

Mozambique News Agency

AIM Reports

Report no.462, 20th March 2013



President Guebuza: Mozambique - land of opportunities

Mozambican President Armando Guebuza on 19 March told businessmen in Ras Al Khaimah, one of the United Arab Emirates (UAE), that Mozambique is a land of opportunities, where businesses can invest and obtain the desired return. The President made his comments at a meeting with leading businessmen, also attended by Sheikh Saud Bin Saqr al Qasimi.

President Guebuza, winding up a four day working visit to the UAE, said that Mozambicans are willing to work with the Emirates in areas such as infrastructures, the exploitation of coal and natural gas reserves, tourism and agriculture.

In response, Al Qasimi promised to send a business mission from Ras Al Khaimah to Mozambique.

There is already very substantial UAE interest in Mozambique. According to the statistics from the government's Investment Promotion Centre (CPI), the UAE was the largest investor in 2012, with 20 projects approved with a total value of \$309.14 million.

This was a sharp rise on the figure for 2011. Then the UAE was in seventh position, behind China, South Africa, Portugal, Mauritius, the United States, and Britain. Then the total value of the approved projects from the UAE was no more than \$30 million.

The CPI director, Lourenco Sambo, told reporters that the 20 projects approved in 2012 are in industry, tourism and hotels, transport and communications, construction, and service. Between them these projects are expected to employ about 6,400 Mozambicans.

The largest slice of the investment is the UAE participation in the construction of the new railway from the Moatize coal basin, in Tete province, through southern Malawi, to a new coal terminal at Nacala-a-Velha, on the other side of the bay from the existing port of Nacala.

The railway will be owned by Brazilian mining company Vale, but according to Sambo funds comes from the UAE.

Other projects funded by UAE money are in tourism and agriculture. Arab countries, Sambo pointed out, are investing heavily in agriculture because of the aridity of their soils. "They are making enormous investments in advanced technologies, and Mozambique must take advantage of this", he stressed.

Among the projects Mozambique has presented to the UAE are plans for new hotel and tourism complexes.

"We have to think about accommodation and leisure", said Sambo. "There are cases where foreigners involved in exploring for gas in the Rovuma Basin fly to Mauritius every weekend, because there are no leisure facilities in Cabo Delgado (the northern province where the gas is located) that meet their requirements".

President Guebuza thanks Australia for past assistance

President Armando Guebuza on 11 March praised Australia for the assistance it gave Mozambique in the 1970s to mitigate the impact of United Nations sanctions against the illegal regime of Ian Smith, in what was known as Rhodesia.

President Guebuza was speaking in Sydney, during a meeting with the group of businessmen who were accompanying him on the five day state visit to Australia.

"Australia has a very strong political relationship with us, and this has gone unnoticed by many people", he said.

He pointed out that now large Australian companies are investing in Australia, such as BHP-Billiton, which is the largest shareholder in the Mozal aluminium smelter, on the outskirts of Maputo, and the mining company Rio Tinto, which is operating an open cast coal mine at Benga.

President Guebuza added that he hopes to see Australian concerns invest in Mozambican agriculture, too.

"We are here to tell the Australians thank you very much for all your help", he concluded, "and to say we think we can do much more together. One of the things we can do is cement this friendship, and the way of cementing our friendship is to have more Australian investments in Mozambique".

On 14 March Mozambique and Australia signed a partnership agreement on mining development in the Australian capital, Canberra.

The agreement was signed by Mozambican Foreign Minister Oldemiro Baloi and the secretary for foreign affairs of the Australian parliament, Richard Marles, at a ceremony witnessed by President Armando Guebuza and Australian Prime Minister Julia Gillard.

Baloi explained that the agreement is aimed at developing the mining sector, and one of its essential components is institutional capacity building and the training.

In a joint communiqué issued in Canberra, the two countries expressed their satisfaction at the growing ties between Mozambique and Australia, including in international matters that concern both of them, such as climate change and food security.

Prime Minister sums up debate on floods

Prime Minister Alberto Vaquina on 15 March declared that the main reason Mozambicans are so vulnerable to national disasters is poverty.

Winding up a debate on the floods crisis of January and February in the Mozambican parliament, the Assembly of the Republic, Vaquina insisted that to deal with disasters, poverty reduction must remain a government priority.

He agreed with opposition deputies that the solution to flooding could not be simply the resettlement of those affected, but must include the construction of protective infrastructures, such as dams and dikes, and reservoirs for water storage.

But such solutions would have to come in stages, given Mozambique's shortage of money. Thus studies on a dam at Mapai, in Gaza province, which could control flooding in the Limpopo valley, showed that it would cost \$600 million, which the country does not have available.

"We cannot solve all of Mozambique's problems at once", said Vaquina. A pre-requisite, however, was that "we must work together for the development of the country in peace and stability, and this depends on all of us".

The immediate post-flood priorities, he continued, were to repair damaged roads and railways, ensure supplies of seeds and other agricultural inputs for the second sowings, and to guarantee health, education and water supply services for those affected.

He pointed out that past resettlement schemes have been highly successful. After floods in 2007 and 2008, there was large scale resettlement of people living in the Zambezi, Buzi and Pungoe valleys in central Mozambique. They had been relocated from flood-prone areas to higher ground – and as a result none of these people suffered from this year's flooding.

Details of flood damage

The total number of recorded deaths in the current Mozambican rainy season, from October to the present, is 117 according to the Minister for State Administration, Carmelita Namashalua.

Speaking in the Assembly of the Republic on 14 March, Namashalua said that 50 of the deaths were by drowning, 39 were caused by lightning (including people burnt to death when their houses were struck by lightning), and 27 by high winds when houses, trees or electricity pylons were knocked down. One person was killed by a crocodile.

According to the government's statistics, 478,892 people were affected by the floods and torrential rains. At the height of the floods crisis, in February, 172,479 of these people were sheltered in 62 accommodation centres.

Namashalua added that the disasters destroyed 5,139 houses, and damaged a further 8,456. The floods affected 274,330 hectares of various crops, of which 215,044 hectares were completely lost.

As for livestock, the losses were 1,500 head of cattle, 5,000 goats, 3,500 pigs and 12,500 chickens and ducks.

Damage was done to irrigation systems, drainage channels, protective dykes and seed production fields in the two worst hit provinces, Gaza and Zambezia. Among the equipment lost were 62 tractors, six combine harvester, 111 hand pumps and 30 electrical pumps.

The education service also suffered severe losses. 567 schools were affected by the floods and storms, and in them 1,456 classrooms were destroyed or damaged. Namashalua said that 176,162 pupils and 3,340 teachers were directly affected.

27 health units were affected, including four district hospitals. X-ray machines, sterilization material and assorted laboratory equipment were destroyed.

On the positive side, health posts were set up in the accommodation centres, and mobile health brigades visited areas isolated by the floods. By 5 March, the health posts had attended to 25,818 patients. The most frequent illnesses treated were malaria (6,113 cases), acute respiratory infections (4,767) and diarrhoeal diseases (3,740).

Namashalua said that, in the light of the flood damage, the government would have to reshape its Economic and Social Plan for 2013. The Contingency Plan budget has been exhausted, and, since the rainy season is not yet over, the government has committed a further 100 million meticaís (\$3.32 million).

For the reconstruction phase, she added, about \$322 million will be needed – \$309 million for the public sector and \$13 million for the private sector. This amount will cover repairing or rebuilding schools, health units, roads, bridges, water supply sources, as well as food aid and resettlement.

Mega-projects hire hundreds of Mozambican companies

There are now 471 small and medium Mozambican companies who have contracts to supply goods and services to the country's mega-projects (such as the Mozal aluminium smelter, the natural gas treatment plant run by the South African petro-chemical giant Sasol, and the open cast coal mines operated by Vale of Brazil and the Anglo-Australian company, Rio Tinto).

A further 100 SMEs are occasional suppliers to the mega-projects, according to data provided at a meeting of the Coordinating Council of the Ministry of Planning and Development.

The income from supplies to the mega-projects rose from \$45 million in 2002 to \$350 million in 2011. The Ministry regards this figure as unsatisfactory, since the mega-projects still have to turn to foreign suppliers to meet many of their needs, given the inability of Mozambican companies to meet their demands.

According to the Minister of Planning and Development, Aiuba Cuereña, 378 investment projects were approved in 2012, for a total investment of \$4.8 billion. If all these projects were to come to fruition, they would create over 32,000 new jobs.

About \$2 billion of this proposed investment is concentrated in 22 projects to be undertaken in the Nacala Special Economic Zone. But these 22 projects will only create about 6,000 new jobs.

The meeting indicated that among the challenges facing the Mozambican economy are a poor business environment and the high interest rates charged by the commercial banks.

Antonio Cruz, a senior official in the Ministry, said that in order to lower the cost of investment a strategy to develop the financial sector has been drawn up which should be approved later this year. Specific measures to improve the business environment include guarantee funds from Denmark to benefit business activities.

Although the central bank repeatedly cut its own interest rates last year, the commercial banks have been slow to follow suit. The Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) currently stands at 9.5 per cent. But the average interest rate charged by the commercial banks is more than twice this figure, and in January was 19.83 per cent.

CNE announces election calendar

Candidates for this year's Mozambican municipal elections must present their nomination papers between 7 August and 6 September, according to the electoral calendar announced by the National Elections Commission (CNE) in Maputo on 18 March.

The CNE will check the validity of the nomination papers between 8 August and 23 September, and the lists of candidates accepted and rejected will be posted between 24 September and 3 October.

There is still a period for candidates to appeal against exclusion from the lists, but the definitive lists must be posted by 17 October.

By 31 October, all candidates who wish to appoint polling station monitors must submit their names so that they can be accredited by the relevant provincial, district or city election commission.

The local elections commissions must announce the results within three days of the close of polls – that is, by 23 November. The CNE must confirm the results by 5 December. That is not the end of the story, however, since the possibility still remains for candidates to appeal against the results to the Constitutional Council, the country's highest body in matters of constitutional and electoral law.

CNE Chairperson Joao Leopoldo da Costa urged civil society to play its role in choosing members of the provincial, district and city elections commissions. The provincial commissions should be in place by 27 April, and the district and city commissions by 27 May.

Under the electoral legislation approved in December, each of these commissions has 11 members. Six are appointed by the parliamentary political parties – three by the ruling Frelimo Party, two by the main opposition force, Renamo, and one by the Mozambique Democratic Movement (MDM).

The other five members are drawn from civil society bodies. Legally recognised civil society bodies must submit candidates for the provincial commissions to the CNE, and candidates for the district and city bodies to the provincial commissions.

Costa urged civil society to select candidates of "recognised moral and professional merit", who must then carry out their tasks with "independence, objectivity, impartiality and competence".

Civil society organisations "are contributing to achieving the rights of citizens, and to raising individual and collective awareness in the compliance of civic duties", he said.

Felisberto Naife, the general director of the Electoral Administration Technical Secretariat (STAE), the electoral branch of the civil service, told reporters he is confident that the electoral calendar announced by the CNE can be carried out in full.

The state budget this year envisages expenditure of 847 million meticais (\$28 million) on the municipal elections, including the voter registration to be held in all municipalities between 25 May and 23 July.

Election threats from Renamo officials

An official of Mozambique's main opposition party, Renamo, has threatened that Renamo will not only boycott the municipal elections scheduled for 20 November, but will make it impossible for them to be held.

Cited in the Nampula electronic newssheet "Wamphula Fax" on 18 March, the Renamo Nacala Port district delegate, Benjamin Cortes, promised that Renamo will undermine the

entire electoral procedure, and that it will start by sabotaging the voter registration due to start on 25 May.

"There were never fair and transparent elections here in Nacala", he claimed. "We have just witnessed farces in which Frelimo was the protagonist, using the electoral bodies to manipulate the result".

Cortes also accused Frelimo of bussing in citizens who are not citizens of Nacala to swell the ranks of Frelimo voters. He alleged that people are transported from Nacala-a-Velha, Mossuril, Mozambique Island and Monapo to register and to vote.

The call for a boycott has divided Renamo in Nacala, where some members wanted to try and regain control of the municipality. Influential Renamo figures in Nacala are reportedly leaving the party because of the boycott policy.

Cortes brushed this aside, and claimed that Renamo is stronger than ever in Nacala. He even boasted that Frelimo members are secret Renamo sympathizers. "Most of them have Frelimo cards to keep their jobs, but ideologically they're with Renamo", he said.

World Bank loan for agricultural productivity

The World Bank's Board of Executive Directors has approved a loan of \$89.4 million from the Bank's soft loan facility, the International Development Association (IDA), to support the governments of Mozambique, Malawi and Zambia in their efforts to boost food security and farm productivity.

In addition, the World Bank's Agricultural Productivity Programme for Southern Africa will grant \$600,000 to the Botswana-based Centre for Coordination of Agricultural Research and Development for Southern Africa.

According to the World Bank, the project's objective is "to increase the availability of improved agricultural technologies in participating countries in the SADC region".

It will establish a Regional Centres of Leadership to allow "regional specialization around priority farming systems and more strategic investments in agricultural research capacity". These Centres will deal in particular with such staples as maize (Malawi), rice (Mozambique), and legumes (Zambia). The project will also support regional collaboration in agricultural research, technology dissemination, and training. At least 30 per cent of targeted farmers will be women.

"Like in most of the continent, agricultural productivity is far below potential in Mozambique," said the World Bank country director for Mozambique, Laurence Clarke. "I'm pleased that we are supporting actions such as technology transfer that will directly impact on the food crops sub-sector, which in turn affects the performance of the agricultural sector overall, as well as incomes and poverty levels throughout the entire economy".

One of the team leaders for the project, Aniceto Bila, said "Agricultural productivity is one of the main priorities of the Agriculture Development Strategy (PEDSA) in Mozambique. The project will, among other things, focus on rice productivity through improved research in the country. It will also support the construction of a regional centre for research in Namacurra, Zambezia province."

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

Deputies affected by Public Probity Law resign

About 30 parliamentary deputies of Mozambique's Frelimo Party, who were in a situation of conflict of interest, as defined by the new Law on Public Probity, have either resigned from the Mozambican parliament, the Assembly of the Republic, or have given up their positions in companies owned by the state, or in which the state has a holding.

The article in the law that has aroused most interest bars all holders of public office from receiving wages or fees from other public institutions or companies. The law lists the officials concerned and they range from the President of the Republic down to village headmen. They include all ministers, deputy ministers, provincial governors, district administrators, mayors and municipal councillors, as well as parliamentary deputies.

The law took effect on 15 November. As from that date, no parliamentary deputy was entitled to draw remuneration from other public bodies (except for teaching duties, intellectual property rights or pensions from jobs held in the past).

But it is only now, that most of the Frelimo deputies concerned have made their choice, which was announced to a meeting of the Frelimo parliamentary group in Maputo on 11 March.

Three of the deputies opted to leave the Assembly to pursue their business interests full time. They include former Prime Minister Luisa Diogo, who is chairperson of the board of Barclays-Mozambique, and Manuel Tome, who is a former Frelimo general secretary. He remains a non-executive member of the board of Hidroelectrica de Cahora Bassa (HCB), the company that runs the Cahora Bassa dam on the Zambezi.

The third deputy to resign from parliament is Tomas Mandlate, a former governor of Tete province. He is chairperson of the board of the export terminal of the northern port of Nacala.

Other Frelimo deputies have obeyed the Law on Public Probity by abandoning their company positions. They include Teodoro Waty (chair of the Assembly's Legal and Constitutional Affairs Commission), who gives up his post as chairperson of Mozambique Airlines (LAM), the leader of the Frelimo group, Margarida Talapa, who will no longer sit on the board of the publicly-owned cell phone company, M-Cel, and two members of the Assembly's Standing Commission, Mateus Katupha and Edson Macuacua. Katupha leaves the state fuel company, Petromoc, where he had been chairperson of the board, and Macuacua will no longer sit on the board of the National Tourism Institute.

The list of deputies who have resigned their company positions also includes Isidora Faztudo (Chairperson of the brewing company Cervejas de Mocambique), and Casimiro Huate (Chairperson of the National Environment Fund, among others).

They follow in the footsteps of deputies Luciano de Castro (chairperson of the National Roads Administration, ANE), and Agostinho Vuma (a member of the ANE board), who submitted letters of resignation from their ANE positions in December.

New power capacity to be installed at Ressano Garcia

The British company Aggreko has signed an agreement with the Mozambican electricity company EDM and the Namibian utility NamPower to provide 122 megawatts of electricity from newly installed capacity to be built at Ressano Garcia on the Mozambican border with South Africa.

EDM will receive 32 megawatts whilst NamPower will receive 90 megawatts.

The agreement builds upon the 110 megawatts power station opened by Aggreko at Ressano Garcia in July last year, using natural gas from the Pande and Temane fields in Inhambane province. Under the first agreement Aggreko provides 15 megawatts to EDM with the remaining power being sent to Eskom in South Africa.

The additional 122 megawatts of power is scheduled to be available in the second quarter of 2013, using gas supplied by the Matola Gas Company.

The power will be transmitted more than 1,500 kilometres to Namibia over the networks of EDM and Eskom.

According to Aggreko's Chief Executive, Rupert Soames, "this new project will make Ressano Garcia the world's largest cross-border interim power plant, with over 232 MW of gas-fuelled power generation".

He added "the fact that three national utilities are collaborating to support each other's energy requirements is testament to the benefit of working together for the common good".

South Korean company to install solar power stations

The South Korean company Hyosung announced on 11 March that it is to install solar power stations in Mozambique to generate 1.3 megawatts of electricity.

The contract is with the Mozambican government's Energy Fund (FUNAE) and is worth \$32 million.

A further contract has been signed with the publicly owned electricity company, EDM, under which Hyosung will receive \$53 million for providing infrastructure.

Finance for the projects will come through the South Korean Eximbank's Economic Development Cooperation Fund.

The 400 to 500 kilowatt photovoltaic power stations will be located at Muembe, Mavago and Mecula in the northern province of Niassa. They will provide electricity for 2,000 homes, a dozen schools and three health centres, and should be installed and operational by the end of next year.

The company's announcement follows the signing of a memorandum on 1 February in Maputo by Mozambique's Minister of Energy, Salvador Namburete, FUNAE, and the consortium of Hyosung and Daewoo.

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.