

# Mozambique News Agency

## AIM Reports

Report no.446, 11<sup>th</sup> June 2012



## G-19 pledges \$606 million 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 disburse \$606 million to support the state budget and the country's sector programmes for 2013. The coordinator of the group, Canadian High Commissioner Alain Latulippe, on 5 June explained that \$344 million is earmarked to support the state budget, with the balance for sector programmes.

In 2011, G-19 donors and financing agencies agreed to disburse \$688.6 million this year, of which \$379.1 million was for the state budget and \$309.5 million for sector support.

Most partners have maintained the level of their commitments, while several have reduced their planned contributions. Among those making cuts are Austria, Denmark, the European Commission and the United Kingdom.

Some partners are yet to announce their commitments, pending ministerial or parliamentary approval. This is the case for Germany, Switzerland and Sweden.

Belgium will announce its commitments next year after the signing of a bilateral agreement, while the Netherlands is still awaiting the completion of a new bilateral agreement and the approval of its own budget by its National Assembly.

Spain, which pledged to disburse \$7 million in 2012, will not make any contribution for next year due to the current financial crisis hitting the country.

"We are still waiting for the commitments of three partners. Therefore, it is not possible to announce today the exact amount. But their contribution will be roughly the same as last year", said Latulippe.

Latulippe stressed that the G-19 is still committed to contributing to poverty reduction and boosting inclusive economic growth in Mozambique, and that it will continue to work to strengthen its partnership with the government.

The G-19 partners are Germany, Austria, Belgium, Canada, Denmark, European Commission, Spain, Finland, France, Ireland, Italy, Norway, Netherlands, Portugal, Sweden, Switzerland, United Kingdom, the African Development Bank (AfDB), and the World Bank.

### Former arsenal to become nature reserve

The Mozambican government announced on 15 May that an area once occupied by a military arsenal, in the Maputo suburb of Malhazine, is to become an "ecological park".

The Malhazine arsenal achieved notoriety when it exploded on 22 March 2007. The blazing arsenal threw out rockets, mortars, huge artillery shells and other devices, as if the city were under enemy fire. The obsolete weaponry, mostly Soviet in origin, landed up to nine kilometres from the arsenal. The explosions killed 105 people and injured a further 515.

The tragedy led to the long-awaited destruction of obsolete munitions, and all arsenals were moved away from populated area.

The area of what was once the Malhazine arsenal covers 568 hectares, and a decree passed at a meeting of the Council of Ministers (Cabinet) transforms it into the Malhazine Nature Reserve, also known as the Malhazine Ecological Park.

The Park will include green spaces accommodating animal species representative of Mozambican wild life. There will also be veterinary, research, and leisure facilities.

"With the creation of this reserve, it is intended to protect the natural environment and the ecosystems that exists there", the government spokesperson, Deputy Justice Minister Alberto Nkutumula, told journalists.

Unlike everywhere else in Maputo, the habitats in much of the 568 hectares are relatively untouched since this was a military area and ordinary citizens had no access to it. The government, Nkutumula said, has thus decided to preserve it, turning it into "a space for observation, learning and research at the service of present and future generations".

"Scientific facilities will be set up there, making it possible to preserve the environment, while providing citizens with a place for leisure and study", he added.

---

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

---

## IMF commends government's economic policies

The International Monetary Fund (IMF) has praised the Mozambican government for its economic policies.

The Executive Board of the IMF released a statement on 6 June after it had completed its fourth review of Mozambique's economic program under the Policy Support Instrument (PSI).

The PSI is an instrument whereby the IMF provides analysis and endorsement of a country's policies, but does not grant loans.

At the end of the Board meeting, the IMF's Deputy Managing Director Mr Min Zhu stated that "Mozambique's sound policies and strong economic performance are commendable. Economic growth remained buoyant in 2011 and inflation was successfully contained".

He warned that, despite the country's economic growth prospects being good over the medium term, short term risks from the global economic environment have to be managed.

The IMF highlighted the Mozambican government's poverty reduction strategy (PARP) and pointed out that the government has "initiated measures in key areas, including reforms in agriculture and the business environment, continued social and human development, and the expansion of a well-targeted and affordable social protection floor".

For Zhu, "it will be important to implement these plans vigorously to allow more Mozambicans to benefit from the expected strong economic growth".

Mozambique has recently seen huge discoveries in mineral resources, particularly coal and natural gas, which will transform the economy in the future.

For the IMF, "proper management of the mining and emerging hydrocarbon sectors, together with a strong tax administration effort, will help enhance fiscal resources for infrastructure and other medium- to long-term development needs".

Zhu added that "the authorities' plans to move rapidly in modernising the fiscal regimes for mining and petroleum and to obtain full EITI (Extractive Industries Transparency Initiative) membership go in the right direction".

The Executive Board's statement is based on an IMF mission to Mozambique that took place from 5 to 16 March.

### *IMF warns poor benefiting less from growth*

Despite the praise for the government's economic policies, the IMF has also raised concerns about Mozambique's poorest strata.

Speaking at a meeting in London hosted by the Overseas Development Institute, IMF deputy director for Africa, Roger Nord, said that in Mozambique the poor have benefited less than average from the rapid growth of the past decades.

He continued, "it is an issue because it raises social tensions. And it is an issue because if the poor don't benefit enough it is going to be very difficult for growth to be sustained. It is certainly a topic we [IMF] are discussing in depth, for example in Mozambique, where the authorities are particularly concerned to make sure that the poor benefit as much as the rest of the country".

Nord expressed optimism that Mozambique can avoid some of the pitfalls encountered by other resource rich countries such as Nigeria and Angola, stating that "Tanzania, Uganda, Mozambique over the last 10 to 20 years have built more robust democratic institutions than the early oil producers had".

There are signs that in Mozambique the government's Strategic Plan for the Development of the Agricultural Sector (PEDSA), is continuing to make progress.

At the end of May the Ministry of Agriculture announced that during the 2011/2012 agricultural campaign the country produced 16,266,611 tonnes of various food crops, representing a growth of 8.4 per cent over the previous year.

The largest increases in production have been for cassava which grew by 12.6 per cent to 11,368,912 tonnes, and tomatoes which were up 13 per cent to 220,276 tonnes.

Mozambique has recently seen food prices fall. The National Statistics Institute (INE) found that in April the price of tomatoes in Maputo, Beira and Nampula fell by 6.6 per cent, dried fish by 5.8 per cent, coconuts by 3.1 per cent, lettuce by 6.6 per cent, butter beans by 1.2 per cent, and rice by 0.6 per cent.

Perhaps this is one of the reasons why demonstrations called for 1 June by anonymous text messages failed to materialise. This is in stark contrast to September 2010 when serious rioting in Maputo and nearby Matola left a dozen people dead, triggered by the high cost of living and massive unemployment.

## Mozambique to host SKA telescope sites

Mozambique is to host two sites for the world's largest and most powerful telescope, the Square Kilometre Array (SKA).

The British based organisation SKA on 28 May decided to build the telescope in southern Africa and Australasia, with Mozambique hosting part of the telescope at the Science and Technology Park in Maluana, Maputo province.

South Africa will lead most of the project, which will be centred in the Karoo and extend out into Botswana, Ghana, Kenya, Madagascar, Mauritius, Mozambique, Namibia and Zambia.

The telescope is to be constructed using an array of three thousand receivers spread over thousands of kilometres, picking up electromagnetic radiation and cosmic rays emitted by extremely distant celestial objects (such as stars and galaxies) through 15 metre wide dishes.

Two of the sites will be based in Mozambique, each with 24 dishes maintained by about ten local technicians.

Although not yet directly involved in the project, Mozambique's largest university, Eduardo Mondlane University (UEM), is closely linked to the SKA South Africa project. The radio telescope will boost postgraduate research and teaching programmes in radio astronomy at UEM and Mozambique's other universities.

The telescope will be fifty times more sensitive than the most powerful telescope in existence today. It will be able to interpret the data it receives ten thousand times faster than any previous telescope. This will require processing power equal to several million computers to sift through the same amount of data each day as two days' worth of global internet traffic.

The total cost of the project is likely to be more than the budgeted €1.5 billion because SKA failed to decide whether to locate the telescope in southern Africa or Australasia. Instead, it decided to split the project between the two lead partners.

The SKA telescope will look at fundamental questions that we have not yet answered about the universe, including what happened moments after the big bang, why the universe is expanding at an accelerating speed, the role of magnetism and the nature of gravity.

The project is due to be completed in 2024.

## Sasol increases gas production at Temane

President Armando Guebuza on 30 May inaugurated a new natural gas processing facility in Temane, in the southern province of Inhambane. The plant will increase production to 183 gigajoules per year, up from the previous level of 120 million gigajoules.

Of the additional 63 million gigajoules, 27 million is earmarked for the Mozambican market with an equal amount for South Africa. The remaining nine million gigajoules represents royalty gas allocated to the government.

The South African petrochemical company Sasol, the major shareholder in this venture, has invested \$220 million in this expansion programme which began in 2007.

Speaking during the ceremony, President Guebuza said that “the expansion of this venture increases the availability of natural gas for domestic consumption. This will make possible the construction and operation of a natural gas distribution network in the city of Maputo and district of Marracuene, as well as the construction of new power stations in Chokwe and Ressano Garcia”.

The expansion, said President Guebuza, will also contribute to saving hard currency on the import of liquid fuels and generate business opportunities for local companies.

“We are aware that this new venture will play a major role in Mozambique’s socio-economic development, functioning as the backbone for the construction of infrastructure for the production, transmission and distribution of natural gas for both domestic and export markets, thus contributing to the country’s industrialisation”, he said.

According to President Guebuza, the beginning of the commercial exploitation of natural gas deposits in Pande and Temane in 2004, under an agreement between the Mozambican government and Sasol, was an important landmark that placed Mozambique on the map of natural gas and condensate exporting countries.

This paved the way for Mozambique to develop a natural gas industry, creating jobs and promoting the emergence of a number of companies for the provision of related services.

President Guebuza stressed the need to continue prospecting for and extracting mineral resources in Mozambique. Therefore, the government is introducing changes to existing legislation for mining and hydrocarbon exploration to ensure increased transparency with respect to socio-economic and environmental sustainability.

The President cited as an example the allocation of part of the revenues collected by the government to the regions where exploration of natural resources is taking place as a means to create and expand the benefits to local residents.

“In order to increase the benefits derived from these resources, we have to overcome the challenge of training qualified personnel to meet the needs of mining and hydrocarbon projects. To that end, the government has approved the Strategy for Training and Human Resources Capacity Building for the period 2010 - 2020”, he added.

Sasol operates the gas treatment plant at Temane and the pipeline that takes the gas from the Pande and Temane fields to Sasol’s chemical plants in the South African town of Secunda. A branch of the pipeline goes to Matola where it supplies gas to several Mozambican industries, including the Mozal aluminium smelter.

The other shareholders of this enterprise are Mozambican government, through Companhia Nacional de Hidrocarbonetos (CNH), and the International Finance Corporation, the World Bank’s private sector funding arm.

## British company to build power station at Ressano Garcia

The British company Aggreko has been awarded a contract worth \$250 million over two years to run a temporary gas fired power station at Ressano Garcia, on the Mozambican border with South Africa.

The power station will generate 107 MW of electricity using natural gas from the Pande and Temane fields.

Under the agreement with the Mozambican electricity company EDM and South Africa’s Eskom, the power plant will supply electricity from the third quarter of this year until July 2014. Eskom will buy 92 MW, with remaining 15 MW going into Mozambique’s electricity grid.

Aggreko will also build a substation, a 1.5 kilometre long 275 kilovolt transmission line and gas interconnections. Some of this infrastructure will be handed over to EDM at the end of the two year contact.

Under an agreement between the Mozambican government and the South African petro-chemical giant Sasol, part of the gas from Pande and Temane is paid to Mozambique as a royalty – but so far Mozambique has not been able to use most of the royalty gas. The fuel for this power station will be from this royalty gas.

## Autogas launches new tariff

The company that converts vehicles to run on natural gas, Autogas, has stated that it doubts that the government will be able to meet its target of converting ten per cent of its fleet of vehicles to use compressed natural gas (CNG).

The general manager of Autogas, Jose das Neves, told the electronic newspaper “Mediafax” on 8 June that the government has done nothing to implement its National Energy Strategy in relation to CNG.

“Until this is enacted into law the strategy is just an intention. It cannot force the State to comply”, Neves told a press conference in Maputo to mark the launch of a new campaign to increase the use of natural gas in the capital city and Maputo province.

Neves lamented that two years after the approval of the strategy, just over 450 vehicles in Mozambique are using CNG. Of this number, just over 50 vehicles are State owned, excluding the 156 gas powered buses belonging to Maputo’s publicly-owned bus company, TPM.

Currently, Autogas is installing three gas filling stations in the neighbourhoods of Jardim in the capital, and Machava and Malhampswene in Maputo province.

CNG offers cost advantages over other liquid fuels. While the cost of gasoline is 47.52 meticaïs a litre, the cost of a litre of natural gas is only 17.75 meticaïs (at current exchange rate there about 27.7 meticaïs to one US dollar).

Under Autogas’ new “Minimum Consumption Contract” tariff, consumers will pay a monthly fee of 6,000 meticaïs during a period of 18 months. The tariff includes a conversion kit and a quota of 180 litres of natural gas per month. After this period, customers will only have to pay the amount of natural gas consumed.

Following the recent discoveries of natural gas in the northern province of Cabo Delgado, Autogas has set itself a target of converting 70 per cent of all vehicles in the country in the near future.

In the meantime, it plans to reach a target of 500 vehicles by the end of this year. Natural gas is pumped to Maputo by a gas pipeline from the Temane gas processing plant in Inhambane province.

## Interior Ministry to pay compensation for boy's death in 2010

Mozambique's Administrative Tribunal has ruled that the State, through the Ministry of the Interior, must pay half a million meticais (about \$18,000) compensation to the family of Elias Muianga, the 11 year old boy who was killed by a stray bullet during riots in September 2010.

An autopsy found that Elias Muianga was killed instantly by a bullet to the head.

The facts contained in the Tribunal's ruling state that on the morning of 1 September 2010, Elias Muianga was fatally shot by a police bullet as he returned from Maxaquene Primary School B, which had been closed because of street demonstrations.

The Tribunal's ruling found that the police had acted unlawfully and negligently, resulting in the death of Elias Muianga.

At least 13 people died and more than 150 injured during the riots in Maputo and the neighbouring city of Matola which were triggered by the rising of cost of living.

## President Guebuza visits Xai-Xai water supply system

President Armando Guebuza on 21 May visited the water supply system in the city of Xai-Xai in the southern province of Gaza, where work is underway to rehabilitate and increase the water supply under the National Water and Rural Sanitation Programme (PRONASAR).

The programme will increase the national coverage of clean water supply from 54 per cent of the population in 2010 to 70 per cent in 2015, guaranteeing access to safe drinking water to 4.5 million additional peoples living in rural areas.

In the first phase (2010 to 2013) PRONASAR, which receives financial support from the Mozambican government and various partners, has a goal of constructing five thousand new water sources, 51 small water supply systems, and 140,000 improved latrines. These measures will improve health, hygiene and sanitation.

In its second phase (2013 to 2015) the programme will see the construction of seven thousand new water sources, 69 small water supply systems and 260,000 improved latrines.

## Funding sought for Moamba irrigation project

The Committee for the Facilitation of Agriculture between Mozambique and South Africa (COFAMOSA) is seeking 861 million meticais (about \$31 million) to implement a project to irrigate 10,000 hectares of agricultural land in the district of Moamba, in the southern Mozambican province of Maputo.

The water would be piped from the Corumana Dam, on the Sabie River (which is a tributary of the Incomati River).

The project is part of the New Partnership for Africa's Development (NEPAD), which is a programme of the African Union to support pan-African development.

## President Guebuza inaugurates Beira sanitation plant

President Armando Guebuza on 4 June in the central city of Beira said that sanitation is a government priority in efforts to improve living conditions. The President was speaking at a dinner hosted by the National Water Board (DNA) following the inauguration of Beira's new water treatment plant.

"The infrastructure we have just inaugurated will improve the city's environmental conditions and, as a result, contribute to reducing the risk of outbreaks of sicknesses such as malaria, cholera, diarrhoea and intestinal parasites", said President Guebuza, adding that these diseases have affected many Mozambicans.

The construction of the new sanitation system in Beira cost €62.65 million, of which €52.95 million was donated by European Union with €9.7 million coming from the Mozambican government.

The new sanitation system will handle waste from the city's 400,000 residents and will reduce the risk of flooding.

The President pointed out that government has also developed strategic plans to improve sanitation in the cities of Maputo, Matola, Dondo, Quelimane, Nampula and Pemba. He added that strategic plans are also being drawn up for Ilha de Mocimboa and Mocimboa da Praia.

On 4 June, President Guebuza also inaugurated the new Beira coal terminal.

The new terminal was constructed in partnership with the Brazilian mining giant Vale and Rio Tinto, two companies involved in mining the vast coal reserves in Tete province.

The \$200 million terminal can receive 600 metre long trains composed of 42 wagons. The terminal can store 300,000 tonnes of coal and has the capacity to load cargo onto ships capable of holding 35,000 tonnes.

## Cuban Deputy President visits Mozambique

Cuban Vice-President Esteban Lazo Hernandez on 21 May began a four-day official visit to Mozambique to boost cooperation between the two countries. On his arrival at Maputo International Airport, he was received by Prime Minister Aires Ali.

During his stay he met President Armando Guebuza and the Chairperson of the country's parliament, the Assembly of the Republic, Veronica Macamo.

Speaking to reporters shortly after the arrival of the Cuban Vice-President, Mozambican Deputy Foreign Minister Henrique Banze said that the visit seeks to strengthen bilateral relations between the two countries.

He stressed that both countries have cooperation ties that date back many years, with Havana helping Mozambique mainly in the areas of education and health.

Besides bilateral cooperation, both countries are expected to discuss other issues of common interest, particularly the United Nations.

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.