

Mozambique News Agency

AIM Reports

Report no.477, 7th January 2014



President Guebuza calls for consolidation of peace

President Armando Guebuza declared in his New Year message to the nation that “from every corner of our country, the clamour is for the consolidation of peace”.

From everywhere in Mozambique, he added, “we hear the reaffirmation that it is through dialogue that consensus is built so that we can continue to construct our beautiful Mozambique. And it is in the certainty that peace creates marvels for all of us that we shall continue to promote dialogue with all the living forces in Mozambican society”.

President Guebuza made no specific mention of the attacks and ambushes staged by gunmen of Renamo in the central province of Sofala, but insisted, “I remain available to meet with the leader of Renamo (Afonso Dhlakama) in Maputo for dialogue”.

“Let nothing prevent Mozambicans from living in freedom and peace”, he urged. “Let nothing prevent Mozambicans from enjoying their constitutional rights, including the right to freedom of movement”.

President Guebuza declared that Mozambicans had achieved much in 2013. “We reaffirmed the centrality of national unity, peace and multi-party democracy in the consolidation of the Mozambican nation”, he said. “We remained committed to promoting the culture of hard work, reaffirming, in words and in deeds, that it is up to us Mozambicans to lead the fight against poverty and for our well-being”.

“Thanks to our commitment, Mozambique continued to change for the better in 2013”, he said. Collective gains had been made which “have substantially reduced the expressions of poverty and have improved our living conditions”.

Eusebio a source of inspiration and joy

President Armando Guebuza has described the footballer Eusebio da Silva Ferreira, who died in Lisbon on 5 January at the age of 71 as “a true source of inspiration and of joy for millions of Mozambicans and for citizens across the world”.

In a message of condolences, addressed to Eusebio’s family, and all his friends and fans, President Guebuza

said the news of his death was “sad and shocking because it has taken from us a man who, for decades, played football with elegance, grace and skill”.

Known as “the black panther”, Eusebio had projected the name of Mozambique “on a planetary scale. At the same time, he showed that, with self-esteem, determination, creativity and much hard work, we Mozambicans can achieve our dreams and can transform challenges into opportunities”, declared the President.

Eusebio was born into a poor family, in the Maputo neighbourhood of Mafalala, on 25 January 1942. As a child he played football barefoot, on improvised dirt pitches and with balls made out of rags.

He played in an amateur team known as “Os Brasileiros” (“The Brazilians”) and then for Sporting Club of Lourenco Marques (as Maputo was then known). He was talent spotted by the Lisbon club Benfica, and moved to Portugal in 1960.

Eusebio was perhaps the most talented of several Mozambican players recruited by Portuguese clubs and who took Portuguese football from international obscurity to victory on the European and international stage.

In the 1966 World Cup in England, Eusebio took Portugal to third position. He was the top scorer in that championship. He played for the Portuguese national team on 64 occasions, scoring 41 goals.

He was Benfica’s top scorer ever, with 638 goals scored in 614 official games.

Former Mozambican President Joaquim Chissano recalled that he had known Eusebio as a child. He told “A Bola”, the leading Portuguese sports paper, “I have lost a friend. When we were young we played together, we played football together. He was almost family”.

“Eusebio was a source of pride for the Mozambican people”, Chissano declared. “He was an ambassador for Mozambique”.

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

Renamo reactivates Inhambane military base

Mozambique's former rebel movement, Renamo, has reactivated its main base in the southern province of Inhambane, located at Nhamunde, in the locality of Pembe, in Homoine district, according to a report in "Mediafax" on 6 January.

The "Mediafax" sources put the Renamo unit at between 70 and 100 men, some of them carrying AK-47 assault rifles. So far, they had not harmed anyone and had used their own money to buy food and cigarettes from informal traders.

The Renamo members, the paper reported are not from Homoine, or from anywhere else in Inhambane. They do not speak the local languages. Residents told "Mediafax" that, apart from the official language, Portuguese, they had only heard them speak Ndau and Sena. These are the main languages spoken in the central province of Sofala, which seems to confirm that this group had been sent southwards from the Renamo bases in Sofala.

Members of the group said they had come to undertake unspecified "political work". This appears to refer to Renamo plans to sabotage the voter registration due to begin later this month, which is a necessary step ahead of the presidential and parliamentary elections scheduled for 15 October.

Renamo mounts ambushes

Renamo gunmen launched ambushes on New Year's Eve and New Year's Day on vehicles travelling along Mozambique's main north-south highway, in Sofala province.

According to a local parish priest, Jose Luis, the attacks near the small town of Muxungue, did not result in any fatalities. The most dangerous part of the road is the 100 kilometre stretch between the Save River and Muxungue.

Five people were injured, and were treated at the Muxungue Rural Hospital. According to hospital sources, none of them were seriously injured.

Renamo also dug a second trench in the road, which slows down the convoys. The first trench was dug across the road in November, obliging the armed forces (FADM) to station troops there to protect vehicles from attack as they negotiate the damaged part of the road.

Digging trenches across the road was a tactic used by Renamo during the war of destabilisation, and was part of the reason why no vehicles could drive from Maputo to Beira for more than a decade.

Torrential rains cause misery in Beira

Thousands of families in low-lying parts of the central city of Beira have been severely affected by torrential rain.

According to the daily newspaper "Noticias", the worst hit neighbourhoods are Ndunda, Vaz, Munhava and Chota.

The forecast is for continued rain, and the authorities urged people to take "precautionary measures".

Representatives of Beira Municipal Council began visiting the affected areas on 1 January.

Some of those living in the flooded areas blame new buildings that have blocked drainage channels. Carlota Muneta, a resident of Munhava, told reporters "we residents are to blame when we build on top of the drainage channels. The result is this. We can't sleep in our own houses".

Not everyone blames the residents. One man interviewed by "Noticias", Cardoso Simango, blamed the municipal authorities for tolerating buildings that obstruct the drainage.

"What happens is that the municipality watches passively as people do whatever they like", he complained.

Rehabilitation of Sena line continues

The rehabilitation of critical stretches of the Sena railway line, linking the Moatize coal basin to the port of Beira, has been concluded.

The publicly owned ports and rail company, CFM, undertook the work to ensure there would be no repetition this rainy season of what happened in February 2013, when flooding on the Zambezi River washed away ballast on part of the Sena line, interrupting rail traffic.

This was a serious blow to the coal mining companies Vale and Rio Tinto, who accounted for most of the cargo on the 12 trains a day then using the line. Coal exports were interrupted for three weeks.

CFM is determined that the same thing should not happen this year. At three points along the most vulnerable stretch of the Sena line, new drainage pipes have been installed to ensure that storm waters are channelled away from the tracks. The base on which the rails rest has been strengthened, and all the ditches running alongside the line have been cleaned.

CFM has put in place teams to permanently monitor the line, particularly between the Zambezi to Moatize.

Sancho Junior, director of the Sena Line Reconstruction Brigade said that heavy equipment is available to open more drainage ditches, and will be operating in the critical area until late February.

Meanwhile, work is under way to increase the capacity of the Sena line from the current 6.5 million tonnes a year to 20 million tonnes a year by February 2015. The work is intended to raise the maximum length of goods trains from 42 wagons pulled by two locomotives to 100 wagons pulled by six locomotives.

The contract for these improvements was won by the Portuguese companies Mota Engil and the Visabeira group, which plan to spend €162.7 million (about US\$223 million) on the improvements.

However, plans to raise coal exports to 100 million tonnes a year mean that alternatives to the Sena Line are required. Vale hopes to free itself from dependence on the Sena line by building a new railway across southern Malawi that will connect with Mozambique's existing northern line, and carry the coal to the port of Nacala.

A second new line will be built from Moatize to Macuse on the coast of Zambezi province where a new mineral port will be installed.

Long prison terms for corruption

The Niassa provincial court, sitting in the northern city of Lichinga, on 23 December sentenced the former provincial director of planning and finance, Carlos Sitao, to 22 years imprisonment for the theft of state funds.

His accomplice, Joao Chaputerra, the former head of administration and finance in Sitao's directorate, was sentenced to 19 years.

A third accused, Jacinto Monteiro, was acquitted. He had authorised his bank account to be used in the illegal transfer of funds, but the court accepted that he did not know his account was being used for illicit purposes.

The court concluded that the amount of money stolen was just over 10.6 million meticais (US\$353,000). An attempt to steal an extra 958,000 meticais, allegedly to pay for new vehicles for the planning and finance directorate, failed.

In addition to the prison terms, the court ordered Sitao and Chaputerra to repay the stolen money. Chaputerra's lawyer, Biatriz Macuacua, told reporters she intended to appeal.

Frelimo “pre-candidates” chosen

No more names will be added to the short list for the nomination of the ruling Frelimo Party’s candidate for the Mozambican presidential election due in October 2014, the party’s general secretary, Filipe Paunde, declared at a Maputo press conference on 24 December.

The final decision is in the hands of the Frelimo Central Committee, the highest party body in between Congresses. Under the party’s statutes, the Political Commission must present the Central Committee with a short list – which it did on 12 December.

The Commission presented a short list of three “pre-candidates” – Prime Minister Alberto Vaquina, Agriculture Minister Jose Pacheco (who also heads the government delegation to the sporadic dialogue with Renamo), and Defence Minister Filipe Nyussi.

When this short list was announced it was still thought that the Central Committee meeting would be held before the end of December. However, on 18 December the Political Commission announced that the meeting would not be held until the end of February.

As there are now two months before the final decision would be taken, it was widely speculated that the short list might be changed, or new names might be added to it.

Paunde tried to quash such ideas. He told the reporters that the Political Commission would not change the list – the names of Vaquina, Pacheco and Nyussi and of nobody else would go before the Central Committee.

“These three names will be put forward”, he said. “From among these three names will emerge our candidate for President of the Republic”.

Was there space for any more names? reporters asked. What would happen if there was no consensus on the Central Committee?

“Only the 17 members of the Political Commission have the right to select pre-candidates”, Paunde responded.

He said each member of the Political Commission was asked to write down five names on a slip of paper. The names could be those of people who are not members of the Commission (such as Nyussi).

“We defined the rules before the game started”, said Paunde. “The three people with most votes would be the pre-candidates proposed by the Political Commission”.

As for consensus, “we achieve consensus by voting”, said Paunde. At the Central Committee “the candidates will be voted on. The one with the most votes will be the candidate for the presidential election”.

The short list has been sharply criticized in social media, and campaigns have been mounted for other candidates – namely the former mayor of Maputo, Eneas Comiche, former Prime Minister Luisa Diogo, and the former speaker of parliament, Eduardo Mulembue.

The Frelimo statutes, approved at the party congress in September 2012, state that the Central Committee shall “analyse and approve the proposals of the Political Commission concerning the candidates of Frelimo or supported by Frelimo for President of the Republic”.

The formulation is not very clear – but, since the Central Committee is a higher body than the Political Commission, it would not make much sense to tie the hands of the Central Committee only to approving names put forward by the Political Commission.

Paunde stated Frelimo membership stands at 4,028,963, compared with 3,778,405 in 2012 – an increase of 250,558. Of the new members, 2,303 had defected from other parties.

According to the National Statistics Institute (INE), projections from the 2007 census show that in 2013 the number of Mozambicans aged 18 and above was 11,739,592. Paunde is thus claiming that 34.3 per cent of the total Mozambican adult population are members of Frelimo.

The number of Frelimo branches, Paunde added, had risen from 288,265 in 2012 to 307,132 now.

Tax collection exceeds targets

The chairperson of the Mozambique Tax Authority (AT), Rosario Fernandes, announced on 24 December that tax collection in 2013 surpassed the target set by the government.

In the initial budget for 2013 the fiscal revenue target was 113.9 billion meticaís (about US\$3.8). When the budget was revised in August, the target was increased to 120.4 billion meticaís.

Speaking at commemorations of the seventh anniversary of the establishment of the AT, Fernandes said that target has been exceeded. As of 20 December (11 days before the close of the 2013 financial year), total fiscal revenue collected was over 124.41 billion meticaís.

Fernandes said this was 26 per cent more than the total collected in taxes and customs duties in 2012, nine per cent more than the target in the original budget for 2013, and 3.7 per cent more than the figure in the amended budget.

The fiscal ratio (revenue collected as a percentage of GDP) is 26.51 per cent, Fernandes added, which is 0.81 more than the target in the amended budget.

He added that the number of registered taxpayers has increased over the year by 562,048 (the number of individuals, companies and other entities who have received a tax identification number – NUIT – during 2013). This was also more than expected – the target for issuing NUITs was surpassed 12.4 per cent.

Fernandes also announced that the American oil and gas company Anadarko is expected to pay capital gains tax by April 2014 on the sale of part of its holding in Area One of the Rovuma Basin, off the coast of the northern province of Cabo Delgado, where enormous deposits of natural gas have been discovered.

In August, Anadarko sold 10 per cent of its shares in Area One to the Indian company ONGC Videsh Ltd., for US\$2.64 billion, but no tax has yet been paid to Mozambique.

Fernandes said “all the technical details have been concluded, and all that remains is to deposit the money in the state coffers, which will happen by 30 April”.

He declined to put a figure on the capital gains tax, but said it was largest so far from any company. Previously the largest amount paid, was by the Italian energy company ENI, which paid the state US\$530 million after the sale of 28.57 per cent of its holding in Rovuma Basin Area Four to the Chinese company CNODC for US\$4.21 billion.

Even with the sale of ten per cent to ONGC Videsh, Anadarko continues to head the consortium that operates Area One, although its holding has fallen from 36.5 to 26.5 per cent. The other shareholders in Area One are the Mozambican National Hydrocarbon Company (ENH), with 15 per cent, Mitsui of Japan (20 per cent), BRPL Ventures and Videocon, both of India (10 per cent each), and PTT of Thailand (8.5 per cent).

A further six capital gains tax operations are under way, Fernandes said, and two or three of them should be concluded, with the revenue paid to the state, in 2014.

World Bank approves funds for road repairs

The Executive Board of the World Bank has approved the provision of US\$55.15 million for the rehabilitation of roads and bridges in the southern Mozambican province of Gaza.

The funds will pay for the restoration of roads damaged by floods in January and the building of new infrastructure to ensure that rural roads are climate resilient. Under the project, about a thousand kilometres of roads and 30 main bridges will be restored and upgraded to protect them from the effects of floods and other climate related hazards.

Most of the funding, US\$39.4 million, will come from the World Bank's soft loan facility, the International Development Association (IDA). In addition, the Bank's Strategic Climate Fund is to provide a loan of US\$6.5 million and a grant of US\$9.25 million.

Britain's Department for International Development is contributing a further US\$15 million, whilst the Mozambican government will spend US\$40 million on the project.

The World Bank estimates that January's floods hit "89,000 hectares of cultivated land in one of the most productive agricultural areas of the country, affecting livelihoods and food security for more than 48,000 smallholder farmers and their families who are reliant on agriculture for food and income".

Norwegian aid for energy, fisheries and statistics

The Norwegian government has pledged continued support for the Mozambican energy and fisheries sectors, and for the National Statistics Institute (INE).

Norway has been supporting Mozambique in fisheries for the past 30 years, and in December the two governments signed an agreement continuing this support until 2017.

The cost of this programme is US\$29 million, of which the Norwegian government will provide US\$24.2 million.

In the energy sector, Mozambique and Norway have signed agreements on institutional cooperation between central government institutions of the two countries working on energy matters, which flow from a Memorandum of Understanding of November 2012, intended to support the sustainable management of energy resources.

In addition to capacity building and rural electrification, Norway is providing financial support and technical assistance to the major investment projects planned". These include the Mpanda Nkua dam on the Zambezi River, and the building of a new transmission line from the Zambezi valley to southern Mozambique.

Norway has also agreed to extend its longstanding support for the INE up to 2017. The aim is "to strengthen the capacity to produce statistics at provincial, district and municipal level, responding to the needs of governance and local development".

The INE's total budget for the 2013-2017 period is equivalent to €66.3 million (about US\$91 million). Norway has pledged to provide seven million euros to implement the Strategic Plan.

Loan agreement with Kuwait Fund

Finance Minister Manuel Chang on 24 December signed a US\$10.5 million credit agreement with the Kuwait Fund to support rural electrification in the north of Mozambique.

The project, with a total cost of US\$55 million, covers the northernmost province of Niassa, and the adjacent districts of Balama and Namuno, in Cabo Delgado province. In an initial phase, the project will cover 32,000 households.

The project is co-funded by the Arab Bank for Economic Development in Africa (BADEA), with US\$10 million; the Islamic Development Bank (BID), with US\$6.5 million; the Saudi fund, with US\$15 million; and the OPEC Fund, with US\$10 million. The government itself will contribute US\$3.3 million from the state budget.

These are soft loans, with a period of maturity of 30 years, including a six year grace period.

Syrah Resources praises government

The Australian based mining company Syrah Resources has announced that it has been granted a 25-year mining licence for its Balama graphite and vanadium project in the northern Mozambican province of Cabo Delgado.

The company praised the Mozambican government for the rapid processing and awarding of the licence, which came just five months after the initial application.

Syrah stated, "there are very few jurisdictions around the world that can boast a mining license being granted so efficiently from time of application. This followed an earlier example where Syrah was allotted water rights from Chipembe Dam promptly after applying for those rights".

It added, "these facts illustrate that Mozambique is most definitely 'open for business'".

The mining company thanked the Minister of Mineral Resources, Esperanca Bias, and the National Director of Mines, Eduardo Alexandre, "for their commitment and professionalism in the assessment process".

Syrah is confident that the project will be hugely profitable. It stated, "the deposit is extraordinary by every measure. It is by far the largest graphite deposit in the world as well as being a very sizeable vanadium deposit. It has large zones with extremely high grades of graphite and excellent grades of vanadium".

Recently, the company raised US\$35 million to finance the completion of the feasibility study for the Balama project, scheduled for the first quarter of 2014. In addition, the funds will be used to pre-order equipment for the mine that has a long lead time.

It is confident that the mine can be developed for less than a hundred million dollars. Construction is due to begin as soon as the rainy season ends, in about April 2014.

Graphite is a form of carbon that is highly valued due to its properties as a conductor of electricity. It is used in batteries and fuel cells, and is the basis for the "miracle material" graphene, which is the strongest material ever measured, with vast potential for use in the electronics industries.

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