

# Mozambique News Agency

## AIM Reports

Report no.447, 4<sup>th</sup> July 2012



## President Guebuza calls for defence of environment

Mozambican President Armando Guebuza on 21 June launched a roadmap that the Mozambican government and people will use as a guide to building a green economy. This will be based on a sustainable defence of the environment for the benefit of present and future generations.

The plan covers national strategies to apply green economic principles to the development of the country's cities, agriculture and energy resources.

The President was attending the United Nations Conference on Sustainable Development which took place in the Brazilian city Rio de Janeiro. The summit is more commonly known as Rio+20 in recognition of the meeting held twenty years ago which adopted a series of measures aimed at supporting sustainable development whilst protecting the environment.

President Guebuza noted that survival depends on a healthy environment, the destruction of which would be a crime that future generations would never forgive.

The President stressed that the defence and maintenance of the environment is both an ethical duty and moral obligation, with it being imperative that all Mozambicans and citizens of the planet play their part.

He explained that Mozambique is more determined than ever to contribute to the pursuit of a green economy in each and every country in the world.

President Guebuza argued that the environment will only be saved if it is not only defended but also regenerated wherever possible.

He highlighted the importance of the campaign launched in Mozambique after he took over as President under which every school student plants a tree and every leader plants a forest.

The launching of Mozambique's roadmap to a green economy is seen as proof that the country is moving from words to deeds.

The roadmap received a very warm welcome from the president of the African Development Bank, Donald Kaberuka, who praised President Guebuza's outstanding leadership and visionary thinking. He noted that Mozambique is one of the countries redefining the growth process from an African perspective.

President Guebuza's leadership in developing the green economy roadmap was also applauded by the head of WWF, Jim Leape.

As a result of the new initiative, the Mozambican state budget will include an environmental component to fund the roadmap's implementation.

### *Environmental situation declines*

The Rio+20 summit comes at a time when global carbon emissions have been found to be far higher than previously feared.

According to "The Guardian" newspaper, global carbon emissions are up 48 per cent on 1992, when the original summit took place in Rio. The newspaper quoted figures from the US Energy Information Administration (EIA) which states that in 2010 the world emitted a record breaking 31.8bn tonnes of carbon from energy consumption.

According to the newspaper, "increases in fossil fuel use of this magnitude are likely to carry the world far beyond the temperature rise of two degrees centigrade by 2050 that scientists have estimated is the limit of safety, beyond which climate change is likely to become catastrophic and irreversible".

The figures also show that China, which in 2006 took over the top spot as the world's biggest emitter of carbon dioxide from energy consumption, has increased emissions by 240 per cent since 1992 and now accounts for a quarter of all carbon emissions from energy.

The growing crisis was acknowledged in Rio by the Secretary General of the United Nations.

Referring to progress over the last twenty years, Ban Ki-moon said, "let me be frank: our efforts have not lived up to the measure of the challenge".

The UN leader stressed, "let us not forget the scarcest resource of all: that is time. We are running out of time. We no longer have the luxury to defer difficult decisions. We have a common responsibility to act in a common cause, to set aside narrow national interests in the name of the global public good and the betterment of all".

Over a hundred heads of state were present at the summit. However, conspicuous by their absence were United States President Barack Obama, Britain's Prime Minister David Cameron and Germany's Chancellor Angela Merkel.

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## Germany donates €28 million to Mozambique

Mozambique and Germany on 2 July in Maputo signed two agreements under which the German government, through its Development Bank (KfW), will donate €28.5 million in aid to Mozambique. €9 million is earmarked for direct budget support for this year and €19.5 million for sector programmes and institutional projects.

Finance Minister Manuel Chang, who signed the agreements on behalf of the Mozambican government, explained that €15 million will be channelled to the Local Government Integrated Development Programme, while the remaining €4.5 million will be spent on reforms of the Tax Authority and the Administrative Tribunal.

According to Chang, these agreements follow commitments made by last year by the German government.

“The contribution to the state budget aims to reduce our balance of payments deficit and finance priority activities which cannot be covered with domestic resources”, said the minister.

Chang added that “the allocation of resources to the Common Fund for Tax Reform will certainly allow for a faster implementation of the strategic plan of the Tax Authority for the period 2011-2014, mainly by introducing modern technology and projects focused on the Electronic Single Window, e-taxation and capacity building”.

Speaking on behalf of the German government, the director of KfW in Mozambique, Ralf Orlik, said that the development of the Tax Authority and the Administrative Tribunal are key to improving the effectiveness and efficiency of public finances and tax collection, and will help Mozambique to reduce its dependence on foreign aid.

Germany is one of the 19 donor countries and funding agencies, also known as the “Programme Aid Partners” or “G19”, who support Mozambique’s state budget.

## Solar power transforming lives

Solar power is improving the living conditions of thousands of Mozambicans living in rural areas which are not connected to the national electricity network. The solar panels have been installed by the National Energy Fund (FUNAE) to provide electricity for homes, schools, health units, police stations, public lighting and public buildings.

The project to install the solar panels has financial support from the European Union.

A team from FUNAE recently visited some of the zones covered by the project in northern Mozambique to analyse the socio economic impact.

The team visited the districts of Chiure and Meluco in Cabo Delgado province, Nipepe in Niassa province and Monapo in Nampula province. It found that residents are using the energy for lighting, refrigeration, and charging mobile telephones.

In the health units the power is being used for refrigerators to conserve medicines and to provide lighting so that patients can be treated at any time of day.

The team also found that night schools are being organised for adult education and computers are being introduced into classrooms.

Nationally, about thirty per cent of the population have access to electricity, of whom twenty per cent have access through the electricity grid.

FUNAE intends to provide solar power to 2.1 million Mozambicans as part of a fifteen year strategy for the development of new and renewable energy.

Other forms of electricity generation that are being investigated include the use of small hydro-electric generators, wind generators, geothermal systems and biomass from organic material such as sugar cane. The strategy also covers power generation from the sea, using wave and tidal energy, and temperature variations in the ocean.

## First Lady calls for more help for pregnant women with HIV

Mozambique’s First Lady, Maria da Luz Guebuza, on 14 June in Washington said that the biggest challenge in protecting the lives of children lies in the need to provide anti-retroviral drug treatments to all pregnant women who are HIV positive to prevent the vertical transmission of the virus which causes AIDS to their unborn babies.

Maria da Luz Guebuza was appearing on an expert panel addressing new approaches to ending preventable child deaths, alongside the Director General of the World Health Organisation, Margaret Chan.

The panel was part of the high level forum convened by the governments of the United States, India and Ethiopia in collaboration with UNICEF on the theme “Child Survival Call to Action”, which is taking place at Georgetown University, in Washington.

“Fortunately, all the countries in southern Africa are already implementing programmes to prevent vertical transmission. But the challenge remains to cover all pregnant women with HIV, to avoid the risk of children being born infected”, said Mozambique’s First Lady.

Maria da Luz Guebuza explained that in Mozambique much has been done to increase coverage, despite a lack of resources. She pointed out that in 2006 only 14 per cent of HIV positive pregnant women were receiving anti-retroviral drugs to reduce the risk of infecting their babies. This figure has now increased to 66 per cent.

The First Lady made clear that there is no reason why children should continue to be born with HIV or die at a young age because of preventable illnesses.

Of those children who die below the age of five, the majority of deaths are caused by a small number of problems, mainly preventable and treatable illnesses such as diarrhoea, malaria, malnutrition and neonatal complications.

She added that in Mozambique the programme to prevent the transmission of HIV from mother to child covers the period from pregnancy to after the birth, including during breastfeeding, and is recognised as a priority in all maternal health initiatives. It is part of efforts to reach the objectives of the Millennium Development Goals.

Not only do anti-retroviral drugs reduce the risk of transmitting HIV to babies, but they also keep mothers well and able to look after their children.

The Call to Action challenges the world to reduce child mortality to below 20 child deaths per 1,000 live births in every country by 2035. Reaching this target would save an additional 45 million children’s lives between 2010 and 2035, bringing the world closer to the ultimate goal of ending preventable child deaths.

Maria da Luz Guebuza pointed out that in Mozambique the government has undertaken several actions to reduce child mortality. It has built units to house pregnant women awaiting labour, has developed mobile clinics to increase service coverage, and involved a wide scope of people in caring for the health of women and children.

Currently, Mozambique has a child mortality rate of 97 deaths per 1,000 live births. Although still unacceptably high, the rate has more than halved over the last fifteen years.

## GVF to launch Nacala Corridor Fund

The Getulio Vargas Foundation (GVF) is to launch the Nacala Corridor Agricultural Investment Fund on 4 July in the Brazilian capital city Brasilia.

The project has the support of the Brazilian Cooperation Agency, the UN Food and Agriculture Organisation (FAO), the Brazilian Agricultural Research Corporation (EMBRAPA), the Brazil-Mozambique Chamber of Commerce, the Mozambican Ministry of Agriculture and the Japanese International Cooperation Agency (JICA).

The Nacala Fund is a project to promote social, environmental and economic progress along the Nacala Development Corridor using the expertise of Brazilian agribusiness.

The fund is intertwined with ProSavana, which is the abbreviation for the Programme of Triangular Cooperation for Developing Agriculture in the Tropical Savannahs of Mozambique.

ProSavana will be developed in the north of the country, mostly along the railway line of the Nacala Development Corridor, and is intended to increase agricultural productivity, with a strong component of transfer of technology. Mozambique's partners in the programme are Brazil and Japan.

ProSavana covers about 700,000 hectares. It is based on a project that Japan implemented in Brazil in the 1970s, which revolutionized agricultural production in an area now regarded as the most productive in Brazil.

The first phase of ProSavana will train Mozambican producers in technologies made available by EMBRAPA, strengthen the capacity of Mozambique's Agricultural Research Institute (IIAM), and build and equip soil laboratories and other agricultural research centres.

In a related development, the Brazilian government has opened a credit line of \$97.59 million for Mozambique to purchase agricultural machinery and equipment made in Brazil. The credit is part of the Ministry of Agrarian Development's "More Food Programme" and will be supported by technical assistance.

The loans will come from the Foreign Trade Board (Camex), and will take the form of concessional loans to be paid off over seventeen years with a five year grace period and an interest rate of two per cent.

## Number of taxpayers to reach two million

Mozambique's Tax Authority expects to have two million registered taxpayers by the end of this year, up from 1,789,000 in 2011. This is 17 per cent of the workforce.

According to the chair of the Tax Authority, Rosario Fernandes, "our plan, as agreed by the Assembly of the Republic, is to raise 95.5 billion meticais (\$3.4 billion). That is an 18 per cent increase compared to last year when tax revenues raised 81.1 million meticais (\$2.9 billion)".

Fernandes stated that in 2011 the Tax Authority managed a tax ratio (tax collection compared to the national gross domestic product) of 21.8 per cent, which was the highest since the country's independence in 1975.

However, this tax ratio is still below the level of convergence of the Southern African Development Community (SADC), which is set at 25 per cent.

Raising more revenue from taxation is of growing importance because Mozambique's dependence on foreign aid has been declining in recent years.

According to the state budget for 2012, only 39.6 per cent of public expenditure will be covered by foreign grants and

loans, with 60.4 per cent of the budget met by domestic resources. In last year's budget 44.6 per cent of expenditure was to be covered by foreign aid, while in the 2010 budget the figure was 51.4 per cent.

The downward trend is expected to continue, in part due to the current financial crisis faced by most donor countries.

## Overweight trucks ruining roads

Overweight trucks are damaging the roads along the Beira and Nacala corridors, threatening the economic viability of agribusinesses that rely on the routes.

The issues of efficiency and logistical costs were the main focus of a study carried out by the United States Agency for International Development (USAID), which found that between 25 and 35 per cent of trucks using the corridors were overweight.

The report stated that despite both routes having weigh stations the problem persists because they are often not operational. It pointed out that the weigh station at the beginning of the Beira Corridor at Dondo was not in operation, although there are plans to fix it. Meanwhile, there are only two weigh stations in operation along the whole of the Nacala corridor, at Nacala and Nampula.

As a result of misuse and poor maintenance, several sections of road are in an unacceptable condition. The report highlights the 135 kilometre section between Beira and Inhope, the 192 kilometres between Milange and Mocuba, and the 748 kilometres from Nampula to Mandimba.

According to the document, the poor state of the roads contribute significantly to the high transport costs for goods to and from the ports of Nacala and Beira. For example, the cost of transport from Beira to Machipanda is \$5.96 per container per kilometre.

The purpose of the report is to identify the causes of poor performance in the ports and their corridors in order to share best practices from elsewhere to reduce delays.

The report considers the two corridors to have a huge potential for rapid economic growth. But they require investment in new infrastructure and the maintenance of existing facilities.

## Government to spend \$40 million on preschool education

Mozambique's Council of Ministers (Cabinet) on 26 June approved the Strategy for the Integrated Development of Preschool Age Children for 2012/21 along with a budget of \$40 million.

According to the Deputy Education Minister, Augusto Jone, the initiative is to give early educational stimulation to allow children to develop to their full potential.

Jone explained that this strategy will complement other on-going activities for the integration of children into schools, which have so far lacked the necessary coordination and complementarity between participants.

To implement the Strategy, the Ministry of Education will create opportunities for the participation of the private sector in preschool education with funds provided by the government.

"We will carry out a pilot phase in ten districts covering five provinces during the period 2012 – 2015", said Jone, adding that the government will set the rules for access to funding, including the terms of reimbursement.

The Strategy envisages the establishment of new nursery schools, with tenders being launched shortly. The first phase is due to start in 2013.

## Eurozone crisis threatens economy

The London based Overseas Development Institute (ODI) on 21 June warned that economies in Africa face a decline in investment, trade and aid as a result of the economic crisis in the eurozone.

According an analysis by the ODI, the developing world faces a loss in output of \$238 billion during 2012 and 2013 because of the deepening crisis in the euro area. It calculates that this will cause a drop of half a per cent in the growth in poor developing countries, with Mozambique one of the most at risk nations.

The report's author Dr Isabella Massa explained that "there are three broad ways in which the euro zone crisis will affect developing countries – through financial contagion, as a knock-on effect of fiscal consolidation in Europe to meet austerity needs, and through a drop in the value of currencies pegged to the euro".

The report found that "Mozambique is among the most vulnerable countries owing to its high dependence on euro zone trade flows and cross-border bank lending from European banks. It is also highly dependent on aid and has a significant fiscal deficit which has worsened since the global financial crisis".

The ODI expects EU aid to Mozambique to be largely static, and that "any future change in aid volume or modalities is more likely to be the result of ongoing policy re-orientations among donors or their concerns on governance and the implementation of the poverty reduction plan than a direct impact of the sovereign debt and banking crisis".

However, the ODI also states that Portugal has reduced its economic ties with Mozambique, which includes public investments.

On the other hand, the report states that Mozambique has achieved solid growth rates based on rising mining output and strong global demand for minerals, including aluminium. It expects the country's bilateral exchange rate with the South African rand to be stable.

The report highlights the fact that Mozambique is highly dependent on the European Union for trade, with 62.4 per cent of exports going to the euro zone in 2010.

Out of the forty countries covered in the report, Mozambique has the second highest vulnerability in terms of exports to the euro zone as a percentage of Gross Domestic Product – which in 2010 stood at over fourteen per cent (only Cote d'Ivoire had a higher percentage).

The report also warns that Mozambique might find that its banking sector is hit by problems in Portugal.

Mozambique's two largest banks, which account for sixty per cent of the banking sector's assets, are owned by the three major Portuguese financial institutions that experienced funding pressures through their exposure to European sovereign risks.

The report states that "even though it appears that Mozambican banks have generally remained resilient to the crisis, there is evidence that because of tight liquidity conditions and funding pressures from parent banks, they

were forced to reduce their risk taking and curtailed credit growth".

According to Dr Isabella Massa, "the escalation of the euro crisis and the fact that growth rates in emerging BRIC economies (Brazil, Russia, India and China), which have been the engine of the global recovery after the 2008–9 financial crisis, are now slowing down make the current situation really worrying for developing countries".

## Farmers welcome grain processing facility

On the eve of the official opening of the new grain processing factory in the town of Ulongue, in the western Mozambican province of Tete, farmers have expressed satisfaction at the price offered to them for their maize.

The Mozambican state has invested \$6.8 million in building the factory, which will be able to mill a hundred tonnes of grain per day.

The state owns 90 per cent of the shares in the Ulongue factory, which is in Angonia district. The other ten per cent are divided equally between the National Social Security Institute (INSS), the state insurance company EMOSE, and the publicly owned electricity and telecommunications companies, EDM and TDM.

The factory has already begun buying maize at a price of six meticaís a kilo, which is an improvement on the four meticaís offered by independent buyers.

According to the town's mayor, Armando Julio, "our district has great potential for agricultural production. Maize production has normally been sold for four meticaís per kilo, but the grain processing factory has brought in a new price structure.

The mayor pointed out that the factory will also process wheat, soya, beans and groundnuts.

In a recent interview with the newspaper "Diário de Mocambique", the provincial director of agriculture, Americo de Conceicao, said "the district of Angonia is a large producer of grains, which were processed outside the province in Manica province or in Malawi. The factory will add value because it will cut out the transport costs of a 1,400 kilometre round trip".

A local farmer, Antonio Bernardo, expressed his satisfaction at "the good government initiative", stating "I have two and a half hectares. I mainly grow maize and when I need money I sell part of my harvest. But it is the buyers who determine the price, although it is the peasants who suffer day and night with hoe in hand".

There are signs that the factory will stimulate more production. Fatima Eliseu said "it is good news for local farmers. With the new price, I think that next year I will increase the area under cultivation".

The factory will need to encourage production, not only in Angonia but in other districts in the province, so that it does not run out of raw materials.

The daily output of 100 tonnes of maize will produce 86 tonnes of flour and 14 tonnes of bran.

The production of animal feed will also reduce the dependence of Tete livestock farmers on imported feed.

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