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Natural resources benefit entire country – President Guebuza

President Armando Guebuza on 27 November took the example of the Cahora Bassa dam, in the western province of Tete, to show how natural resources should benefit the entire country, and not just those who live where the resources are found. Speaking at the town of Songo, during celebrations of the fifth anniversary of the passage of Hidroelectrica de Cahora Bassa, the company that runs the dam, into majority Mozambican ownership, President Guebuza said that Mozambican control of the dam had led to a great increase in the number of Mozambicans, throughout the country, who are benefitting from the power it produces.

The proof that Cahora Bassa does not benefit merely the people living in Songo or in Tete was that, since the change of ownership five years ago, 52 more districts have been connected to the national grid based on Cahora Bassa. The grid now covers 109 of the 128 district capitals, and the government plans to electrify the remaining capitals by 2014.

"The benefits of this strategic national asset are being enjoyed by an increasing number of citizens and of economic undertakings", declared the President. "What was a mirage, for almost all Mozambicans, five years ago, has been turning into a tangible reality in much of our country".

There was nothing accidental or haphazard about the expansion of the national grid, President Guebuza added, "because the managers of Cahora Bassa have taken on board our collective desire, as a people, to see the dam play a role of great relevance in driving forward the development of our beautiful Mozambique".

President Guebuza saw HCB as a catalyst of national unity, and proof that a resource located in one part of the country is a resource for all Mozambicans. Mozambicans throughout the country had been able to use Cahora Bassa power without ever setting eyes on Songo.

"Cahora Bassa should continue to draw Mozambicans together", he said, "and to play its role in strengthening our awareness of a common destiny".

"The most important thing is that Mozambicans should feel that this resource called Cahora Bassa belongs to Mozambicans, and feel they are the owners of the other resources of this country", he added.

President Guebuza pointed out that one of the beneficial results in the switch of ownership from Portuguese to Mozambican hands was a sharp increase in the amount of power from Cahora Bassa used in Mozambique. Prior to the ownership change, HCB only sold 300 megawatts to the Mozambican electricity distribution company, EDM. That figure has risen to 500 megawatts (out of a total maximum generating capacity of 2,075 megawatts), and HCB has become one of the main contributors to state revenue.

President Guebuza praised the competent and efficient way in which the current Mozambican managers are handling the dam. They had given the lie to those who had insinuated that Mozambicans could not run Cahora Bassa properly.

The management of HCB "fills us with pride", he said. The effectiveness of the Mozambican management was such that "the last three financial years have been years of record production in the 35 year history of the company".

"These results were achieved by Mozambicans, trained under the National Education System of our free and independent Mozambique", he stressed. "Over the last five years the number of foreign workers at HCB has been declining. In 2007, there were 35 foreigners, which was nine per cent of the total HCB staff. This year the number fell to 16, which is 3.2 per cent. Some of them have adopted Mozambique as the country of their hearts".

The ownership change in 2007 involved boosting Mozambican ownership of HCB from 18 to 85 per cent, and cutting the Portuguese participation from 82 to 15 per cent. Purchasing the Portuguese shares cost the Mozambican state $700 million, which was obtained as a loan from a Franco-Portuguese banking consortium. This loan was to be repaid out of HCB's profits, and to date the payments have been made regularly.

HCB sources in Songo told AIM that payments are being made faster than contractually required. The debt is to be paid off in ten years, but AIM's sources suggest that in fact, the debt will be cleared in eight years.

The challenge now is to expand capacity by building a second power station on the north bank of the Zambezi

"For us, it is a given that we will build Cahora Bassa-North", said one senior company source. "We shall do it as soon as we have paid off the debt, because then we can use money that is currently going towards debt servicing for the expansion of HCB".

"What we spend on the expansion, we shall soon recover", he added, "because there is a great demand for electricity both inside the country and in other countries of the SADC (Southern African Development Community) region. Because of the continual development of Mozambique and of the entire SADC region, we have a growing market".

President Guebuza calls for eliminations of AIDS taboo

President Armando Guebuza on 1 December called for close links between communities, political leaders and health units to eliminate the taboos and preconceptions associated with sexuality and sexually transmitted infections.

President Guebuza was speaking at the Matola-Rio administrative post, in the southern district of Boane, at ceremonies marking World AIDS Day.

He argued that overcoming taboos was essential in order to improve the results of the fight against HIV/AIDS. Only through coordinated work would it be possible to achieve a better response, in terms both of counselling and hospital care, and of sharing experiences.

The national survey of HIV prevalence, INSIDA, carried out in 2009 showed that 11.5 per cent of Mozambicans aged between 15 and 49 were HIV-positive. This means that more than 1.4 million Mozambicans are living with the disease.

"Unfortunately, our children are not exempt from contracting the disease", said President Guebuza. Since 2001, when the authorities began to pay particular attention to "vertical transmission" (whereby unborn children are infected by their mother) over 200,000 children have been infected.

However, there are now 1,063 health units offering services to prevent vertical transmission, and the President thought it made no sense that the country is still recording large numbers of children born with HIV.

"We cannot allow that something as precious as life is lost because of a phenomenon that is socially, morally and culturally controllable", said President Guebuza. "We cannot remain indifferent when the AIDS pandemic threatens social and economic stability, our sovereignty and state security".

Deaths from AIDS, he continued, carry with them investments made in human capital, they postpone dreams, they plunge families into mourning, and they expose orphaned children to greater vulnerability.

President Guebuza pointed out that the Political Declaration made by world leaders at the UN General Assembly High Level Meeting on AIDS in June 2011 set a target of no new HIC infections among children by 2015, while extending the lives of their mothers.

The Mozambican government had thus drawn up a plan to eliminate vertical transmission. Key to this was the offering of anti-retroviral treatment to all pregnant women, in the health units which provide ante-natal care, as soon as they are diagnosed as HIV-positive.

The theme for this year's World AIDS Day was "Getting to zero" – a reference to the target of ending the infection of children by HIV. President Guebuza stressed that it is quite possible to end mother-to-child transmission, with the collective commitment of all. The key target is that by 2015 at least 90 per cent of all eligible pregnant women should be receiving anti-retroviral treatment.

"The greatest challenge facing us is to keep patients in the programme, and reduce the number who drop out", he said. "This challenge will only be overcome with the involvement of everyone – government, civil society, private business, families, communities and their leaderships".

Also in the context of the World AIDS Day commemorations, Health Minister Alexandre Manguele gave the sombre news that AIDS has now overtaken malaria to become the leading cause of death among Mozambican adults. He said that about 40 per cent of hospital deaths are caused by HIV/AIDS.

For children, AIDS is now the second most important cause of deaths, responsible for 14 per cent of child deaths.

First stone laid for gas fired power station

The Mozambican publicly-owned electricity company EDM and the South African petro-chemical giant Sasol on 29 November laid the first stone for the construction of a new gas-fired power station at Ressano Garcia, on the Mozambique-South Africa border.

The Ressano Garcia Thermal Power Station (CTRG), powered by natural gas extracted by Sasol from the southern Mozambican province of Inhambane, will produce 175 megawatts of electricity.

Construction will cost $250 million. The CTRG is 51 per cent owned by EDM, and 49 per cent by SASOL. The power generated will be sold in Mozambique.

Addressing the ceremony, Mozambican Energy Minister Salvador Namburete said that CTRG should begin to generate power in May 2014.

This is the second gas-fired power station in Ressano Garcia. The first, inaugurated in July, was built by the Glasgow-based company Aggreko, and can generate 107 megawatts. Most of the production (92 megawatts) is being sold to Eskom, and the remaining 15 megawatts to EDM.

European Commission finances fight against hunger

The European Commission has granted Mozambique €67.3 million ($87.4 million) to reduce hunger and chronic malnutrition, in order to meet the Millennium Development Goals (MDGs).

The first of the MDGs, which were agreed at the United Nations Millennium Summit in 2000, is to eradicate extreme poverty and hunger. The specific targets are to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day, and to halve, over the same period, the proportion of people suffering from hunger.

The new programme supported by the European Commission seeks to improve agricultural and fisheries production, and to increase the access to food of vulnerable groups, particularly women and children.

According to the European Commissioner for Development, Andris Piebalgs, "food security lies at the heart of development. Hungry people lack the energy to take care of their families, work or go to school. Malnutrition has disastrous and irreversible effects on the physical and mental development of children, which hampers their potential. With today's funding we show that we stand side by side with the people of Mozambique in fighting hunger and poverty".

The goals of the new European funding include improving production of smallholder farmers and fishermen, for example by providing greater access to inputs such as seeds, fertiliser or tools. Other measures aim at reducing post-harvest losses, promoting home gardens for women and vaccinating chickens (to reduce the alarming mortality rate).

The project will also improve links with markets or buyers by investing in small-scale infrastructure that is currently lacking (e.g. storage), rural roads, information systems and electrification of markets, as well as supporting farmers' organisations.

Mozambique is the largest beneficiary of the European Commission's "MDG Initiative. This programme will be operated by the United Nations Food and Agriculture Organisation (FAO), the World Food Programme (WFP), and the International Fund for Agricultural Development (IFAD). The Food and Nutritional Security Technical Secretariat within the Agriculture Ministry (SETSAN) will monitor the programme and report on its results.

Assembly passes competition bill

The Mozambican parliament, the Assembly of the Republic, on 29 November unanimously passed the first reading of a government bill on regulating competition.

The bill outlaws anti-competitive practices. Thus companies are forbidden to form price-fixing rings or take other measures that “hinder, falsify or restrict competition in all or part of the national market”.

Companies operating in the same type of business may not, for example, share out clients, suppliers or territory between them, and they may not limit or hinder access of new companies to the market. They may not agree among themselves in order to obtain advantages or influence the outcome of public tenders for the supply of goods or services.

Companies must not, without good cause, refuse to sell their goods or services, and must not make commercial relations dependent on the acceptance of unjustifiable or anti-competitive clauses and conditions. They must not make the purchase of one item dependent on buying another.

Companies with a dominant market position must not abuse it by taking measures to hinder potential competitors. They must not oblige suppliers or consumers not to enter into normal trade relations with competitors.

Dumping is also banned – companies may not unjustifiably sell or import goods at below cost price.

A regulatory body (not yet named) will enforce respect for the rules of competition. The bill states that this will be an independent and impartial body, whose members cannot be sacked before their term of office expires.

However, the bill does not state exactly how this regulatory body is to be formed. Parliamentary deputies from the ruling Frelimo Party urged that it should contain representatives of private business and of NGOs that defend consumers’ rights.

Companies may apply to the regulatory body for exemption from the ban on anti-competitive practices if they can show that this will reduce prices for consumers, promote exports, speed up economic development, or encourage technological development and innovation. The regulator will then determine whether to grant the exemption, for how long, and under what conditions.

The bill establishes that anti-competitive practices may be punished with a fine of up to five per cent of the company’s turnover in the previous financial year. Companies found guilty of anti-competitive practices may be excluded from public tenders for five years. Other sanctions may include splitting the company in two, or ordering it to cease part of its activity.

Introducing the bill, the Minister of Industry and Trade, Armando Inroga, described rules on competition as fundamental “for safeguarding the rights of consumers and promoting small and medium companies”.

A law on competition, he continued, “will ensure the implementation of good commercial practices, promote and defend free and effective competition compatible with a market economy, and discourage restrictive practices”.

Inroga claimed that the law will “increase efficiency in production, improve the supply and distribution of goods and services, and promote innovation and better quality”.

38 per cent of Mozambicans have electricity

Currently 38 per cent of the Mozambican population have electricity in their homes, as compared with just seven per cent in 2004, according to the Minister of Energy, Salvador Namburete.

Speaking on 22 November in the Assembly of the Republic, Namburete said that this electricity coverage is above the average figure for sub-Saharan Africa, of 30.5 per cent, and puts Mozambique in third position among the countries of the Southern African Development Community (SADC), behind Mauritius and South Africa.

Nine million Mozambicans have electricity – six million from the national grid based on the Cahora Bassa dam, and three million from solar panels.

Namburete was answering a question from the parliamentary group of the Mozambique Democratic Movement (MDM), which protested against the alleged high price and poor quality of Mozambican electricity.

He said that the tariff policy practiced by the public electricity company, EDM, had been designed to ensure that funds are available to step up rural electrification, to increase access to electricity for an ever larger number of Mozambicans, and to ensure that undertakings dependent on electricity would be economically and financially viable.

He stressed that EDM charges the same price for electricity everywhere in the country. This was a cross-subsidy, whereby the income that EDM raises in profitable areas (such as the major cities) is redistributed to the unprofitable areas, “thus ensuring the simultaneous electrification of the entire country, in order to stimulate more integrated and balanced development”.

Namburete said that the electricity grid now covers 109 of the 128 district capitals. The latest district to be electrified is Mabote, in Inhambane province, where tests on the new electrical installations are currently being carried out. The remaining 19 district capitals should be electrified by 2014.

As for improving the quality of electricity, Namburete stressed that, over the last seven years, more than 57,000 kilometres of transmission lines had been built. EDM was also providing back-up power lines – building second lines “to guarantee safety, reliability, quality, and continuity in the supply of electrical power if one of them should break down”.

Twelve new sub-stations had been built, and the capacity of the Maputo sub-station had been increased. EDM was also introducing split meters – which are electricity meters that cannot be hacked into for clandestine connections.

A wide variety of new electricity generating projects were on the drawing board, said Namburete, “which will contribute to increasing the availability, stability and reliability of electrical power”.

The entire programme for improving the quality of electricity throughout the country, including the training of EDM staff, particularly in preventive maintenance, is costed at more than $2.7 billion.

On top of that, said the Minister, EDM is losing about $12 million a year through the theft of electricity in illegal connections to the grid, and through vandalism of electrical equipment (usually to steal metallic cables and parts).

Private sector to invest $1.2 billion in Nacala Corridor

The Mozambican authorities have approved private sector projects budgeted at $1.2 billion to be implemented in the Nacala Corridor, in the north of the country, according to Danilo Nala, general director of the Office for the Accelerated Development Economic Zones (GAZEDA).

At the same time, $500 million have been mobilised for the public sector, including the rehabilitation of the Nacala dam, and of the city's water supply system, its electricity supply and its telecommunications, creating 7,000 jobs.

Nala said that the development strategy of the corridor for the period 2013-2017, defines, as the central area, investment in agriculture to guarantee the coexistence of large and small scale agriculture, through a mechanism of mutual support.

He added that the transport of merchandise "will be solved through three large projects to be implemented in the area – namely the construction of Nacala International Airport, the rehabilitation of the port of Nacala, and the conclusion of rehabilitating the roads and railways".

Studies undertaken by the government, in partnership with the Japanese International Cooperation Agency (JICA), indicate that the government should support small farmers so that they can draw greater advantage from improved access to markets and to technology, through cooperation with the growing foreign investment in the sector.

The studies stress the importance of an operational system for transporting agricultural and other merchandise, and of rehabilitating the electricity transmission lines so that Nacala and Nampula cities can receive good quality electrical power.

The studies also recommend an integrated approach to attract investment to the agricultural sector, in response to the increased demand for fresh vegetables to feed workers on the gigantic coal and natural gas projects in the north and centre of the country.

Pro-Savana investment projects approved

The Fund for the Pro-Savana Development Initiative has approved its first package of financing for companies operating in the agro-business value chain in the Nacala Corridor in northern Mozambique

Pro-Savana is a triangular development programme between the Mozambican Ministry of Agriculture, the Brazilian Cooperation Agency (ABC), and the Japanese International Cooperation Agency (JICA) aimed at the agricultural and rural development of areas along the Nacala Corridor (which runs from the port of Nacala across Nampula and Niassa provinces to landlocked Malawi).

The fund was launched in September by the Ministry of Agriculture and the Mozambican investment company Gapi, with the support of JICA. According to Gapi, the first package budgeted at 11.5 million meticais ($383,000), will benefit five companies whose investments will have a direct impact on the access of small producers to new markets and technologies.

The companies concerned are Lozane Farms of Alto-Molocue (in Zambezia province), IKURU, the Orwera Seed Company, Matharia Empreendimentos and Santos Agricola, which are all active in various parts of Nampula. The projects of these companies that have now been approved must be implemented within three years.

The loans granted to these companies by Gapi carry a maximum interest rate of ten per cent, with no other commissions – a much lower rate than could be obtained from any Mozambican commercial bank.

The projects now approved, apart from benefitting the companies themselves, will induce direct gains for around 2,000 small producers with whom the companies will establish contractual obligations for mutual provision and exchange of goods and services.

The five companies propose to produce improved seeds, and various cash crops include soya, beans, vegetables, sesame, groundnuts and sorghum.

The Fund was subscribed in September in Nampula, and its objective is to test models of investment and financing for small agro-business companies in the Nacala Corridor. The initial contributions to the fund were 22 million meticais, and it will shortly be open to receiving further contributions.

Germany pledges further aid

The German government has pledged a further €80 million ($103 million) in aid to Mozambique for the period 2013-2014.

The sum was agreed at bilateral negotiations between Mozambique and Germany in Maputo and will be channelled to basic education and technical-professional education; decentralisation for rural development; and sustainable economic development.

Germany will also continue to grant direct support to the Mozambican state budget for the next two years, if the conditions and basic principles of budget support are fulfilled, and if the agreed targets have been reached.

During the negotiations €5 million of German aid was pledged in budget support for 2013, and the German side said it was willing to provide a further $15 million in instalments over the two year period if progress is shown in good governance.

A further €8 million will be provided to support the Administrative Tribunal (the body that oversees the legality of state expenditure), the Mozambican Tax Authority (AT), the country's parliament, the Assembly of the Republic, and the Mozambican media.

Germany has also pledged €3.5 million for a new technical cooperation programme in the area of mineral resource governance and management.

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

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