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Food security improving – President Guebuza

President Armando Guebuza declared on 20 December that during 2010 food security in Mozambique has notably improved. Giving his annual State of the Nation address to the Mozambican parliament, the Assembly of the Republic, President Guebuza stressed that the goal of the "Green Revolution" advocated by the government was to make the leap from subsistence agriculture to "an integrated, sustainable, competitive and prosperous agricultural sector that contributes to the economic growth of Mozambique by guaranteeing increased production and food security, an increase in productivity, and an increase in market-oriented production".

The President said that Agricultural Research Area Centres were now providing technical assistance to over 400,000 peasant households, notably through ensuring the availability of improved seeds.

The government was also encouraging "the allocation of resources for the gradual mechanization of agriculture", so that farmers would graduate from the simple hoe, to animal traction and then to tractors.

"These techniques lead to an increase in the area cultivated, and increased production and productivity in an efficient and sustainable manner, maintaining the existing agro-ecological balance, and promoting the sustainable use of land", said President Guebuza.

Irrigation was also key, he added, since it could minimize the impact of climate change and establish condition for producing crops throughout the year. President Guebuza said that 27,000 hectares of irrigated schemes had been established for the production of food crops, in addition to existing water resources. Such measures had led to increases in the production of the crops that are basic to food security, such as maize, sorghum, rice, cassava, potatoes, sweet potato and beans, he continued.

For conservation and storage, techniques for building improved barns were being publicised, and they were under construction in several districts to reduce post-harvest losses.

As for livestock, President Guebuza stated that the growth in the number of cattle and poultry in the country had led to a significant reduction in imports.

Turning to energy, President Guebuza said that 91 of the country's 128 districts have been linked to the national electricity grid, based on power from the Cahora Bassa dam on the Zambezi River.

Alongside the national grid went the development of renewable sources of energy, including mini-hydropower dams in the central province of Manica, and the installation of solar panels in schools, health units, and public office.

"They are making a valuable contribution in the diversification of the national energy matrix, and are an alternative solution in many administrative posts and localities", said President Guebuza.

The President said that over 50 per cent of the population now has access to clean drinking water. Water supply coverage in rural areas increased from 43 per cent in 2007 to 54 per cent in 209, and in the urban areas, over than same period, from 40 to 60 per cent.

Although many households still had to walk long distances to obtain water, it was a fact that "more Mozambicans have water close at hand, and in some cases available for 18 hours or more a day".

When it came to recent discoveries of gas and oil in the Rovuma Basin off the coast of the northern province of Cabo Delgado, President Guebuza sounded a warning note. Although those discoveries "encourage us to continue exploration to confirm the real quantities of these hydrocarbons, nobody should imagine that oil and gas constituted a miracle cure for the problems of the Mozambican economy".

"Oil and gas, no matter what the quantities are, are not going to solve the problems of poverty", stressed President Guebuza. "We must thus continue to bank on agricultural production".

He also insisted on the need to promote "the knowledge society", since "knowledge is our renewable petroleum".

Rail and port company announce growth

Mozambique's publicly owned rail and port company, CFM, registered growth in 2010 in both the amount of freight and number of passengers carried, according to the company's chairperson, Rosario Mualeia.

Speaking to reporters on 28 December, Mualeia said that from January to November, the country's ports handled 12.7 million tonnes of cargo, a 12.4 per cent increase on the 22.3 million tonnes handled in the same period of 2009. For cargo moved by rail, the increase was from 4.2 to 4.8 million tonnes, a rise of 14.4 per cent.

The number of passengers transported by rail rose from 2.3 to 3.2 million, an increase of 36.6 per cent.

Some of the problems which CFM had faced in leasing out its rail lines and port terminals to private operators appear to have been solved. In June, the government authorised an extension in the lease of Maputo port for a further 15 years. This, according to Mualeia, "will allow the concessionary company to make the investments envisaged in the Port Development Plan".

The lease is held by the Maputo Port Development Company (MPDC). Originally the main shareholder in MPDC was the British Mersey Docks and Harbour Company, but CFM complained bitterly that it was not abiding by the terms of the lease – in particular, it was failing to pay the agreed rent on the port.

But as from early 2008, Dubai Port World and the South African freight company Grindrod became the majority shareholders in MPDC. They paid off the MPDC debts to CFM, and also embarked on major investment in port infrastructure.

In order to enable larger vessels to use the port, DP World, Grindrod and CFM set up the Maputo Port Dredging Company (EDPM) in August. A large dredging vessel, the "TSHD Pelletier" arrived in September to start dredging the access channels, basins and berths of the port. The dredging, which will take up to six months, will deepen the access channel from 9.4 to 11 metres.

Large vessels will not have to wait for favourable tides to enter the port. When the dredging is complete, Maputo Port will be able to handle full laden Panamax vessels with a gross tonnage of up to 70,000 tonnes.

A further major project in Maputo Port is the rehabilitation of the fuel terminal, in order to expand its capacity to eight million tonnes a year.

As for the Beira port and rail system, in the centre of the country, Mualeia said that CFM is rehabilitating a quay in Beira port, so that it can handle five million tonnes of coal a year. In a later phase, a new and modern coal terminal will be built at Beira that can handle more than 10 million tonnes a year.

This, however, depends on moving the coal from the Moatize coal basin in Tete province to the port – and the reconstruction of the Sena line from Moatize to Beira is still not complete.

The tracks themselves have been laid all the way, and there is now a regular train service between Beira and Mutarara (on the north bank of the Zambezi). But a great deal of work still has to be done to consolidate the line so that it is a condition to carry millions of tonnes of coal, not to mention rehabilitating all the stations.

The company with the lease on the Beira rail system is the Beira Railroad Company (CCFB), in which the major shareholder is the Indian company Rites and Ircon. CCFB has repeatedly failed to meet deadlines for the Sena line, leading to a possibility that the lease will be cancelled.

Mualeia also stressed that an old CFM dream of building a new deep water mineral port in the far south of the country seems likely to come true following the signing of a memorandum of understanding between the governments of Mozambique and Botswana, under which Botswana would send its coal exports through the port.

The port will be built at Ponta Techobanine, in Matutuine district, and Mualeia said it could be used to house "a strategic fuel reserve for the region", as well as handling minerals and containerized cargo from the landlocked countries of the interior.

Prime Minister insists housing is a priority

Prime Minister Aires Ali on 23 December insisted that housing is a priority for the government, and during its five year term of office (2010-2014), measures will be taken to provide housing for the population.

Speaking live on a programme jointly organised by Radio Mozambique and Mozambique Television (TVM), Ali said the government is drawing up the necessary legal instruments for housing projects, while the Housing Promotion Fund (FFH) is being reorganised to improve its response to housing needs.

There is a critical shortage of housing, particularly for young people, in Mozambican cities. Building of homes has not kept pace with population growth, and the stock of publicly owned houses has dwindled to negligible proportions following the sale, as from 1995, of state owned properties to their tenants.

Aires Ali, however, promised that housing "will have due priority" during this government's term. Its five year programme envisages the construction of 100,000 houses across the country to reduce the deficit.

Tourism Minister Fernando Sumbana told the same TV and radio programme that during 2010 tourist investments of $653 million were approved, and of this sum, $409 million is already being invested.

He stated that Mozambican tourism is recovering from the effects of the international financial crisis. "Revenue continues to show improvements", he said. In 2009, the volume of tourism revenue registered was $195 million.

Fernando believed this was a serious under-estimate, since much of the money spent by tourists (such as in shops or restaurants) is not registered as tourist revenue.

Tourism investment was having a significant impact on job creation, Sumbana added. He said the number of jobs in tourism grew by 18 per cent over the past year, to reach 3,643.

The Minister of Mineral Resources, Esperanca Bias, said the country is already benefiting from the large scale coal projects in the western province of Tete. Taxes on coal mining activities in 2010 amounted to 65 million meticais ($1.9 million) – and that is before the start of exports from the main investors so far, Vale of Brazil and Riversdale Mining of Australia.

She said that the Irish company Kenmare Resources, which exploits the titanium bearing heavy sands in the northern coastal district of Moma, paid two million meticais in taxes in 2007, its first year of operation, rising to 14 million meticais in 2008 and 500 million in 2009.

Concession contract for new Zambezi dam signed

The Mozambican government on 23 December signed a concession contract with the Mphanda Nkuwa Hydroelectric Company (HMNK) granting the company rights to build and operate a hydro-electric dam on the Zambezi River, 61 kilometres downstream from the existing dam at Cahora Bassa.

The previous agreements over Mphanda Nkuwa have been provisional, but the concession contract gives the company and the government definite rights and obligations, and on the basis of this contract HMNK can now negotiate contracts to sell the power that will eventually be produced.

HMNK is a consortium consisting of three partners – the Brazilian company Camargo Correia, with 40 per cent of the shares, the Mozambican group Insitec (40 per cent), and the publicly-owned Mozambican electricity company, EDM (20 per cent).

The project is to build a run-of-the-river dam with an installed capacity of 1,500 megawatts in the first phase (four turbines of 375 megawatts each). The dam will be 700 metres long and 86 metres high, with 13 flood gates.

Mphanda Nkuwa is a narrow ravine, and the geological conditions are such that the lake formed behind the dam will be relatively small. The lake will cover 97 square kilometres – which compares with 2,700 square kilometres covered by the Cahora Bassa lake.

According to Egidio Leite, chairperson of the HMNK Board of Directors, the total cost of the dam will be $2.9 billion. Assuming that the financial engineering meets no major snags, he believed that construction of the dam could begin in late 2011 or early 2012, and would take four and a half or five years to complete.

In the construction phase, the dam will provide about 3,500 jobs, although only around 100 people will be employed permanently once the dam starts operating.

Gas fired power station for Ressano Garcia

Energy Minister Salvador Namburete on 23 December signed a concession contract with the company Gigawatt-Mozambique, granting it the right to build a gas-fired 100 megawatt power station at Ressano Garcia on the border with South Africa.

The natural gas is a Mozambican resource – but currently 97 per cent of the gas extracted from the Pande and Temane fields in Inhambane province is exported to South Africa. Under the agreement between the Mozambican government and the South African petro-chemical giant Sasol, part of the gas is paid to Mozambique as a royalty – but so far Mozambique has only been able to use 40 per cent of the royalty gas.

Gigawatt-Mozambique is 40 per cent owned by the South African company Gigajoule, which is also the foreign investor in the Matola Gas Company (MGC), which distributes natural gas to companies in the Matola and Boane region, including to Mozambique’s largest factory, the Mozal aluminium smelter.

Mozambican private investors in MGC hold the other 60 per cent of Gigawatt. The largest of these is the company Intelec, with 26 per cent.

Total investment in the gas fired power station will be around $150 million, and it should be complete by early 2012.

Chinese gift to Mozambique armed forces

The Mozambican and Chinese authorities signed on 28 December in Beijing a protocol of military assistance for the Mozambique Armed Forces (FADM) worth 20 million Chinese yuan (about $3 million) for the year 2011. This assistance is part of the annual donations that China offers to the Mozambique Defence sector.

However, this time all the equipment will be purchased in China, and will equip the operating theatre of the Maputo military hospital and the FADM barracks.

In April the Mozambique National Defence Ministry received a variety of Chinese agricultural equipment to strengthen the FADM production logistics programme with the purpose of training soldiers in agricultural and livestock skills, and in improving the diet of the troops.

China to fund vehicle assembly plant

The Mozambican government and the Chinese company Tong Jian Investment Ltd signed an agreement in Maputo on 17 December to set up a vehicle assembly plant in Maputo province. The factory will cost $200 million, and is expected to begin production by July 2011.

Initially the assembly plant will be set up in Machava, in the industrial city of Matola. But this is a provisional site, and it will eventually move to Maluana, 76 kilometres north of Maputo city, where a science and technology park is being erected. While vehicles are being assembled at the provisional site, the new factory will be under construction in Maluana.

The agreement was signed by the Director-General of the Mozambican government’s Office for Special Economic Zones (GAZEDA), Danilo Nada, and by the Executive Director of Tong Jian, Hong Cao.

According to Nala, the project will create 3,000 jobs. Initially the plant will produce 10,000 vehicles a year, but the figure will later rise to between 30,000 and 50,000. Thirty per cent of the vehicles produced will be sold on the Mozambican market, and the rest will be exported.

FIPAG takes control of Maputo water

The Mozambican government’s Water Supply Investment and Assets Fund (FIPAG) on 28 December signed an agreement to acquire a majority stake in the company Aguas de Mocambique (AdM – Waters of Mozambique), which manages water supply in the Maputo metropolitan area (Maputo and Matola cities, and Boane district).

Previously the majority shareholder had been the Portuguese company, Aguas de Portugal (AdP). Under the deal, FIPAG acquires AdP’s 73 per cent share in AdM. The other 27 per cent is held by Mazi Mocambique, a grouping of five Mozambican private investors.

Attorney General warns against drug corridors

Attorney General Augusto Paulino declared on 21 December that state institutions must prevent the country's borders from being corridors for drug trafficking and money laundering. He was speaking in the southern city of Matola where he signed a memorandum of understanding between his office and the Mozambican Tax Authority (AT), designed to strengthen coordination in the fight against crime.

Proof that Mozambique is used as a corridor for drugs to reach other countries is not hard to find. Paulino mentioned a case that occurred in August when a truck from Malawi, heading for Zimbabwe, overturned in the western Mozambican city of Tete.

The cargo it was transporting, declared as tobacco at the Calomwe border post, was scattered. When it was collected, it was found that, in addition to sacks of tobacco, the cargo also contained 947 kilos of cannabis.

Paulino, noting that the drug had not been detected at the border, added "imagine how many trucks that did not fall over have taken the same route – and it is entirely reasonable to ask ourselves whether all the cargo they were carrying was legitimate".

Paulino said he was disturbed to read of Mozambicans caught in neighbouring countries with large sums of money on their person. The latest such case is that of businessman Momed Khalid Ayoob, caught at Matsapa International Airport in Swaziland, in possession of 18 million rand ($2.6 million) in banknotes.

Paulino said the fact that these people were not intercepted at the Mozambican border indicated "a pact of silence resulting from bribes paid to agents of our border control services".

Such situations, he insisted, demanded "that we change our attitude and remove from our ranks behaviour that brings no credit to ourselves and our institutions".

Increase in corruption cases

Over the past year there has been a significant increase in the number of corruption cases brought to trial, according to Attorney-General Augusto Paulino.

Addressing the opening session of a meeting in Matola of the Coordinating Council of the Attorney-General's Office on 20 December, Paulino said that between November 2009 and October 2010, of the 190 cases where corruption was alleged, 102 were brought to trial. This compares with 27 trials the previous year.

In 22 cases, the public prosecutor's office declined to press charges (compared with 43 the previous year). The remaining cases are on-going.

Paulino gave no details of the cases – but the most high profile ones included the prosecution of the former director of the government's Data Processing Centre (CPD), Orlando Come, who was sentenced to 12 years imprisonment for embezzlement, and of former Interior Minister Almerino Manhenje. The judge will give his verdict in the latter case in March.

There have been a series of cases involving lower level officials. Most recently, 11 civil servants in the northern province of Cabo Delgado were jailed for between 16 and 20 years for their part in stealing five million meticais ($147,000 at current exchange rates) from the public treasury in 2006.

Paulino warned that it was too early to claim victory in the fight against corruption, "but it is fair to recognise that we are striking heavy blows against corruption".

"The existence of cases that have come to trial, which became a notable reality as from last year, shows unequivocally that results are emerging from the reorganization of our institution, and in particular of our operational instrument, which is the Central Office for the Fight Against Corruption (GCCC)", he said.

Under Paulino's predecessor, Joaquim Madeira, sacked in 2007, there had been no perceptible progress in the fight against corruption

$645 million needed for irrigation plan

In order to carry out the Strategic Irrigation Plan approved by the Council of Ministers (Cabinet) on 21 December, the Mozambican government needs to mobilise $645 million by the year 2019.

The government spokesperson, Deputy Justice Minister Alberto Nkutumula, told reporters that $135 million are already guaranteed, and the government hopes to mobilise the other $510 million through public and private investment over the next eight years.

Implementation of the Strategic Irrigation Plan begins in 2011, and its main objectives are to increase agricultural production and productivity, guarantee food security, generate employment, and increase the incomes of rural households.

Currently only 62,000 hectares of farmland is irrigated in the entire country. Nkutumula pointed out that this is a mere two per cent of the total arable land in Mozambique. "The other 98 per cent depends on rain", he said.

With a continually growing population, the country cannot afford to rely so heavily on rain-fed agriculture. Nkutumula said the current situation led to shortages, price rises and reliance for imports of crops that could be grown in Mozambique.

He added that a new public institution will be set up to design a national irrigation programme and thus make the Strategic Plan operational.

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