

Mozambique News Agency

AIM Reports

Report no.425, 24th May 2011



Mozambicans have right not to be poor – President Guebuza

President Armando Guebuza declared on 18 May in Windhoek that Mozambicans have to take the lead in their own development. Speaking at a dinner offered by his Namibian counterpart, Hifikepunye Pohamba, during his two day official visit to Namibia, President Guebuza said “we reaffirm once more that the right not to be poor is our right, it’s a human right”.

Mozambique’s national agenda, he added, is concentrated on the fight against poverty. The road ahead was long and difficult, but nobody would build the country except Mozambicans themselves.

Just as the struggle for Mozambican independence from Portuguese colonial rule was waged by Mozambicans, so today not even Mozambique’s best friends would be able to rebuild the country. “Our friends can give us generous help, which they are doing, and we are grateful for this, but it is Mozambicans who have to take the leadership role in their own development”, said President Guebuza.

“In order to make poverty history, we shall continue to work hard to consolidate peace and national unity”, he pledged.

For his part, Pohamba stressed that regional integration is a catalyst for accelerated economic growth. To this end, Namibia would continue to promote regional integration projects such as the corridor from the Indian Ocean to the Atlantic, from Maputo to the Namibian port of Walvis Bay.

On 29 May President Guebuza visited Hangana Seafood, the second largest fisheries processing company in Namibia. The company has the capacity to process 17,000 tonnes of fish a year, which is largely exported to European countries, including Portugal, Spain and Italy.

In the afternoon, the President visited the Nambed diamond mine, in the Karas region. Cooperation in the mining area is particularly important for Mozambique, since Namibia already has a great deal of experience in mining technology and legislation.

On 18 May the Mozambican and Namibian governments signed an agreement in Windhoek to abolish entry visas for the citizens of the two countries.

The agreement was signed by the interior ministers of the two countries, Alberto Mondlane for Mozambique,

and Rosalia Nghidinua for Namibia. At the same time, Mozambican Foreign Minister Oldemiro Baloi and his Namibian counterpart, Utoni Nujoma, signed a memorandum of understanding on political and diplomatic cooperation.

Commenting on the agreements, Baloi said “in essence, this memorandum of understanding formalises a practice that already exists between Mozambique and all the countries of the region”.

Relations between Mozambique and Namibia within SADC had been characterized for many years by regular exchanges of opinions and experiences, and harmonization of positions.

“But this was a spontaneous practice, and in international relations, the more we can formalize practices and routines, the better”, said Baloi. “Now we have an agreement which establishes the form this harmonization should take, but without shutting the door on spontaneity”.

Asked whether the agreement on the suppression of entry visas would take immediate effect, Baloi replied “there is still work to be done. When an agreement is signed a programme of actions is also established”.

For his part, Mondlane said that the suppression of visas expresses the desire of the peoples of southern Africa to be as united as possible and remove all communications barriers. He noted that Mozambique already has agreements suppressing visas with all the countries on its borders (Tanzania, Malawi, Zambia, Zimbabwe, South Africa and Swaziland).

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

Assembly of the Republic

Renamo urged to change its behaviour

The leader of the parliamentary group of Mozambique's ruling Frelimo Party, Margarida Talapa, on 20 May urged the main opposition party, Renamo, to review its political behaviour "to bring it into line with the most elementary and universal democratic principles".

Speaking at the closing session of the March-May sitting of the Mozambican parliament, the Assembly of the Republic, Talapa said "the resort to demagoguery, disinformation, threats and destabilisation, and the incitement to acts of violence and destruction are not part of any democratic political vocabulary".

Frelimo deplored the use of insult and defamation in speeches by some Renamo deputies. Some of those speeches "display an abject lack of patriotism and Mozambican self-esteem", said Talapa.

She warned that "we cannot go on living with declarations that disinform and divide Mozambicans".

"We are prepared to respect you", Talapa told the Renamo benches. "But we cannot respect people who only open their mouths to speak words that set the country alight, that encourage discord, that endanger the peace for which thousands of our fellow countrymen paid with their blood".

"Let's debate reconciliation", she urged. "Let's debate ideas for rebuilding the country lacerated by many years of war. Intimidatory speeches about a return to war should be banished from this parliament".

Talapa was scathing about Renamo's habit of boycotting parliamentary activities it disagrees with. Renamo has refused to appoint the four members to which it is entitled on an ad-hoc commission set up to draft amendments to the Constitution. When the chairperson of that commission, Eduardo Mulembue, reported to the plenary, all the Renamo deputies walked out of the chamber in protest.

"We lament the attitude of those who exclude themselves from the constitutional amendments", said Talapa. "Those who refuse to participate in the national dialogue on such an important matter cannot be regarded as defending the interests of the voters they say they represent".

"Disagreeing is a right under democracy", she added. "But in order to disagree one must be there and participate. We think that exclusion is irresponsible and anti-democratic".

The leader of the Renamo parliamentary group, Anegolina Enoque, firmly defended Renamo's boycott tactic.

Renamo, she insisted, thought that amending the Constitution is "neither pertinent nor opportune at a time when the country faces serious problems of poverty, a high cost of living deriving from the world food and financial crises, where Mozambicans are demanding decent wages, where despite all efforts the HIV/AIDS prevalence is rising, where the number of people dropping out of treatment is on the increase because of lack of food, and thousands of Mozambicans are dying of hunger".

Enoque complained that "you can't spend so much money on revising what doesn't need to be revised". She added that so far Frelimo has not revealed which clauses in the Constitution it wishes to amend.

Enoque also claimed that the law granting rights to veterans of both the independence war and of the war waged by the apartheid South African regime against Mozambique was "unjust, discriminatory and unconstitutional".

In her view it was "discriminatory" because it does not place veterans of the national liberation struggle on the same footing as former Renamo guerrillas.

MDM amendment on renegotiating mega-projects defeated

The Assembly of the Republic on 19 May rejected a call by the opposition Mozambique Democratic Movement (MDM) that the government should unilaterally renegotiate contracts signed with mega-projects.

The MDM moved its amendment during the second and final reading of a government bill on public-private partnerships, large scale projects and business concessions.

The amendment the MDM wished to insert read "if the macro-economic and social context is unfavourable to the treasury, the government shall take the initiative to renegotiate the contracts".

The government, backed by the majority Frelimo Party, argues that any renegotiation should be a matter of consensus between the government and the company concern, and should never be a unilateral imposition.

The government text read "through mutual agreement between the contracting parties, renegotiation of contractual clauses is permitted, in order to ensure the prevention and mitigation of risks, and the equitable sharing of the benefits from the undertaking".

The MDM, however, insisted that the government had the sovereign prerogative to renegotiate contracts in a hostile economic environment. "The initiative must always come from the government", declared MDM deputy Jose de Sousa.

The MDM amendment went down to defeat, since all 172 Frelimo deputies in the chamber voted against, and only the seven MDM deputies were in favour. The largest opposition parliamentary group, Renamo, boycotted the debate on this law, walking out of the chamber, just as it had done on the two previous days.

Frelimo said it was rejecting the MDM amendment because it believed the question of renegotiation was adequately covered in the government's text.

Frelimo deputy Danilu Ragu said that the government could not decide to renegotiate contracts unilaterally "because this will scare off investments".

Chairperson of Constitutional Council ratified

The Assembly of the Republic on 17 May ratified the appointment of Hermenegildo Gamito as chairperson of the Constitutional Council, the country's highest body in matters of constitutional and electoral law.

Gamito was appointed by President Armando Guebuza after his disgraced predecessor, Luis Mondlane, resigned on 17 March.

Mondlane's resignation followed the exposure of his use of Council funds for his personal expenditure, including paying off the mortgage on a luxury house. Mondlane is currently facing disciplinary, and possibly criminal, proceedings for the alleged abuse of his office.

The 67 year old Gamito trained in law, receiving his law degree from the Classical University of Lisbon. He taught fiscal and customs law at Maputo's Eduardo Mondlane University, and was a judge on the Higher Appeals Court, the predecessor to today's Supreme Court.

But in recent years Gamito has been better known for business activities. He has sat on the board of several public and private companies. He was once the chairperson of the state-owned People's Development Bank, and is currently the chairperson of First National Bank-Mozambique.

He sat in the Assembly of the Republic for 15 years (from 1994 to 2009) as a deputy for the ruling Frelimo Party, and chaired the ad-hoc parliamentary commission that produced the constitutional amendments of 2004.

Despite his membership of Frelimo, neither of the opposition parliamentary groups, Renamo and the Mozambique Democratic Movement (MDM), opposed ratifying his appointment.

Indeed, the Assembly's Constitutional and Legal Affairs Commission, including its opposition members, unanimously proposed that the appointment be ratified. When the Commission interviewed Gamito, he promised to resign from, or suspend his participation in, all activities that are incompatible with membership of the Constitutional Council.

Thus Gamito has suspended his membership of the Mozambican Bar Association, and provided the Commission with a declaration from the office of the Frelimo General Secretary, Filipe Paunde, stating that he has ceased to perform any duties within Frelimo.

During his hearing before the Commission, Gamito said he would work to restore dignity to the Constitutional Council, prioritising team work and the achievement of consensus.

In the brief debate following the presentation of the Commission's recommendation, Renamo deputy Saimone Macuiana gave a guarded welcome to Gamito's appointment, but warned that Gamito "must not consider himself above the law, as happened with Mondlane, who did everything without consulting his colleagues".

"We want the Constitutional Council to work on the basis of the Constitution and the laws", said Macuiana. He urged Gamito "to act with impartiality".

As is normal with the appointment or ratification of named individuals, a secret ballot was held. 198 of the 219 deputies present voted in favour of ratifying Gamito's appointment, and 18 voted against. Two blank ballots were cast and one vote was invalid.

Assembly passes amended state budget

The Assembly of the Republic on 16 May passed the first reading of a government bill amending the 2011 state budget, in order to increase authorised public expenditure by 9.4 billion meticaais (about \$306.7 million).

Total government expenditure rises from the 132.4 billion meticaais authorised under the original 2011 budget, approved in December, to 141.8 billion meticaais.

Of this sum, 79.2 billion meticaais will be covered by taxes and other state revenue, and 2.6 billion will be raised through issuing domestic debt.

This leaves a deficit of 60 billion meticaais, to be covered by foreign grants and loans. The government assured the Assembly that its foreign partners have pledged these funds, which break down into 35.3 billion meticaais in grants, and 24.7 billion in loans.

Introducing the bill, Prime Minister Aires Ali said the budget had to be amended because of changes in the macro-economic assumptions on which it was based. Thus the estimated growth in Mozambican GDP for 2011 has risen from 7.2 to 7.4 per cent.

This is due to better than expected performance in several sectors of the economy including agriculture, mining, financial services, construction, and transport and communications.

The drawback to this is that several of these sectors suck in imports, the price of which is rising. "Since Mozambique still depends on imports of consumer goods, processed products and intermediate capital goods to meet the needs of

the productive sector and of internal consumption, the target for average annual inflation has been revised from eight per cent to 9.5 per cent", said Ali.

Contrary to expectations in late 2010, the Mozambican currency has not only stopped depreciating but has been rising in value against the currencies of its main trading partners (the US dollar, the South African rand and the euro). In the original 2011 budget, the government used an average exchange rate for the year of 36.7 meticaais to the dollar – the amended budget brings this down to 32.9 meticaais to the dollar.

The strengthening of the metical reduces the amount of foreign aid received when inserted into the budget in its local currency equivalent. It also reduces customs duties and value added tax on imported goods when these are expressed in meticaais.

On the other hand, the stronger metical reduces debt servicing costs by 288 million meticaais, and reduces the costs of transfers to Mozambican embassies by 213 million meticaais.

The increase in expenditure includes a further 1.3 billion meticaais in goods and services that state institutions are allowed to purchase. Finance Minister Manuel Chang said this increase sought "to meet the growing need to provide basic services to the population".

The amended budget increases the state's participation in the road building and rehabilitation programme by 1.13 billion meticaais.

The budget also includes a 3.6 billion meticaais allocation to compensate fuel distribution companies for the \$110 million they lost in 2010, because of the government's general subsidy on liquid fuels, particularly diesel.

Fuel prices were frozen between August 2010 and April this year. The government is now removing the fuel subsidy, replacing it by a subsidised transport pass aimed at workers, students and the elderly. The budget includes a line of 200 million meticaais to cover the transport pass.

As from July, the urban poor will be entitled to a basic food basket, covering their daily calorific needs. They will pay a reference price of 840 meticaais a month for this food basket (containing maize, rice, bread, fish, vegetable oil, beans and sugar). The subsidy covers the difference between this reference price and the market price of the food. This subsidy is budgeted at 335.6 million meticaais.

The government has also decided to increase its expenditure on the All-Africa Games, due to be held in Maputo in September, by 391 million meticaais. This money will be spent on concluding the facilities for the games and in equipping and furnishing the athletes' village.

The amended budget also increases the transfers from the central government to the municipalities from 912 million to slightly more than a billion meticaais. In addition, a fund of 140 million meticaais has been allocated to the municipalities to create jobs, under the government's Strategic Plan for the Reduction of Urban Poverty.

Chang told the deputies that state revenue finances 56 per cent of the amended budget, and foreign aid 42 per cent. The remaining two per cent is raised through domestic indebtedness.

The amendments to the budget, Chang said, "do not change the restrictive nature of budgetary policy, expressed in strengthening standards of economy, effectiveness and rationality in undertaking public expenditure in a framework of budgetary austerity".

This, he added, sought "to guarantee macro-economic stability, the sustainability of the public accounts in the medium term, and the correction of structural imbalances in the balance of payments in the long term".

Donors promise continued budget support

The 19 donors and funding agencies who provide direct support to the Mozambican state budget have concluded that the government is making sufficient progress to allow them to continue with this form of aid.

This was the main conclusion announced on 19 May at the end of the annual joint review between the government and the "Programme Aid Partners" (PAPs), sometimes known as the "G-19".

This group consists of the countries and institutions that give at least some of their aid directly to the state budget. They are the European Union, 13 EU member states, Canada, Norway, Switzerland, the World Bank and the African Development Bank.

Addressing the final session of the review, Planning and Development Minister Aiuba Cuereneia said that work on the review was particularly intense this year, because it coincided with the finalisation of the government's new Poverty Reduction Action Plan (PARP) for the 2011-2014 period.

The new plan, he continued, is focused on "increasing agricultural and fisheries production and productivity; job creation; human and social development; macro-economic management and public finance; and good governance".

Cuereneia added that, despite rising international fuel and food prices, "careful macro-economic management allowed our economy to remain stable and to grow in 2010. Growth in our GDP reached 6.5 per cent, exports reached \$2.2 billion, and net international reserves came to more than \$1.87 billion, enough to cover five months of imports".

The review assesses the performance, not only of the government, but also of the PAPs. This assessment showed that donors are still missing targets for aid effectiveness.

There were 21 targets for the PAPs, and they only met eight of them, while there was progress in a further three. These targets concern such matters as the predictability and harmonization of aid, donor alignment with the strategies of the host country, use of the country's own institutions and systems, and a reduction in the number of donor missions.

The meeting reported that the number of missions had dropped from 167 in 2009 to 85 in 2010. This is still a considerable drain on government resources as these missions expect to meet senior officials and ministers.

The government had 43 targets to meet, and the PAP assessment of the government performance was that it met 20, made progress in a further 15, while eight were not met at all.

The weakest area remained governance. The outgoing chairperson of the PAPs, British High Commissioner Sean Cleary, said the donors regarded performance as "satisfactory in most areas, except governance".

"Good political and economic governance and the struggle against corruption are absolutely important for the development of the country and for the maintenance of budget support", warned Cleary.

Nonetheless here were some encouraging signs, such as the government's public commitment to the Extractive Industries Transparency Initiative (EITI) and to the African Peer Review Mechanism (APRM).

But the PAPs wanted to see more progress. Cleary said the key areas were a new package of legislation against corruption, which would include dealing with conflicts of interests, the declaration of assets by high ranking state officials and protection for whistle-blowers. He also wanted to see "a strategic plan to strengthen the government's capacity to fight against corruption".

Cleary also stressed that "greater efforts in agricultural productivity, and in job creation, and in improving the business environment are essential to guarantee inclusive and sustainable growth".

"We are pleased to see that these matters have been stressed in the government's new PARP", said Cleary. "Implementing them will bring significant challenges, and the government can be sure of our support".

But he added that budget support "can only be justified on the basis of results. In these times of severe financial pressures, it is essential to show results to the Mozambican public, and to our publics, and to show that public funds are being used efficiently and effectively".

3.8 million farms in Mozambique

There are 3.8 million farms in Mozambique, the vast majority of which are less than ten hectares in size, according to the preliminary results from the Agricultural and Livestock Survey (CAP) undertaken in 2009-10.

The National Statistics Institute (INE) gives the total number of farms in the country as 3,827,754. Of these 3,801,259 (99.6 per cent) are classified as "small", covering less than 10 hectares. Just 841 are considered "large" covering 50 hectares or more, and 25,654 fall between these limits and are considered as "medium". The total area under cultivation was 5,632,787 hectares.

A significant number of farms are tiny. 44,142 cover less than 0.1 hectares, and 381,298 are half a hectare or less.

75.1 per cent of households own farms with 27.4 per cent headed by women.

As for the main food crops, 69 per cent of the farms grow maize, 63 per cent grow cassava, 14 per cent grow rice, and 39 per cent grow groundnuts.

The most commonly cultivated cash crop is sesame. 7.43 per cent of farms grow sesame. It is followed by sugar cane (5.92 per cent), tobacco (2.91 per cent) and cotton (2.21 per cent). Over 80 per cent of the farms grow no cash crops at all.

The most important tree crops are cashew nuts and copra. 1.38 million farms (36 per cent) have cashew trees. 871,498 farms (23 per cent) have coconut palms.

As for livestock, the survey found that there are 1.3 million head of cattle in the country, 3.9 million goats, 1.3 million pigs and 23.9 million chickens. Cattle were only found on 5.4 per cent of farms.

Only 5.3 per cent of farms use irrigation, 3.8 per cent use fertilizers and 2.5 per cent use pesticides. Mechanisation scarcely exists. Only 1.6 per cent of farms reported the use of tractors and 1.8 per cent the use of ploughs.

The most common form of transport is the bicycle with 1.23 million farms (32.2 per cent) owning bicycles.

Mozambique News Agency, c/o 26 Withdean Crescent, Brighton BN1 6WH, UK. Tel: +44 (0) 7941890630 - mozambique-news@geo2.poptel.org.uk

Subscription Rates (24 issues)	Individuals	Institutions
UK	£15.00	£25.00
Europe	£25.00	£40.00
Rest of the World	£30.00	£50.00

Overseas subscribers are requested to pay in sterling. If payment is made in another currency, add the equivalent of £6.00 to cover bank charges.