

# Mozambique News Agency

## AIM Reports

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## Electoral legislation amended

The Mozambican parliament, the Assembly of the Republic, on 22 February passed amendments to the electoral legislation, creating much larger and deeply politicised electoral bodies. The amended bill had been presented by the country's main opposition party, Renamo.

The only stumbling block in the second reading was the composition of the provincial, district and city elections commissions. Currently these bodies all have eleven members – six from political parties (three appointed by the ruling Frelimo Party, two by Renamo, and one by the Mozambique Democratic Movement, MDM), and five from civil society organizations.

Renamo wanted to reduce all of these commissions to nine members by removing two civil society representatives. Frelimo and the MDM wanted to stick with eleven.

Matters seemed to be at an impasse inside the Assembly's Commission on Public Administration, which was drawing up the final version of the bill. But when the plenary Assembly session finally resumed, commission chairman Alfredo Gamito announced that consensus had been reached, not on reducing the size of the election commissions but on increasing it.

Each provincial, district and city elections commission will now have 15 members – three from Frelimo, two from Renamo, one from the MDM and nine from civil society.

This bill and a separate, less controversial Renamo bill on voter registration were passed unanimously and by acclamation. Deputies from all three parliamentary groups were on their feet and applauding, despite Frelimo's warnings on 21 February that the Renamo amendments are a serious setback to the attempts to create smaller, more professional and less politicised election bodies.

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### Vicente Ramaya shot dead

Unknown assailants on 21 February murdered Vicente Ramaya, one of the businessmen who ordered the assassination in November 2000 of Mozambique's finest investigative journalist, Carlos Cardoso.

Ramaya, who has been on parole since January 2013, after serving half of his sentence for the Cardoso murder, was shot in his car in the Maputo neighbourhood of Polana. He was accompanied by his brother-in-law, Nazir Sale, who is the selector of the national women's basketball team.

According to a report on Mozambique Independent Television (TIM), Sale rushed Ramaya to Maputo Central Hospital, but he was dead before arriving there.

Ramaya was the brains behind the largest banking fraud in Mozambican history. Fraudulent accounts were opened in his branch of the Mozambique Commercial Bank (BCM) in the Maputo suburb of Sommerschild, in the names of members and friends of the Abdul Satar family, through which the equivalent of US\$14 million was syphoned out of the BCM on the eve of its privatisation.

Carlos Cardoso, director of AIM in the 1980s, who later founded the independent news sheets "Mediafax" and "Metical", pursued the case tenaciously, demanding that those who defrauded the BCM be brought to justice. At its verdict, in January 2003, the Maputo City Court decided that the BCM investigation was the motive for the assassination, and that Ramaya and two of his associates, Momad Assife Abdul Satar ("Nini") and Ayob Abdul Satar, had given the order to kill Cardoso.

Ramaya was sentenced to a prison term of 23 years and six months. He and the other assassins were also ordered to pay compensation of 14 billion meticaís (US\$588,000 at the exchange rate of the time) to Cardoso's two children, Ibo and Milena, and 500 million meticaís to Cardoso's driver, Carlos Manjate, who was seriously injured in the attack. The verdict and sentence were later confirmed by the Supreme Court.

In January 2013, Ramaya was released on parole on grounds of his "good behaviour" while in prison, even though he had not paid any of the compensation ordered by the court. He was rearrested in March, in a case linked to illicit trade in real estate, but was released after two days, since there was insufficient evidence of Ramaya's involvement.

Ramaya was also found guilty, in a trial in 2004, of the BCM fraud. He was sentenced to another 12 years imprisonment and ordered to repay the stolen money.

The Maputo City Court should have added the BCM sentence to the sentence Ramaya was already serving for the Cardoso murder. This is not simply a mathematical operation, since Mozambican law will not allow prison sentences longer than 30 years: nonetheless, there is no doubt that Ramaya would have ended up with a combined sentence considerably longer than 23 years and six months.

Yet the City Court did not run the two sentences together, and so Ramaya did not serve a day of his sentence for the BCM fraud, much less repay any of the stolen money.

## Moatize coal fired station gets go ahead

The Mozambican government on 18 February approved the project to build the Moatize coal-fired power station, in the western province of Tete.,

Budgeted at US\$1 billion, the power station would have the capacity to generate 600 megawatts of electricity.

The project will be run by Acwa Power Moatize Termoelectrica SA, a consortium whose main shareholders are Acwa Power of Saudi Arabia, Vale of Brazil and Mitsui of Japan.

There are two Mozambican minority shareholders, the Whatana Investment Group (whose chairperson is the former first lady, Graca Machel), with eight per cent and the publicly-owned electricity company, EDM, with five per cent

The power station will be located at the mouth of the open cast coal mine operated by Vale in Moatize. The higher grade coal (particularly the coking coal) mined by Vale will be exported, while the lower grade coal will be burnt in the power station.

Speaking at a press conference, the Minister of Energy, Salvador Namburete, said the concession granted to Acwa is for 25 years, starting from the date when commercial operations begin. Construction of the power station is expected to take three years.

The project will be built in two phases. The first phase will generate 300 megawatts. Most of this (200 to 250 megawatts) will be used by Vale itself to run its mining operations. EDM will take the rest of this, adding it to the national electricity grid.

Namburete said this would increase the availability of electricity on the country, which he put at about 2,000 megawatts, mostly from the Cahora Bassa dam on the Zambezi.

The Minister pointed out that if the coal that cannot be exported is not used in a power station then it will simply pile up alongside the mine "with all the environmental problems that would arise from that".

He added the project will create 1,370 jobs – 1,250 in the construction phase, and 120 in operating the power station.

The Minister said that the participation of EDM and Whatana guarantees compliance with the provisions of the Mozambican law on public-private partnerships. "The law also states that, by the fifth year from the start of operations five per cent should be reserved for sale through the stock exchange to individual citizens", he added. "So this will happen during implementation of the project".

Namburete also announced that the Council of Ministers (Cabinet) has authorised the Ministry of Energy to enter into direct negotiations with interested companies (rather than issue a public tender) to award contracts for building the Boroma and Lupata hydroelectric projects on the Zambezi.

The Boroma dam, located upstream from Tete city, is budgeted at \$536 million and will generate 210 megawatts. Lupata is downstream from Tete, and is much larger – it will generate 610 megawatts and cost \$1.1 billion.

Namburete said that the government was resorting to direct award of contracts, rather than to a tender, because "many of the studies concerning these two projects were drawn up before the current legislation on public-private partnerships came into effect".

Namburete himself will head a team formed by staff from the Ministries of Energy, Finance, Planning and Development, Justice, Public Works, Agriculture, Labour and the Environment, which should propose a concession contract for these projects. That proposal should be submitted to the Council of Ministers within six months.

## Flooding displaces hundreds in Zambezia

Heavy rains in the central province of Zambezia have forced 110 families to leave their homes in the districts of Mocuba and Maganja da Costa.

According to Maria Luciano, the Zambezia provincial delegate of the country's relief agency, the National Disasters Management Institute (INGC), 80 of those families came from the town of Mocuba.

The flood victims are being temporarily housed in premises owned by the publicly owned ports and rail company, CFM.

Luciano said that the other families, from Nante and Maganja da Costa, are being accommodated in a former rice processing factory.

Luciano told "Noticias" that the INGC's focus is on assessing the needs of the displaced families so that help can be provided. Special attention is being given to Maganja da Costa and Namacurra, where it is estimated that nine thousand people are at risk of being hit by flooding, in the valley of the Licungo River. She added that five boats were available for rescue operations.

A team has been dispatched to Furquia, in Namacurra district, where houses and farms have been flooded.

## ABB awarded power contract

The Swiss group ABB, one of the world's main suppliers of electrical equipment, has been awarded a US\$20 million contract to improve electricity transmission in Mozambique.

ABB will supply the equipment for two new substations to extend the power network. It will also rehabilitate nine existing transmission substations

ABB's Oleg Aleinikov commented, "these substations will help to extend and strengthen the grid, enhancing power supplies to meet the increasing demand for electricity and contributing to economic development".

The Swiss company explained that electricity demand in Mozambique is growing at a rate of between ten and fifteen per cent per year, driven by industrial growth, construction and overall economic development.

ABB pointed out that the "growing demand-supply gap is resulting in frequent outages and blackouts".

The contract was awarded by Aarsleff - Seth JV, which is a joint venture between the Danish company Aarsleff and the Portuguese company Seth. The client is the Mozambican electricity company EDM.

## Comair ends Maputo service

Comair, the South African air company that operates as a British Airways franchise, has ended its service between Johannesburg and Maputo.

The flights between OR Tambo International Airport and Maputo only began in May 2013. However, according to Iain Meaker, Commercial Distribution Executive for Comair, "we have decided to withdraw the Maputo route to ensure the airline remains sustainable".

Passengers who had booked with BA Comair will have their flights transferred to South African Airways (SAA).

This is the second time that Comair has failed to run the route profitably. In September 2011 it launched flights from Lanseria (between Johannesburg and Pretoria) and Maputo. However that service was cancelled on 17 January 2012.

The Maputo-Johannesburg route thus reverts to being a duopoly operated by SAA and Mozambique Airlines (LAM).

## Muthisse urges restructuring of rail and port system

Transport Minister Gabriel Muthisse on 18 February urged new members of the board of directors of the publicly owned ports and rail company, CFM, to push ahead with the restructuring of the country's port and rail system.

He was swearing into office four new CFM directors - Maria Mangoe, Joao Mabota, Salatiel Massango and Sancho Junior.

"There are things we might have done well in the past", said Muthisse, "but today they need to be adjusted in line with the new reality. The context in which you will work will tend to be different from the one in which your predecessors worked. This will imply a very great capacity to adjust, a capacity for internal dialogue in CFM, and dialogue with the various operators of the rail and port system".

The new directors, he added, must bring to a successful conclusion projects already begun. Those projects "must be concluded in the time envisaged", he insisted.

That meant, for example, that the new port at Macuse in Zambezia province, and the railway connecting it to the Moatize coal basin, must be ready by the fixed deadline already fixed.

Muthisse called for efficient operation of the system. "Just to have the railways and ports is not enough", he said. "We must ensure that our production, be it agricultural, mining or industrial, reaches world markets at competitive prices. This is only possible if we manage the lines and the ports efficiently".

"It's only possible if we deal with the problem of congestion", he added. "Congestion of cargo, of trucks, of trains, of containers. We have to deal with such problems so that they do not cost us our competitiveness, and prevent us from reaching world markets".

Muthisse praised the outgoing Board of Directors "which took gigantic steps in structuring the logistics of mineral resources which can make Mozambique an important player in this area. It was also this Board which initiated the measures leading to establishing a logistical platform in Cabo Delgado to serve the natural gas industry".

## \$227 million in capital gains tax

The Mozambican state has obtained over US\$227 million in capital gains tax from the sale of the shares held by the Indian Videocon group in the Rovuma Basin Offshore Area One, where huge quantities of natural gas have been discovered.

Videocon had held 10 per cent of the shares in Area One via a chain of subsidiaries (Videocon Hydrocarbon Holding Ltd, based in the tax haven of the British Virgin Islands, Videocon Mauritius Energy Ltd, based in Mauritius, and Videocon Mozambique Rovuma One Ltd, registered in Mozambique).

Those shares have now been sold to two other Indian companies, ONGC Videsh and Oil India, which are both Indian public sector enterprises.

A statement from the Mozambique Tax Authority (AT) said that the first capital gains tax payment from this transaction occurred in February 2013, and was slightly more than US\$224 million. In January of this year a further US\$3 million was paid in the second and final transaction.

According to Indian press reports, Videocon received US\$2.47 billion from the sale. US\$227 million is 9.1 per cent of US\$2.47 billion. The AT statement does not make clear on what basis the capital gains tax owing was calculated.

Since major operations to collect capital gains tax began in 2012, the accumulated amounts paid, all by companies operating in the Rovuma Basin, amount to US\$802.8 million.

The consortium exploring Offshore Area One is headed by the United States oil and gas company, Anadarko, which held 36.5 per cent of the shares. However, it has entered into a definitive agreement to sell 10 per cent to ONGC Videsh. This will reduce Anadarko's working interest to 26.5 per cent, but it will remain the operator of Area One.

The other members of the consortium are Mitsui of Japan (20 per cent), PTT of Thailand (8.5 per cent), BRPL Ventures of India (10 per cent), and Mozambique's publicly owned National Hydrocarbons Company, ENH (15 per cent).

## Police arrest kidnapers

The Mozambican police on 14 February presented to the media a group of eight people arrested in connection with four kidnappings in recent months in Maputo and the neighbouring city of Matola.

The police accuse Ismael Noormanade (known by the nickname "engineer") of leading the group. Its other components are Ivo Candido Hunguane (an anthropology student); Horacio Cossa (a mechanic); Inocencio Pequeno (also known as "Tsetsa"); Ikba Algy; Benedito Armando; Ananias Adelino and Rui Joao Ferrao.

The eight were arrested between December 2013 and February. Several of them told reporters they had taken instructions from Noormanade.

The police seized from the group three vehicles, one pistol and several bullets, and two walkie-talkie radios.

"This is a highly structured group", declared Joao Machava, spokesperson for the General Command of the police. "The investigations have led us to conclude that, in addition to these eight, there are obviously more people involved. Behind those who carry out these criminal activities there are always those who give the orders, and we are working to discover them".

The police also took reporters to here hideouts where the gang had held their victims prisoner. The first place visited was in Marracuene district, about 30 kilometres north of Maputo, where a 15 year old girl had been imprisoned in an establishment owned by Inocencio Pequeno, and known as "Tsetsa's Bar".

Pequeno admitted that he was paid 200,000 meticais (about US\$6,550) to keep the girl captive for three days

"I've already spent all the money", said Pequeno, adding, "My wife didn't know anything about this. I closed the bar for three days so that I could leave the child there, and told my wife it was because I had a visitor." That visitor was another of the alleged kidnapers, Horacio Cossa.

The second hideout was a house belonging to Benedito Armando, in the Machava-Socimol neighbourhood of Matola. Two children, aged five and seven, were held here. One stayed in the house for a day and the other for a week.

As his reward for keeping the two children captive, Armando received 301,000 meticais. "I invested the money in my carpentry business and in rehabilitating my house", he said.

The final hideout visited was a house rented by Ivo Hunguane. He only told the reporters that he had kept an eight year old boy there "for less than 24 hours".

Machava said that the families of the four victims had paid ransoms amounting to about 11 million meticais (US\$61,000), and the police are working to recover this money.

## Mozambique likely to meet child mortality target

Mozambique is on target to meet the child mortality target in the Millennium Development Goals (MDGs), declared the Minister of Planning and Development, Aiuba Cuereneia, on 11 February.

The fourth of the MDGs sets the target of reducing the mortality rate of children under the age of five by two thirds between 1990 and 2015.

Many countries are likely to miss this target, but Cuereneia, speaking at the opening session of a meeting in Maputo of health ministers from the Community of Portuguese Speaking countries (CPLP), did not believe that Mozambique will be one of them.

He said that with the launch, in February 2008, of the Presidential Initiative on Mother and Child Health, the 2009 Campaign for the Accelerated Reduction of Maternal Mortality in Africa, and the National Partnership for the Promotion of Maternal and Neonatal Health in 2010, the conditions had been established for speeding up the advance towards the MDG target.

“These actions are showing encouraging results with the evident reduction in child mortality, which leaves us with no doubt that Mozambique will certainly meet this target in 2015”, he said.

Improving health care for women and children goes beyond the MDGs, said Cuereneia, and is a permanent objective of development. He stressed that pregnancy and childbirth should cease to be sources of suffering, uncertainty and mourning, and should instead mark women and families as moments of joy and happiness.

He added that Mozambique takes all the MDGs seriously, and the interventions needed to achieve them can be found in the government’s guiding documents.

Among the other targets set by the MDGs are to reduce by half the number of people living on less than US\$1.25 a day, to halve the proportion of people suffering from hunger, to ensure that all children are able to complete a full course of primary education, to cut the maternal mortality rate by three quarters, and to halve the proportion of people without sustainable access to safe drinking water and basic sanitation. The cut-off date for meeting all these targets is 2015.

## Government pledges contract transparency

The Ministry of Mineral Resources on 10 February insisted that all contracts signed by the government in the extractive industries are available to the public.

Speaking at a two day seminar on monitoring contracts, organised by the anti-corruption NGO, the Centre for Public Integrity (CIP), Maria Marcelina of the Ministry’s legal department said that the information on the contracts can be studied in various channels that are in the public domain, including official publications.

“All contracts signed in the extractive industry are available to the public, either through the official gazette, the ‘Boletim da Republica’ or through other sources”, she said.

“At any time we can access the Ministry’s website, where we will find the contracts available”.

The government has been publishing the contracts, with the consent of the companies concerned, since 13 December.

Consulting the website, AIM found that nine contracts are now available for consultation – including contracts with Anadarko of Texas and ENI of Italy, who have made major natural gas off the coast of Cabo Delgado; with the South African petrochemical giant SASOL, which is processing gas in Inhambane province; and Kenmare Resources of Ireland, which is exploiting the titanium bearing heavy sands in Moma district, in Nampula province.

Not yet available are the contracts for coal mining signed with Vale of Brazil and the Anglo-Australian company, Rio Tinto, although AIM understands that the companies have consented to publication, and it is just a matter of time before they appear on the website.

But CIP is concerned that there is nothing in the legislation on mining and hydrocarbons which obliges the government to publish the contracts.

The 2011 Law on Public-Private Partnerships, Large Scale Projects and Business Concessions obliges the government to publish the main terms and not the full contracts.

A CIP spokesperson told AIM, “we are pleased that the Ministry is publishing the contracts, but there still needs to be a legal guarantee of transparency”.

## Mozambique could be free of land mines this year

Mozambique could be free of anti-personnel land mines by the end of this year, according to the head of operations of the National Demining Institute (IND), Antonio Martins.

Speaking at a Maputo seminar, intended to draw up plans for assisting land mine victims, Martins said that in 2013, 592 areas suspected of containing land mines, and covering a total area of 9.33 million square metres, were demined.

That still leaves 500 areas suspected of contamination in 19 districts. “A total of 5.6 million square metres needs to be demined”, said Martins, estimating the budget for this at US\$17 million. One of the main challenges, he added, is demining the border between Mozambique and Zimbabwe.

Martins said that, since 2008, 116 people have fallen victim to land mine accidents. 45 died, and 71 were maimed.

The demining efforts to date, said Martins, have cleared five of the country’s 11 provinces – namely Niassa, Cabo Delgado, Nampula, Zambezia and Maputo city. This means there are still areas suspected of containing mines in Tete, Manica, Sofala, Inhambane, Gaza and Maputo province.

Ivete Alane, the Permanent Secretary in the Ministry of Women’s Affairs and Social Welfare, said that 473,971 people in the country suffer from some sort of disability. Of these 2,447 are victims of mines or other explosive devices.

Under the Ottawa Convention outlawing anti-personnel land mines, Mozambique should have completed demining by 2009 (ten years after it acceded to the Convention). This deadline was not met, so Mozambique was granted, a five year extension, which runs out this year.

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