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AIM Reports

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National Stadium inaugurated

President Armando Guebuza on 23 April spoke of his pride during the inauguration of the National Stadium which lies in the outskirts of Maputo. The stadium, in the neighbourhood of Zimpeto, cost \$65 million to build and has the capacity to hold 42,000 spectators.

The President stressed the stadium's role in extending sport in Mozambique and as a pole of development for Maputo city. He added that sport can promote social inclusion, fight idleness and create a healthier society with a higher quality of life.

"The time has come to invest even more in sport, which is a factor in human development and in the struggle against poverty", said President Guebuza, noting the need to invite the private sector to increase its presence in the sports arena.

In September Mozambique will host the All-African Games, and will welcome participants and guests attracted by the biggest sporting event since the country's independence in 1975.

Construction is completed at the National Stadium, which will be the main venue for the Games. The Olympic Village and the swimming centre are still being built and the President called on citizens to play their part in making the Games a success.

"Each of us can reflect and put into action the plan to make this event a marvellous occasion and an opportunity for business and fraternisation with the thousands of guests that will be welcomed to the country", explained the President.

The challenge, according to the President, is to use the African Games as an event to reaffirm Mozambican identity and self-esteem.

Warning that there are only 132 days left until the start of the games, President Guebuza urged: "we have to speed up. Expectations demand it. Our responsibilities demand it. And our tradition will not permit any other option than an accelerated pace".

The National Stadium will host the opening ceremony of the African Games and some of the 24 events over the fortnight 3 – 18 September.

At the inauguration ceremony the Stadium was baptised by a football match between Mozambique and neighbouring Tanzania, with the Mambas beating Tanzania 2-0.

Government to introduce food subsidy

Citizens whose monthly income is less than 2,500 meticaïs (about \$80) will be eligible to receive a government subsidy on a basic basket of goods. The subsidy was recently announced by the government as part of measures to alleviate the high cost of living, and will replace the general subsidies currently in place on some foods.

Food will not be given away. Instead the government will set a reference price for a basket of goods and will pay the difference between this price and the market price.

Under the plan the food basket will be fixed at 824 meticaïs a month, and the subsidy will cover the difference between this fixed price and the market price.

There had been criticism that not enough people were going to be covered by the scheme, which had originally been set at those earning less than 2,000 meticaïs. On 12 April the Council of Ministers (Cabinet) agreed to alter the eligibility to include those earning up to 2,500 meticaïs.

1.8 million people could benefit from the subsidy, which in its first phase will cover residents in the provincial capitals, and will take place between June and December.

The basic basket of food will include maize flour, rice, fish, beans, peanuts, oil and bread.

Cotton producer price reaches record high

Cotton produced in the current agricultural season will fetch a price of at least 15 meticaïs (about 50 US cents) per kilo, higher than anything offered over the past two decades.

The decision was taken during a meeting in Nampula between the buyers and producers, chaired by Agriculture Minister Jose Pacheco.

The current agricultural campaign is on course to yield 70,000 tonnes of raw cotton, which when processed will result in about 26,000 tonnes of cotton fibre worth approximately \$100 million.

It is hoped that the record price will stop the decline in cotton production which involves around 20,000 farmers. Poor prices in previous years have led many to abandon cotton in favour of other, better paying, crops.

This is a condensed version of the AIM daily news service – for details contact aim@aim.org.mz

\$21 million needed to complete demining

The United Nations Development Programme (UNDP) estimates at \$21 million the funding needed to complete mine clearance in Mozambique between 2012 and 2014.

The resident representative of the UN system in Mozambique, Jennifer Topping, gave the estimate on 20 April at a meeting of the government's National Mine Action Programme (PNAM), aimed at consulting demining partners and seeking solutions for the final phase of mine clearance.

Topping was optimistic about the progress of demining. She said that the recent delivery of several districts "free of mines" had led to socio-economic gains for the communities living in those areas. Demining was contributing to poverty reduction and to improved living conditions, and was thus irrefutably linked to achieving the Millennium Development Goals (MDGs).

Since Mozambique ratified the Ottawa Treaty outlawing anti-personnel land mines in 1998, more than 300 million square metres of territory have been cleared of mines. But there remain an estimated nine million square metres that are still mined.

This area should be cleared by 2014. The original deadline for completing demining operations, under the Ottawa Treaty, was 2009. It was impossible to meet this deadline, and so the Mozambican government applied for, and was granted, a five year extension.

Topping thought that completing mine clearance was a fundamental prerequisite for development. "This means that we must not only maintain technical and financial support", she said, "but we also need to redouble our efforts in applying good practices and innovative approaches to step up progress in this final phase".

While demining is not complete, these lethal leftovers from 20th century wars are continuing to claim victims. In 2010, land mine explosions killed seven people and maimed a further 24.

The PNAM figures, announced by Deputy Foreign Minister Henrique Banze, show that in 2008-2010, 499 areas, covering 12.7 million square metres, were declared free of mines. Over this period, 2,676 mines and 1,514 other items of unexploded ordnance were destroyed.

President inaugurates new terminal at Vilankulo airport

President Armando Guebuza on 13 April inaugurated a new terminal at Vilankulo airport, in Inhambane province.

The larger and more modern terminal, costing \$10 million, was built to meet the needs of the growing number of tourists visiting the region. It is expected that the new facility will further promote the development of aviation and tourism.

Speaking at the inauguration ceremony, President Guebuza appealed to the residents of the town and district of Vilankulo to look after the new facility because it will open new opportunities and serve as a boost to local development.

"This new terminal will increase tourism, which will in turn create the conditions for more employment", said President Guebuza.

The building of the new terminal is part of a project to modernise and expand the country's airport infrastructure by the company Aeroportos de Mocambique (ADM).

The construction work was carried out by the Chinese contractor Anhui Foreign Economic Construction Group Co, Ltd (AFECC) who is also currently working on the international airport in Maputo.

Techobanine port agreement signed

The governments of Mozambique, Zimbabwe and Botswana on 15 April initialled a memorandum of understanding on the implementation of the tripartite project to develop a deep water port at Techobanine, in Mozambique's southernmost district of Matutuine.

The project to develop the port and build a rail link to Botswana and Zimbabwe would cost an estimated \$7 billion. It would take ten years to complete after work begins, which could be perhaps as early as next year.

The memorandum was signed by Mozambican Transport Minister Paulo Zucula and his counterparts from Zimbabwe (Nicholas Goche) and Botswana (Frank Ramsden).

Speaking to journalists after the signing of the accord, Zucula said that the private sector has already guaranteed access to the necessary finance, and was just waiting for the formal commitment to be given by the three nations.

Zucula pointed out that the feasibility study has been completed and stated that he was certain that work would begin next year.

The minister said that the Techobanine project comes at a time when there is a regional boom in the extractive industries, with large discoveries being prepared for exploitation.

"The transport and communications sector plays an important and determinant role, since the viability of exploiting these resources depends on our capacity to bring them to market", pointed out the minister.

He believed that this project will also reduce the significant deficit in the region's transport infrastructure, which is one of the main factors in the high cost of consumer products.

Meanwhile, the Botswanan Minister of Transport and Communications, Frank Ramsden, said that an efficient transport system will guarantee conditions for rapid economic growth.

South African minister visits science and technology park

Science and Technology Minister Venancio Massingue on 14 April took his South African counterpart Naledi Pandor on a tour of the Science and Technology Park in Maluana, Maputo province. The two countries are working together on a space observatory at the park, with an initial cost of \$2 million.

The work is part of a bid by South Africa to host the Square Kilometre Array (SKA) telescope, which will be the most powerful radio telescope ever built. Next year it will be decided whether South Africa or Australia will win the contest to host the 1.5 billion euro telescope.

The SKA will combine signals from three thousand small antennae spread over a distance of 3,000 kilometres, and Maluana has been chosen as a possible location for some of the antennae.

The SKA will have fifty times the sensitivity and 10,000 times the survey speed of the best radio telescope currently in existence.

With a total of 950 hectares, the Maluana Science and Technology Park is the first of four to be built in Mozambique.

The Science and Technology Parks are facilities designed in the context of the government's strategy for "Science, Technology and Innovation". They offer infrastructures and management services for the establishment of knowledge-based companies, scientific research and technological development institutions, and educational bodies.

Matutuine project could cut rice imports by 20 per cent

The rice production and processing unit being built in the district of Matutuine, Maputo province, could reduce the country's rice import requirement by 20 per cent. Currently the country imports 650,000 tonnes of rice per year.

However, reducing imports is dependent on the government giving permission to the owners of the Bela Vista Rice Project, LAP/Ubuntu, to extend the land under cultivation to five thousand hectares so that the project can undertake industrial scale production.

The Bela Vista Rice Project was initiated in September 2009 and has already invested \$24 million out of a budget of \$33 million.

The Chairman of LAP/Ubuntu, Filipe Gago, said on 12 April that since the project began in 2009 the company has carried out research into the varieties best suited to the land.

The research covered a total of 39 varieties which culminated in the selection of just four varieties that were planted over an area of 60 hectares. These varieties are expected to yield between seven and nine tonnes per hectare. Gago pointed out that Vietnam and Thailand achieve production levels of ten tonnes per hectare.

Other developments include the construction of a three metre high and seven kilometre long dyke to stop the River Maputo from flooding the fields and processing factory during the rainy season.

"We believe that we have the perfect conditions to tackle the country's rice production deficit, because we have carefully studied the complex chain of rice production" asserted Gago. However, he added that large scale production can only be implemented once the concession is extended to at least five thousand hectares.

The project employs 160 workers, although this number could rise to 400 workers once production is launched.

The rice de-husking factory with the capacity to process 600 tonnes of rice a day should be concluded by 2012.

The Bela Vista Rice Project is co-owned by the Libyan state's Libyan African Portfolio for Investments (LAP) and the Mozambican company Ubuntu. It is financed by the Libyan African Development Fund.

HCB posts \$31 million profit

The Mozambican state will receive for the first time a dividend from Hidroelectrica de Cahora Bassa (HCB), which operates the Cahora Bassa dam on the Zambezi River.

The company has posted profits for last year of 962 million meticais (\$31 million). As its major shareholder, the government is in line to receive a dividend of \$25.2 million. The company has been paying the government a monthly concession fee which totals \$100 million over three years.

According to HCB, revenues have increased by 30 per cent whilst costs have been controlled. In 2010 the hydroelectric power station generated 16,290 gigawatt hours of electricity, which was enough to supply all HCB's commercial commitments and to meet the increasing demand from Mozambican consumers.

In 2007, the Mozambican state took a majority holding in HCB, buying most of the Portuguese shares for \$700 million (obtained as a loan from a banking consortium), giving it ownership of 85 per cent of the company.

Since that time the company has undergone an extensive investment programme to renovate critical components. In 2010 the company increased its capacity to transmit electricity to 240 megawatts with the opening of a substation at Songo.

New Chairperson for LAM

A General Meeting of Mozambique's publicly owned air company LAM (Mozambique Airlines) on 22 April appointed Teodoro Waty as the new chairperson of the LAM Board of Directors. He replaces Jose Viegas, who had been at the head of the company for the past 12 years.

The statement from the General Meeting stressed that the change of chairperson had nothing to do with the recent announcement by the European Commission that all air companies registered in Mozambique are banned from entering European Union airspace.

The European Commission criticism was not directed at LAM, or any other Mozambican airline, but against the shortcomings of the regulator, the Mozambican Civil Aviation Institute (IACM).

Transport Minister Paulo Zucula met with the LAM management on 22 April and stressed that Viegas had wanted to resign three years ago, but stayed on, at the request of the government, in order to oversee the restructuring of LAM.

Zucula reiterated the government's confidence in the LAM management team that Viegas had headed, and stressed that the departure of Viegas should in no way be interpreted as "punishment" for the European ban.

The LAM twice weekly flight to Lisbon is not affected by the ban, since the plane, crew and maintenance for the flights are provided by a Portuguese company, Euro Atlantic.

Teodoro Waty is a former chairperson of the Maputo Municipal Assembly, and the current chair of the Legal and Constitutional Affairs Commission of the country's parliament, the Assembly of the Republic. He is a member of the Political Commission of the ruling Frelimo Party.

Senior Renamo officer deserts Maringue

Major Albertino Bhola, third in command of Renamo's armed headquarters in Maringue, in Sofala province, and his colleague Sergeant Matias Briasse in early April abandoned the bush where the former fighters belonging to Renamo maintain a hideout. Maringue was a stronghold of Renamo during the 16 year war in Mozambique.

The two have deserted the movement that they once fought for and have handed themselves over to the district authorities. They explained that they deserted because they are tired of staying in the bush with no prospect of social reintegration.

Albertino Nelo Bhola was born 51 years ago in the district of Chemba, in Sofala province, and joined Renamo in 1979. He was formally demobilised in 2002, but stayed on in Maringue until he deserted because of what he called the breaking of promises made by Renamo leader Afonso Dhlakama.

Speaking to the newspaper "Noticias", Bhola confirmed that the Renamo military base in Maringue still exists, with 510 men equipped with heavy weapons, bazookas, mortars, AK47s, vehicles, generators and communications equipment.

According to Bhola, he received 4,500 meticais a month (about \$145), while a platoon commander receives 3,500 meticais, a lieutenant 3,000 meticais, a section leader 2,000 meticais and a soldier 1,500 meticais.

A regular supply of food is delivered from Beira, while the troops also engage in farming.

Bhola said that of the three majors based in the bush around Maringue, only Commander Jorge remains as Jofrice Sindial has just been transferred to Nampula.

According to Bhola, he is living in fear of retaliation by his former colleagues.

FIPAG takes over management of water company

The Mozambican government's Water Supply Investment and Assets Fund (FIPAG) on 30 March took formal control of the management of the company Aguas de Mocambique (AdM), which had formerly been in Portuguese hands.

In December, FIPAG signed an agreement to acquire a majority stake in AdM, which manages the water supply in the Maputo metropolitan area (Maputo and Matola cities, and Boane district).

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

The transfer of the AdP shares to FIPAG cost the Mozambican state about €6 million (about \$8.5 million). €3.45 million will be paid directly to AdP, while the remaining €2.55 million will be used to pay off the company's debt to the Mozambican Commercial and Investment Bank (BCI).

The challenges facing the new managers of AdM are to revitalise the company, expand its services and attempt to respond to the complaints and queries from consumers.

Major biofuel project underway in Nacala-a-Velha

A project to grow the shrub jatropha for ethanol production is providing jobs for about 500 people in the northern Mozambican district of Nacala-a-Velha, according to the district administrator, Daniel Chapo.

The investor is the company Aviam, which is owned by Italian and Mozambican shareholders. It has been granted an area of 10,000 hectares to grow jatropha, and has undertaken to set up a factory that will process jatropha into ethanol.

Chapo says that the project, undertaken as part of the Nacala Special Economic Zone, has begun to grow jatropha, "but in a phased manner".

Budgeted at about \$21 million, the project has been certified by the government's Office for Accelerated Development Economic Zones (GAZEDA). According to Chapo, "although it is a long term undertaking, the production of jatropha is already making a positive impact on Nacala-a-Velha".

A much larger investment in the Nacala Special Economic Zone comes from the Brazilian mining company Vale, which plans to export coal mined in Tete province from Nacala port. This will involve building a new coal terminal at Nacala-a-Velha, and a new railway from the Moatize coal basin, across southern Malawi, linking up with the northern railway to Nacala.

Exports to Portugal fall by a third

Mozambique's exports to Portugal fell by 32 per cent last year, down from €42.8 million in 2009 to €29.2 million in 2010.

Speaking in Maputo on 13 April, Portugal's ambassador to Mozambique, Mario Godinho de Matos, pointed to the decline of Mozambique's sugar exports to his country as the main reason for the fall.

Ambassador Godinho de Matos, who was speaking during the opening of a three-day exhibition of Portuguese Goods and Services, was unable to explain the reasons behind the decline of sugar exports. But last year, especially in the first half, Mozambique failed to export sugar to the European market.

Most of the sugar produced in Mozambique was absorbed by the domestic market, and during the first few months of 2010 Mozambique had limited stocks of sugar. As a result, most of the sugar produced was used to replenish stocks and meet the demand of the local market, with exports falling by 11 per cent.

Therefore, this time last year Mozambique had only exported 107,900 tonnes of sugar, of which 82,900 tonnes went to the European Union market under the Everything But Arms (EBA) initiative with the remaining 24,900 tonnes going to the United States.

"Imports from Mozambique into Portugal behaved differently from in 2009, when there were signs that imports from Mozambique would grow. But 2010 saw a significant drop (32 per cent) in imports. Sugar was the main product responsible for this decline", said Ambassador Godinho de Matos.

The volume of Mozambican exports to Portugal is still insignificant, with Mozambique falling from 59th to 66th place in the ranking of exporters to Portugal in 2010.

Meanwhile, imports from Portugal continue to grow, rising in value from €120.9 million in 2009 to €151 million in 2010. Portugal remains among the top 10 exporters to Mozambique, jumping from 9th place to 5th place in the ranking of exporters to Mozambique.

As for Portuguese investment in Mozambique, the Ambassador said the volume fell sharply from €161.8 million in 2009 to €45.9 million in 2010.

Most of the investment was made in the construction sector and banking and insurance, which together account 84 per cent of the total Portuguese investment made in Mozambique.

The Exhibition of Portuguese Goods and Services was organized by the Mozambican Confederation of Business Associations (CTA) and the Portuguese Industrial Association, in partnership with the Portugal-Mozambique Chamber of Commerce.

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