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President Guebuza calls for stronger ties with Malawi

Mozambican President Armando Guebuza on 12 May called for closer ties between Mozambique and Malawi. Speaking at a banquet in honour of Malawian President Joyce Banda, who was on a state visit to Mozambique, President Guebuza said the winds are now blowing in favour of strengthening the links between the two countries and peoples. He stressed that the relations between Mozambique and Malawi should be “structured by an undertaking to make good neighbourliness a fruitful complement to development”.

Relations between the countries had soured during the tenure of the previous Malawian president, Bingu wa Mutharika, but have already improved greatly following his death in April and his replacement by Joyce Banda.

President Guebuza said that bilateral cooperation should be strengthened and constantly diversified to cover an increasingly broad range of sectors.

He called for greater dynamism in formulating and applying “creative and innovative solutions” that would bring multiple political, diplomatic, social and economic benefits. “We will thus be in a better condition to turn our geographical contiguity, our common struggle against poverty and our shared cultural heritage into competitive advantages in creating the well-being of our peoples”, President Guebuza added.

He believed the fact that Banda had chosen Mozambique for her first official visit abroad after taking office in April, said a great deal for her commitment to strengthening the pillars of the relationship between the two countries.

President Guebuza stressed the importance of the peace and stability which currently characterizes the SADC (Southern African Development Community) region, as a key factor in the successful implementation of regional integration.

“It is in this environment that we are committed to the promotion of noble values such as democracy, the rule of law and respect for human rights”, he said.

President Guebuza praised Banda and the Malawian people for the peaceful and orderly transition following Mutharika’s death, and for the fact that Malawi has reiterated its determination to host the 18th Heads of State Summit of the African Union.

“This gesture”, he said, “is an unequivocal demonstration of the importance which you (Banda) attribute to the African agenda of peace, security and

development, an agenda which involves political and diplomatic harmonisation at all levels”.

During the State visit the two governments signed memoranda of understandings covering energy, and political and diplomatic relations.

The memorandum on energy signed by Mozambican Energy Minister Salvador Namburete and by Malawi’s Minister of Energy and Mines, Cassim Chilumpha, concerns Malawi’s intention to resume the project to interconnect the electricity grids of the two countries and to benefit from power from the Cahora Bassa dam in Tete province.

Speaking at a press conference on 12 May after the signing ceremony, Malawian Foreign Minister Ephraim Chiume said it was necessary to unblock the “misunderstandings” which might have paralysed the project, in order to go forward.

“Right now, we face electricity problems in Malawi and this is having a major impact on our industry”, said Chiume. “We would like to restart the negotiations so that we can resume the interconnection project in the near future”.

Funding for the project was initially guaranteed by the World Bank and other institutions, but was rejected by Mutharika in 2010, who argued that the purchase of power from Cahora Bassa would be extremely expensive.

This came as a surprise to the World Bank which, in 2007, had pledged a credit of \$93 million for the interconnection project. The project involved building a 135 kilometre, 220 kilovolt transmission line from the Matambo substation in Tete to a new substation at Phombeya in Malawi. The line was to provide 300 megawatts to Malawi.

Malawi’s volte-face amounted to giving up the World Bank loan, since it had already been extended twice, and was due to expire on 31 December 2009.

President Guebuza visits London

President Armando Guebuza on 7 May arrived in London on a three day visit to Britain. This was his second official visit as Mozambique's Head of State, having previously come to Britain in 2006.

President Guebuza was accompanied by a delegation including the ministers of Foreign Affairs, Trade and Industry, Defence, and Mineral Resources, namely Oldemiro Baloi, Armando Inroga, Filipe Nyussi and Esperanca Bias.

During his visit several British companies, particularly in the mining industry, expressed an interest in investing in Mozambique. The President granted audiences to representatives of several major mining companies, including Subsea 7, Stanley's Oil and Gas, and Eurasian Natural Resources Corporation (ENRC). He also has meetings scheduled with British Petroleum (BP), and with the Italian ENI, which is one of the companies that have made major discoveries of natural gas in the Rovuma Basin in the far north of the country.

According to the Minister of Mineral Resources, Esperanca Bias, the companies that have approached the government are financially solid, with every prospect of doing business in Mozambique.

"The interaction with British businesses is positive", she told reporters. "We have been receiving companies with various interests, including companies that want to be part of financing in the country, companies providing services and companies that want to build facilities to produce equipment. The government wants to continue contacts with various British companies to attract them to invest in the country and to support projects in coal, hydrocarbons and heavy mineral sands. We want to attract business people of this country to support geological and mining activity and add value to the resources that are being exploited in Mozambique".

Budget support guaranteed for 2013

The group of 19 donors and financing agencies who provide part of their aid to Mozambique in general budget support have pledged to continue funding the state budget in 2013.

On 7 May, at the end of the annual review between the government and what are known as the "Programme Aid Partners" (PAPs, or the G-19), the outgoing coordinator of the group, Canadian High Commissioner Alain Latulippe declared "judging from the available information, there is a satisfactory basis for continuing budget support in 2013".

Nonetheless, the G-19 made it clear that they are not happy with the pace of the fight against corruption. Cited in the daily newspaper "O Pais", they called upon the government to "speed up the struggle against corruption through the implementation of the strategies in force, as well as continual improvement of the legal framework based on impact assessment".

They also called for greater transparency in public financial management, and publication of the contracts signed between the government and mining companies.

The partners urged the government to step up implementation of the Education Sector Strategic Plan, with particular stress on improving the quality of education, guaranteeing that children in primary school achieve basic skills in reading, writing and mathematics.

For the government, Planning and Development Minister Aiuba Cuereneia noted that longstanding problems, such as a plethora of donor missions to the country, and delays in

disbursing the agreed funds, are still occurring.

"The proliferation of missions visiting the country leads to the production of a large number of assessments and monitoring reports", he said. "Each mission asks for meetings with senior officials and for government comment on the reports produced. This imposes a heavy administrative burden on less developed countries".

The government also wants its foreign partners to make greater use of national systems, such as the Mozambican procurement system and the special treasury account. Every year the government has pointed to these failures by the PAPs to live up to the 2005 Paris Declaration on Aid Effectiveness.

Each of the PAPs is now expected to make its pledge of budget support for 2013 in late May or early June.

Assembly elects ombudsman

The Mozambican parliament, the Assembly of the Republic, on 11 May elected former Justice Minister Jose Abudo as the country's first ombudsman.

Abudo was proposed by the parliamentary group of the ruling Frelimo Party. His sole opponent was Maximo Dias, proposed by the Mozambique Democratic Movement (MDM).

Abudo has had a lengthy career in the Mozambican judicial system. He has been a judge on the Administrative Tribunal, a judicial inspector and the presiding judge on the Sofala Provincial Court. He was Minister of Justice from 1995 to 2004.

In the election Abudo received 175 votes and Dias 16. There were 11 blank ballot papers, and 23 invalid votes.

The post of ombudsman was envisaged in the constitution of 2004, and a law on the ombudsman's office was passed in 2006. But it proved impossible to elect an ombudsman then, because the election requires a two-thirds majority, and in the 2005-2009 parliament Frelimo did not have a majority of this size,

The main opposition party, Renamo, openly stated that there would be no ombudsman unless the 2006 bill was amended to provide for two assistant ombudsmen – one chosen by Frelimo and one by Renamo. This politicisation of the ombudsman's office was unacceptable to Frelimo, and so no ombudsman was elected throughout the life of that parliament.

It is now possible to elect an ombudsman, despite any Renamo objections, because the Renamo vote in the 2009 general elections collapsed and Frelimo now holds a majority, not of two thirds, but of over 75 per cent in the Assembly.

The law states that the ombudsman should "make recommendations to the relevant bodies with a view to correcting illegal or unjust acts or omissions of the public powers or to improve their respective services".

The ombudsman may also note defects in the law and suggest amending or revoking legislation. He also has a public education role in publicizing legislation on the rights, duties and freedoms of citizens.

Complaints or petitions may be presented orally or in writing to the ombudsman, but must always mention the name and address or workplace of the petitioner.

Before issuing a recommendation, the ombudsman must always hear the version of the person or body against whom the complaint is directed – unless the person concerned refuses to speak to the ombudsman.

World Bank approves credit for education

The Executive Board of the World Bank on 1 May approved a loan equivalent to \$40 million to support the Mozambican government's plans to extend early childhood development services in 600 rural communities.

According to the World Bank, the community-based programme will provide early attention to cognitive, linguistic, socio-emotional and physical skills to 84,000 young children.

The programme aims to increase the quality and efficiency of the overall education system by helping increase school readiness among children of low-income families, and reduce primary level repetition and dropout rates.

The World Bank's country director for Mozambique, Laurence Clarke, said "I am glad we are supporting the government to act swiftly based on clear evidence that community based pre-school programs are a crucial investment in the children of Mozambique".

He added "we are confident that investment in young children at the right age will help to break the poverty cycle in Mozambique in the long run and that it will contribute towards a brighter future for all Mozambicans."

According to an evaluation carried out by the non-governmental organisation Save the Children on the impact of pre-school programmes in Mozambique, children going to pre-school are much more likely to show interest in mathematics and writing, recognize shapes, and show respect for other children, than those who are not.

The World Bank has also relied on its own research in Mozambique, which shows that poor children who do not have access to quality early childhood development interventions are more likely to have low productivity and income as adults.

Less than five per cent of the 4.5 million Mozambican children under the age of five currently take part in pre-school programmes.

According to the World Bank's Sophie Naudeau, "by making a start on early childhood development services for children in five provinces, the government is helping them to have better chances in school and later life, and is laying the foundation for a community-based system that can be replicated nationwide".

World Bank funding will support these services in Nampula, Cabo Delgado, Tete, Gaza, and Maputo Provinces. It will also support the development of technical and institutional capacity at the national, provincial, and district levels with a view towards a sustainable nationwide program in the future.

World Bank finances climate change project

The Mozambican government and the World Bank signed an agreement in Maputo on 4 May under which the Bank is to provide a loan of \$120 million to finance the government's project on "Cities and Climate Change".

The project, to be implemented over six years, is designed to strengthen the capacity of Mozambican municipalities to respond to the impact of climate change in terms of environmental management and the provision of urban services.

It is intended to improve institutional capacity, particularly in such areas as urban and environmental planning, the management of urban land, and the maintenance of urban infrastructure.

It will improve the control or mitigation of floods and

erosion, particularly in three of the coastal cities most threatened by climate – Beira, Maputo and Nacala.

Speaking at the signing ceremony, the Minister of Planning and Development, Aiuba Cuereneia, said "this project will help the selected municipalities deal with chronic problems of sewers, water pipes, embankments, dams and water storage installations".

"The urgency of the challenges posed by climate change demand that we step up actions, both in mitigation and in adaptation", Cuereneia declared.

The World Bank Country Director for Mozambique, Laurence Clarke, noted that Mozambique "is one of the African countries most exposed to the impacts of climate change".

"Today we have a great deal of evidence that shows the negative impact of climate change on the country's development efforts", he said. "It is estimated that natural disasters annually knock one or two per cent off economic growth, which corresponds to tens of millions of dollars a year".

Coastal cities, he added, are particularly vulnerable to flooding and erosion, with a devastating impact on the poorest households, who tend to live in the most exposed areas.

The credit is provided on the standard terms of the World Bank's soft loans affiliate, the International Development Association (IDA), and carries no interest.

Electricity consumption up 15 per cent

Consumption of electricity in Mozambique increased by 15 per cent in 2011, according to Augusto Sousa, chairperson of the publicly-owned electricity company, EDM.

Sousa announced these figures on 2 May at a business conference on energy in Maputo, organised by the Portuguese Energy Agency (ADENE), the Mozambique-Portugal Chamber of Commerce and the Portuguese Investment and Foreign Trade Agency.

Peak demand for electricity in Mozambique has now reached 616 megawatts (a figure that excludes the Mozal aluminium smelter, which is not supplied by EDM). To deal with the increased demand for power, the government is working on a range of electricity projects, said Sousa.

He announced, for example, that EDM is negotiating with the National Hydrocarbon Company (ENH) to convert an obsolete thermal power station in Maputo to run on natural gas, which could generate 70 megawatts.

About 85 per cent of the electricity in the EDM system is purchased from HCB, the company that runs the Cahora Bassa dam on the Zambezi. The remaining 15 per cent comes from EDM's own power stations at the Chicamba and Mavuzi dams in Manica province, and the Corrumana dam in Maputo province.

"We must implement new sources of energy, such as small scale hydropower stations, wind energy and photovoltaic systems", said Sousa.

Large scale projects on the drawing board include a second power station at Cahora Bassa, and a new dam on the Zambezi at Mpanda Nkuwa.

It is estimated that about 1,050,000 households are connected to the national grid. That is about 5.3 million Mozambicans, or 23 per cent of the total estimated population of the country in 2011. If the households supplied by isolated, non-EDM power sources (mostly solar panels) are included, the percentage of Mozambicans with access to some form of electricity rises to around 35 per cent.

African Energy Resources seeking Asian partnership

The mining company, African Energy Resources, announced on 3 May that members of its management team have travelled to India and China to seek strategic partners for its Botswana-based Sese Coal and Power Project.

In April the company carried out a trial run of 25 tonnes of coal by rail to the Mozambican port of Maputo. The first shipment was symbolic, to show it is possible to move coal to port using the existing rail infrastructure.

African Energy also announced that it is to enter into negotiations with Botswana Railways to fix a tariff for transporting the coal to Maputo. It has also put in a request to the operators of the Matola coal terminal, Grindrod, for an allocation for coal exports via the terminal.

African Energy estimates that the Sese coal deposit contains 2.5 billion tonnes of coal, and the company is looking at mining five million tonnes per year. Some of this will be used by a thermal power station planned for the site, producing 600 megawatts of electricity.

In the long run, Botswana and Mozambique are looking at building a new rail link. It is estimated that Botswana has more than 210 billion tonnes of coal reserves, and the country could potentially export 90 million tonnes annually.

Last July, during a visit to Maputo by the Botswana President Ian Khama, a memorandum of understanding was signed paving the way for the development of a deep water port at Techobanine, in the south of Maputo province, and the construction of a railway line linking Mozambique and Botswana, though Zimbabwe. The cost of the port and rail link has been estimated to be seven billion US dollars.

Coal of Africa sends first shipment to Maputo

The South African based company Coal of Africa has made its first shipment of coal by rail from its Vele Colliery in Limpopo province to the port of Maputo.

The load consists of 1,500 tonnes of thermal coal aboard 30 wagons, destined for the Matola Coal Terminal. It will then be shipped out to the Asian market.

This is a test shipment to check the axle load capacity of the South African rail line between Groenbult and Hoedspruit. If the tracks are fit to carry the loads, the company intends to begin weekly trains.

The Vele mine is located on the border with Zimbabwe, close to the Limpopo River, and contains 370 million tonnes of mineable coal. In the first phase, the mine is planned to produce one million tonnes of coking coal per year.

Coal of Africa is a major partner of Maputo Port. In 2009 it gave the port operator Grindrod a loan of \$16 million in 2009 to finance the expansion of the Matola Coal Terminal.

Coal of Africa has signed a memorandum of understanding with ArcelorMittal to provide coking coal for its steelworks in South Africa. However, it still intends to send an increasing amount of coking coal for export via Maputo Port.

Legitimate perception" that corruption goes unpunished

The general perception of the public is that corruption goes unpunished in Mozambique, the country's Attorney-General, Augusto Paulino, admitted on 2 May.

Giving his annual report on the state of the legal system to the Mozambican parliament, the Assembly of the Republic, Paulino said this perception "is rooted in the fact that there are still officials in the public administration who torment citizens with demands for bribes".

The public perception was thus legitimate, he added, "bearing in mind the scale of the problem and the anxiety to see this evil reduced in size".

Nonetheless, prosecutors have been bringing corrupt officials to court. Paulino said that between 2007 and 2011, charges were laid in 783 cases of corruption or theft of state property. 287 of these cases had come to trial while the other 496 are still pending.

Paulino added that in 2011 the Central Office for the Fight against Corruption (GCCC), which is part of the Public Prosecutor's Office, had handled 677 cases of corruption or theft of state property, compared with 649 the previous year. 214 of these cases resulted in charges (223 in 2010), and 81 cases were tried (compared with 88 in 2010)

In total, since 2006 these cases have resulted in the conviction of 163 people – 101 for crimes of corruption and 62 for theft of state funds.

Paulino said that last year the GCCC had received 12 audit reports from the Administrative Tribunal and the General Inspectorate of Finance, because these contained evidence of criminal behaviour by state officials. They were suspected of abusing their positions to acquire state funds by obtaining expenses to which they were not entitled, by duplicating certain allowances, or by acquiring goods or services abroad without observing the rules governing procurement.

Paulino noted that often money was illegitimately siphoned from state coffers through the computerised state financial management system known as e-SISTAFE. This system is supposed to be a guarantee against theft and corruption – but computerized systems are only as reliable as the people who input the data.

Paulino called for an improvement in computer security systems and in selecting the people who are allowed to operate e-SISTAFE.

"Strengthened internal control mechanisms, and regular audits and inspections are measures that should help prevent and fight against corruption and the theft of state funds", he said. "We are concerned that people should be trained to carry out computer audits, in order to ensure the timely discovery of the diversion of public funds".

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

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