Mozambique News Agency
AIM Reports

Report no.527, 25th April 2016

IMF welcomes information on undisclosed debts

The International Monetary Fund (IMF), in a brief statement issued on 23 April, welcomed the Mozambican government's acknowledgement "that an amount in excess of one billion US dollars of external debt guaranteed by the government had not previously been disclosed to the Fund".

These undisclosed loans first came to light in an article in the "Wall Street Journal" on 3 April. The IMF reacted by suspending a mission due to visit Mozambique, and halting disbursement of the second instalment of a $283 million loan agreed last October from the Fund's Standby Credit Facility (SCF).

Prime Minister Carlos Agostinho do Rosario went to Washington on 19 April for talks with IMF Managing Director Christine Lagarde, and with World Bank staff. A technical team headed by the Deputy Minister of Economy and Finance, Maria Isaltina Lucas, also worked with the IMF on the details of the undisclosed loans.

The first official IMF reaction to these talks came on 23 April, when the IMF Mission Chief for Mozambique, Michel Lazare, issued a very brief statement which welcomed "the authorities' extensive disclosure of information which constitutes an important first step toward full restoration of trust and confidence".

Lazare added that "the Fund and Mozambique will continue to work together constructively to evaluate the macroeconomic implications of this disclosure of information and identify steps to consolidate financial stability, debt sustainability and enhance governance and oversight of public enterprises."

This sparse statement contained no information on what the government guaranteed debt was spent on. But other IMF officials, speaking on condition of anonymity, told reporters that the undisclosed loans amounted to around $1.35 billion.

This is in addition to the $850 million government guaranteed bond issued by the Mozambique Tuna Company (EMATUM) in 2013. The conditions attached to that bond were unbearable, so the government successfully swapped the EMATUM bond for sovereign government debt, with an extra two years for repayment (up to 2023), but at a higher interest rate (10.5 per cent).

Breaking down the hitherto undisclosed loans, an IMF source confirmed that the state company Pro-Indicus had been lent $504 million by the Swiss bank Credit Suisse and $118 million by Russia's VTB. This confirms a statement by Mozambican Finance Minister Adriano Maleiane that the Pro-Indicus loans are for $622 million.

Reuters managed to obtain a document on this loan from Credit Suisse, which said that the money "was to be spent on high-speed naval interceptors, radar stations, off-shore patrol vessels and aircraft". Credit Suisse refused to comment on the document.

This use of the money fits in with concerns about piracy and the safety of offshore drilling operations. Huge deposits of natural gas have been discovered in the Rovuma Basin, off the coast of the northern province of Cabo Delgado, and the drilling platforms and auxiliary vessels require protection.

Also connected with the nascent hydrocarbon industry is a second undisclosed loan, for $535 million which, according to the IMF source, went to "Mozambique Asset Management", another state company which is involved in building the Pemba Logistical Base, in the Cabo Delgado provincial capital of Pemba, to support oil and gas operations.

There was no mention of this company at the ceremony in August 2014 when the then President, Armando Guebuza, laid the first stone for the logistics base. The base has been sub-leased to a consortium in which the main investor is the Nigerian company Orlean Invest, which is already involved in hydrocarbon logistical facilities in Nigeria and Angola. At the time, it was believed that construction costs for the Pemba Logistical Base would be borne by Orlean Invest.

The IMF source also told Reuters that the Mozambican Interior Ministry had borrowed between $130 and $200 million "from an unidentified bilateral lender". Absolutely no details of this alleged loan have yet come to light.

Apart from the $622 million for Pro-Indicus mentioned by Maleiane, the Mozambican government has yet to confirm or deny any of these figures.

African Renaissance Pipeline agreement signed

Plans to build a gas pipeline from the northern Mozambican district of Palma to the South African province of Gauteng took a step forward when a partnership agreement to build the pipeline was signed in Maputo on 22 April.

The new agreement builds on a memorandum of understanding between the partners signed in February.

The companies that signed the agreement were Profin Consulting (represented by its Chief Executive Officer, Olivia Machel); Mozambique's National Hydrocarbon Company, ENH (represented by Martinho Tavares, of its Board of Directors); the China Petroleum Pipeline Bureau, CPP, and the China Petroleum Technology Development Corporation (both represented by their deputy chairpersons, Chen Qingxun and Yun Wei), and the South African company Progas Investment (represented by Nhlanhla Magubane).

Between them the two Mozambican partners hold 56 per cent of what will be called the African Renaissance pipeline. The Chinese partners hold 20 per cent, and the South Africans 24 per cent.

The project viability studies, estimated to cost $45 million, will be financed by CPP. The total cost of the 2,600 kilometre pipeline is put at six billion dollars, and China will provide credit for 70 per cent of this ($4.2 billion).

At a press conference presenting the project, Olivia Machel said its key goal is "to promote the strategic development of the natural gas sector in Mozambique, so as to ensure Mozambican control of the sector, and to allow the government to maximize revenue from the hydrocarbon resources in the Rovuma Basin".

It is hoped that the project will create 50,000 direct and indirect jobs, ensure technical and professional training and transfer technology to Mozambicans.

Profin Consulting was set up in July 2015, specifically to ensure Mozambican participation in the pipeline. The best known figure in the company is the chairperson of its general meeting, former defence minister Alberto Chipande, the man who fired the first shots in Mozambique's independence war in 1964.

Conde Nast hails new hotel in Bazaruto Archipelago

The travel magazine Condé Nast Traveller has chosen the "andBeyond" Benguerra Island resort in the Bazaruto Archipelago in southern Mozambique as Africa's best new hotel.

The high end global tourism publication picked the luxury resort which is located on the Archipelago's second largest island.

The Chief Executive of andBeyond, Joss Kent explained to AIM that "we reopened andBeyond Benguerra Island in June 2015 following an extensive refurbishment. It is all about simple, barefoot luxury and inspiration, for its new look stems from Mozambique's Portuguese heritage".

Kent said that most visitors fly to Vilanculos airport on the mainland where they can take a helicopter to the island.

He welcomed the award, stating that this "helps to put Mozambique back on the map as the hottest beach destination for this year".

The Bazaruto Archipelago is a protected marine conservation area offering sandy beaches and unspoiled coral reefs. It is one of the few places where there is a population of the rare marine mammal, the dugong.

Central Bank raises interest rates

The Bank of Mozambique has again increased its key interest rates, in its attempts to control inflation.

A statement from the Bank's Monetary Policy Committee, which met in Maputo on 20 April, announced that the Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) will rise immediately by 200 base points, from 10.75 to 12.75 per cent.

This rate had been falling since late 2012. It reached 7.5 per cent in November 2014, and remained at that level for a year, but rate rises in October, November and December 2015 and in February 2016 brought it back to 10.75 per cent.

The Standing Deposit Facility (the rate paid by the central bank to the commercial banks on money they deposit with it) rose by 150 base points from 4.25 to 5.75 per cent.

The Compulsory Reserves Coefficient - the amount of money that the commercial banks must deposit with the Bank of Mozambique – has been divided into two. For reserves in local currency, the coefficient remains unchanged, at 10.5 per cent. But for reserves in foreign currency, it rises to 15 per cent, which must be deposited in US dollars. This change will only take effect as from 7 June, while the interest rate changes are immediate.

The Monetary Policy Committee noted that the current situation "remains characterized by sharp risks of inflationary pressure". This results from the recent depreciation of the metical, plus the severe drought in southern and central Mozambique, and the localized floods in the north – all of which has been made worse "by the politico-military tensions which are limiting the free circulation of people and goods along some of the country's main roads".

Provisional figures indicate that on 31 March net foreign reserves stood at $1.85 billion, an increase of $33.7 million in comparison with February. The reserves are enough to cover 3.69 months of imports of goods and non-factor services, when the operations of the foreign exchange mega-projects are excluded.

Wheat price forces closure of bakeries

Almost 100 Mozambican bakeries have shut down since the beginning of this year, forced to close because of the continuing rise in the price of their main raw material, wheat flour, according to the chairperson of the Mozambican Association of Bakers (AMOPAO), Victor Miguel.

Miguel was speaking to reporters on 19 April after a meeting with AMOPAO members, called to discuss the problems affecting their activities, particularly the price of wheat flour due to the recent depreciation of the metical against the US dollar.

"At the start of this year, 98 bakeries closed out of the 400 that are members of AMOPAO", said Miguel. He added that others could follow in the near future, if immediate measures are not taken to solve the problem.

Miguel stated that, since the beginning of 2016, the price of wheat flour has risen by 16 per cent. A 50 kilo sack of flour that cost 1,225 meticais in December now costs 1,450 meticais (about $28 at current exchange rates).

The last time bread prices rose was in October 2015. All types of bread went up by 1.5 meticais, regardless of size. Thus a standard 250 gram loaf, sold previously for six meticais, now costs 7.5 meticais (a 25 per cent rise). A much smaller loaf, weighing 150 grams, which used to cost three meticais is now 4.5 meticais (which is a 50 per cent increase).

Second former ambassador charged with embezzlement

The Central Office for the Fight against Corruption (GCCC) has accused a second former ambassador of the theft of state funds. In March the GCCC announced that it had charged a former ambassador with embezzlement. Although he was not named in the GCCC release, it was soon discovered that the diplomat in question was Bernardo Xerinda, a former ambassador to Russia.

This time the accused was an ambassador "in a country on the American continent", the GCCC said in a statement. She is being accused of embezzlement, abuse of office and money laundering.

The GCCC says she stole almost $497,000 between 2009 and 2015, simply by ordering cheques issued in her name, which she claimed were for the rehabilitation of her official residence, and for the purchase of goods for the normal functioning of the embassy.

She also ordered reimbursement for air travel that she had never made. Sometimes she did make the journeys, but in economy class, and demanded reimbursement for business class. She transferred some of the stolen money to Maputo, which she used to buy a house. This was then registered in the name of a relative.

Although the GCCC mentions no names, it makes clear that the person charged is a woman, and the only woman who fits the dates is Amelia Sumbana, who was ambassador to the United States.

In a second case, the GCCC has charged two officials of the Mozambican tax authority (AT) in Maputo province and a worker in a private car hire company (which was not named) of illicitly appropriating 600,000 meticais (about $11,760) from the company.

The GCCC also reported the start of the trial of four officials of the National Demining Institute (IND), charged with abuse of their office.

Seven million dollars for drought victims

The Mozambican government will disburse immediately 360 million meticais ($6.9 million at current exchange rates) to support about 1.5 million people at risk of hunger in the drought-stricken regions of the centre and south of the country.

This follows the declaration of a red alert, the highest state of disaster alert, because of the drought.

Speaking at a Maputo press conference on 11 April, the general director of the country's relief agency, the National Disaster Management Institute (INGC), Joao Machatine, said the minimum food aid needs for those at risk are 13,000 tonnes of grain and 2,000 tonnes of beans.

To acquire this quantity of food, $13.5 million a month will be needed during the 90 day period of the red alert. This is much more than the 360 million meticais immediately available. Other resources must thus be mobilized, including from Mozambique's cooperation partners.

Machatine was speaking after a meeting of the Disaster Management Technical Council (CTGC), attended by representatives of the government's partners.

The estimate of the number of people facing food insecurity had risen very sharply, from 300,000 to 1.5 million. "This is a very large number", said Machatine, "and it requires a redoubled effort from everybody, from the government, from our partners, from civil society, in order to support our fellow citizens".

Government cuts reference prices

The Mozambican government has cut the reference prices for imported potatoes, onions and tomatoes, in an attempt to force reductions in the retail price of these goods.

The reference prices are the prices used by the customs services when calculating the duties and taxes that importers should pay. Reducing the reference price should automatically reduce the duties paid on these goods.

The measure, which came into effect on 14 April, was taken at a meeting between the government and the associations of importers.

The cuts in the reference prices are very sharp. Thus the reference price for potatoes falls from 26 rand a kilo to 15 rand – which is a reduction of 42.3 per cent. The reference price for onions drops by 24 per cent, and for tomatoes by 44.4 per cent.

The government has promised to revise downwards the reference prices for other goods imported largely from South Africa such as cabbage, peppers, garlic, carrots, eggs, cucumbers, beetroot, pumpkins and lettuce.

Consumers have complained of steep price increases at the country's main wholesale market, in the outer Maputo suburb of Zimpeto. The government's move should oblige the traders to drop their prices.

Despite the government's drive to increase agricultural production, the country still remains dependent on imports for many basic foodstuffs.

UNHCR begins relocating Mozambicans in Malawi

The United Nations High Commission for Refugees (UNHCR) announced on 15 April that is had begun to relocate Mozambican refugees in southern Malawi from areas close to the border, to Luwani, 320 kilometres away.

A UNHCR press release said that the first 81 Mozambicans went from Nsanje district to Luwani on two buses on 15 April. They were housed at a transit centre before being provided with a plot of land, food, shelter materials and household utensils. Logistical support for the move is being provided by the International Organisation for Migration (IOM).

The UNHCR says that about 10,000 Mozambicans have fled into Malawi. Most of them come from areas in Tete province, particularly the Nkondezi region, near the Malawian border, where there have been clashes between gunmen of the country's largest opposition party Renamo and the Mozambican defence and security forces.

The influx of Mozambicans into Malawi peaked at over 250 a day in early. Since then the numbers have fallen significantly, the UNHCR says.

Prosecutor murdered in Matola

Unidentified gunmen on 11 April murdered prosecutor Marcelino Vilankulo in the southern city of Matola. The assassination occurred at about 19.20, as Vilankulo was returning to his Matola home from the Maputo City attorney's office, where he works.

As for motive, it is known that one of the cases in Vilankulo's hands was that of Danish Satar, accused of involvement in the wave of kidnappings of business people, usually of Asian descent, which has plagued Mozambican cities since late 2011. The kidnappings are a lucrative business, with ransoms run to millions of dollars.

Member of Defence and Security Council murdered

Unknown gunmen on 9 April murdered three people, including a member of the National Defence and Security Council (CNDS), Jose Manuel, in the central city of Beira.

Manuel was recently appointed to the CNDS by the parliamentary group of the main opposition party, Renamo. He was also one of the Renamo officers on EMOCHM, the abortive international observer mission that was supposed to monitor implementation of the agreement on a cessation of military hostilities signed between the government and Renamo on 5 September 2014.

Manuel was a supplementary Renamo parliamentary deputy for the central province of Sofala. According to Renamo national spokesperson, Antonio Muchanga, he was also in charge of Renamo social affairs in Beira.

Manuel had just arrived from Maputo, and at Beira airport he caught one of the three wheeled taxis, known as “txopelas”. Shortly afterwards the txopela came under fire, and all three people it was carrying were killed.

Renamo kills child in ambush

Gunmen of the country’s largest opposition party Renamo killed a young child on 21 April in an attack against a vehicle in Gorongosa district in the central province of Sofala.

The Gorongosa district administrator, Manuel Jamaca, told Radio Mozambique that the vehicle, belonging to the head of the Canda administrative post, was ambushed as it was returning from Gorongosa town.

A baby carried by its mother died in the attack, and the three other occupants of the vehicle, including the mother and the head of the Canda post, were injured. They were transferred to Beira Central Hospital where they are receiving medical treatment.

Jamaca said the Gorongosa region is currently relatively calm – but Renamo gunmen are moving through the area attacking and torturing local community leaders.

ADB plans to triple loans to Mozambique

The African Development Bank (ADB) hopes to triple its financing of projects in Mozambique over the next two years, ADB chairperson Akinwumi Adesine announced in Maputo on 4 April after an audience with Mozambican President Filipe Nyusi.

Currently the ADB is financing a portfolio of 19 projects, in the areas of Transport, Energy and Sanitation, totalling $585 million. But Adesine said he wants this figure to reach $1.7 billion by 2017.

“Between 2016 and 2017 we shall increase the level of support we provide to Mozambique in the order of $1.7 billion in various areas, particularly agriculture”, he said. He believed Mozambique’s agricultural potential is such that it could become one of the largest granaries for all of Africa.

“We want to assist Mozambique in the industrialization of its agriculture”, he said. “Our intention is to help the country diversify its economy”. Other areas of focus for the ADB would remain energy and transport. Adesine hoped that Mozambique would increase its capacity to provide electricity to its neighbours, such as Zambia and Malawi.

Adesine told reporters that in the meeting with President Nyusi he had announced the ADB’s intention to grant $15 million to assist the victims of the current natural disasters in Mozambique, notably the drought striking much of the southern and central provinces.

Adesine said that the ADB’s soft loans carry an interest rate of only 0.6 per cent. So far Mozambique has been honouring its commitments, he added, and has been repaying the ADB loans on schedule.

Strategy against child marriages launched

Mozambique is among the seven African countries with the highest prevalence of child marriage, and among the ten countries most affected by this phenomenon in the world, according to the Minister of Gender, Children and Social Welfare, Cidalia Chauque.

She was speaking on 11 April in Maputo at the launch of the National Strategy for the Fight against Child Marriages, which brings together members of the government and its national and international partners.

Citing data from the most recent edition of the Demographic and Health Survey, published by the National Statistics Institute (INE), she said that 14 per cent of Mozambican women aged between 20 and 24 had married before the age of 15, and 48 per cent before they were 18 years old.

Child marriages, said Chauque, are a violation of children’s rights, and have serious consequences for the development of children and of society as a whole. Hence the government has been taking actions to prevent and fight against this phenomenon.

These measures include the adoption of legislation to protect children, the ratification of regional and international conventions on the rights of children and of women, and joining the campaign of the African Union to prevent child marriages.

The government, Chauque added, is trying to raise the awareness of families, religious and traditional leaders, society at large and children themselves to the need to prevent child marriages.

She said that the government is also implementing sexual and reproductive health programmes, and is promoting girls’ education, including the allocation of scholarships.

On legal reform, she stressed the important of the Family Law, which sets 18 as the minimum age for marriage. The statistics, however, indicate that in much of the country this provision of the law is unknown or is simply disregarded.

This is a condensed version of the AIM daily news service – for details contact pfauvet@live.com

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Subscription Rates (20 issues)	Individuals	Institutions
UK	£15.00	£25.00
Europe	£25.00	£40.00
Rest of the World	£30.00	£50.00

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