanks to the support of Chinese scientists. According to the National Director of Research and Innovation in the Ministry, Vasco Lino, that Chinese assistance could boost the productivity of Mozambican rice farmers from their current average of 1.2 tonnes per hectare to 10 tonnes per hectare.

Speaking to reporters on the occasion of the visit to Mozambique of the deputy governor of the Chinese province of Hubei, Li Xian Sheng, Lino said that for the past two years tests have been underway on a Chinese variety of rice, on 35 hectares in the southern province of Gaza, and the results are regarded as promising.

Lino said this experiment will be extended to other parts of the country in the 2010-2011 agricultural year. For his part, Li said that China will ask the Mozambican authorities for larger areas, on which the Chinese experts can work

Currently, Mozambique consumes around 600,000 tonnes of rice a year. Domestic rice production only covers 285,000 tonnes, while the remaining 315,000 tonnes are imported.

The Mozambican government hopes to overcome this rice deficit as from 2011, under its Food Production Action Plan. Government officials point out that Mozambique has 36 million hectares of potentially arable land, of which only five million hectares is under cultivation.

## Government to legislate on weights and measures

The Mozambican parliament, the Assembly of the Republic, on 21 May authorised the government to introduce a new legal regime on weights and measures, to prevent the public from being cheated by unscrupulous shopkeepers and market sellers.

The bill, passed unanimously by the Assembly, authorizes the government to set rules for standard weights and measures to protect consumers.

Introducing the bill, the Minister of Industry and Trade, Antonio Fernando, acknowledged that dishonest traders swindle their customers by the use of inaccurate scales. "Who wants 800 grams of fish, when they've paid for a kilo?" he asked.

Just as uncontroversial was a bill that allows the government to draw up a new legal regime for insurance. This became necessary because insurance matters used to be regulated by the Portuguese Commercial Code of 1888, which was revoked in Mozambique in 2005.

The new Mozambican Commercial Code does not deal with insurance, and so the Assembly gave the government the green light to draw up a new legal framework for insurance.

The Assembly also passed unanimously the second reading of a bill that imposes a surtax on the export of unprocessed wood of 20 per cent. Wood that has undergone primary processing will pay a surtax of between three and 15 per cent. Only fully processed wood, such as furniture, can be exported free of tax.

In addition, those species of hardwoods that are considered "first class" (such as ironwood, jambirre and umbila) may not be exported as logs, but must undergo at least primary processing.

Finally, the Assembly passed, also unanimously, the second reading of the bill allocating generous allowances to members of the newly elected Provincial Assemblies.

Although the Provincial Assemblies meet at most for 20 days a year (two sessions which may not run for longer than ten days each), all members of the Assemblies will be entitled to a monthly allowance, plus expenses.

Most of the 812 people elected to the ten Provincial Assemblies will receive a monthly allowance of 9,000 meticaís (about \$270). Those holding positions on Assembly commission will receive considerably more. The ten chairpersons of the Provincial Assemblies each receive an official residence and house, an aide-de-camp and an entertainment allowance.

## Over \$100 million a year invested in electricity

Investment in Mozambique's national electricity grid is currently running at more than 3.5 billion meticaís (over \$100 million) a year, Energy Minister Salvador Namburete told the Assembly of the Republic on 19 May.

The Minister was answering a question from the main opposition party, Renamo, which complained of poor quality electricity destroying electrical appliances, and demanded to know what the government was doing "to reverse the prevailing situation".

Namburete pointed out that the real story of electricity in the last few years is one of a dramatic increase in access, as rural electrification has picked up pace. In 2004, only seven per cent of the population had electricity in their homes, said Namburete, and today the figure has risen to 15 per cent. That means an additional two million Mozambicans had gained access to electricity.

Over the last two years, Namburete said, new connections were being made to the national grid at a rate of more than 100,000 a year.

He pointed out that at the time of Mozambican independence, in 1975, the country had just 300 kilometres of primary electricity transmission line. In the 35 years since independence that figure had grown 20 fold, to 6,000 kilometres. There were a further 31,000 kilometres of secondary transmission lines, delivering electricity to homes and industries.

So far, 92 of the 128 district capitals are linked to the national grid. Namburete said that, by 2014, all will be linked to the grid.

The government was also promoting an increase in generating capacity through more hydroelectric and thermal power stations – these will include the new dam at Mpanda Nkuwa on the Zambezi, and coal fired stations at Moatize and Benga, in Tete province.

The government's total electricity programme for 2010-2014, said the minister, will cost more than 46 billion meticaís (\$1.4 billion).

Among the factors responsible for poor quality electricity and the subsequent damage to household appliances, Namburete said, were the theft of electrical equipment and clandestine connections to the grid. Over the past five years, the cost of these crimes had amounted to about \$51 million. Theft and sabotage "impose a gigantic effort of restoration, and delay for much longer the arrival of electricity to the greater part of our people who do not yet have access to it", he stressed.

## Loan for hydrocarbon company

The French Development Agency (AFD) and the Development Bank of Southern Africa (DBSA) on 20 May signed funding agreements with the Mozambican Hydrocarbon Company (CMH) that will allow it to continue participating in the exploitation of the natural gas deposits at Pande and Temane in Inhambane province.

The gas project is dominated by the South African petro-chemical giant SASOL, with 70 per cent of the shares. CMH holds 25 per cent with five per cent held by the International Finance Corporation (IFC).

The project is now being expanded, and by 2012 production of natural gas is expected to increase by a third, requiring additional investment of \$400 million.

To maintain its 25 per cent share, CMH needs to find \$100 million. Hence, the financing agreements with AFD and DBSA, each of whom will provide \$50 million.

The expansion results from studies on the size of the Inhambane gas reserves, showing that it is possible to drill new wells and to expand the capacity of the Temane gas treatment station. By 2012 annual gas production will rise from the current figure of 120 million gigajoules a year to 163 million gigajoules, of which 36 million will be available for the Mozambican market.

## Falling levels of bad debt show stability

Bad debt, as a percentage of the credit portfolio of Mozambican banks, has continued to decline, and at the end of 2009 was just 1.8 per cent, compared with two per cent a year earlier.

Announcing this figure on 17 May at a Maputo symposium on the international financial crisis, the governor of the Bank of Mozambique, Ernesto Gove, said this was one indication of the stability of the Mozambican financial system. Another was the solvency ratio which was 15.1 per cent in December, an increase on the 13.9 per cent reached a year earlier.

“Unlike what happened in other economies we have been following”, said Gove, “in Mozambique the international crisis did not have a direct impact on the financial sector, partly because the institutions that operate in our market have a low level of exposure to assets corroded by the crisis, and partly because they have an adequate level of capitalisation”.

Gove recalled that in 2009 the government and the central bank had relaxed monetary policy. The Bank of Mozambique’s reference interest rates were cut, and space was opened “to a greater expansion of credit, ensuring finance for many companies and projects which had been facing difficulties in accessing loans on the international market”.

These measures “stimulated productive activity and kept companies running”, said Gove, “thus creating jobs and generating income for thousands of households”.

Where the international crisis had hit Mozambique was in the declining price of key exports, notably the aluminium ingots produced at the MOZAL smelter just outside Maputo. In 2009, the total value of the country of the country’s exports fell by 30 per cent when compared with the 2008 figure.

There was an 11 per cent fall in imports, so that the overall result was a sharp worsening in the deficit on the balance of trade.

With the general fall in interest rates on international markets, said Gove, Mozambican assets abroad earned about 20 per cent less than in 2008.

Nonetheless, the Mozambican economy showed healthy growth, in real terms, of 6.3 per cent in 2009, and inflation fell to its lowest rate since the transition from the planned to the market economy began in 1987.

Gove put the January to December 2009 inflation rate, as measured by the Maputo consumer price index, at 4.21 per cent, 1.97 percentage points lower than the 2008 figure.

## Dhlakama disowns parliamentary group

Renamo leader Afonso Dhlakama has broken a long silence to declare that he does not recognise the Renamo parliamentary group. Speaking to reporters in the northern city of Nampula, where he has been living for the past year, Dhlakama said all 51 Renamo deputies (who include the party’s general secretary Ossufo Momade, and several members of the Renamo Political Commission) had taken their seats against his explicit instructions to boycott the Assembly of the Republic. They had been motivated by “hunger for money”, he accused.

In the plenary sessions of the Assembly, Renamo deputies lose no opportunity to flatter Dhlakama, describing him as “the father of democracy” and “the architect of peace”. In return, Dhlakama has dismissed them all as “traitors”.

Cited in the independent daily “O Pais” on 12 May, Dhlakama said the Renamo deputies had not taken their seats “out of political conviction, or the desire to contribute to the country’s development”, but merely to obtain the substantial wages and privileges that deputies enjoy.

Dhlakama claimed that he is not in control of the Renamo parliamentary group, and he had nothing to do with the appointment of the Renamo parliamentary leaders, or the selection of Renamo deputies to sit on Assembly commissions. “They did it all there, without contacting the party”, Dhlakama declared.

Dhlakama’s reaction to the mass disobedience of the Renamo deputies was to demand that parliament be dissolved. “I am demanding the dissolution of the Assembly and of the government of (President Armando) Guebuza”, he said. “A transitional government will have to be set up that can run the country until new elections are held”.

One Renamo deputy and member of the Political Commission (who did not wish to be named) reacted angrily to Dhlakama’s statements. He told “O Pais” that in reality it was Dhlakama, and not the deputies, who had “betrayed” the party.

“What is Dhlakama doing in Nampula that is useful for the party?” he asked. “The information I have is that he doesn’t even leave the house. A sensible person, when he is disobeyed by all 51 Renamo deputies, should rethink his statements and attitudes, to see whether in fact it is he who is in the wrong”.

This is a condensed version of the AIM daily news service – for details contact [aim@aim.org.mz](mailto:aim@aim.org.mz)

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