

# Mozambique News Agency

## AIM Reports

Report no.532, 14<sup>th</sup> September 2016



## Talks resume but no progress

Internationally mediated talks to end the war waged by the opposition party Renamo resumed on 12 September, but there were no signs of progress. The talks, beginning in a Maputo hotel in the late afternoon, lasted for about four hours, but the government and Renamo delegations did not sit at the same table. Instead, the mediators met with each delegation separately.

When the coordinator of the mediating team, the Italian Mario Raffaelli, met with reporters, he merely said there had been “an initial discussion” with the two sides.

“I have nothing to say”, he added. The mediators would work with the two sides, but he could not say when the next meeting would be held. Raffaelli refused to take any questions from the reporters.

The mediators are attempting to arrange a cessation of hostilities, but Renamo has not budged from its position in August that the government must withdraw its forces from the Gorongosa mountain range, near the bush camp where Renamo leader Afonso Dhlakama has his headquarters.

Renamo was not offering to withdraw its own forces from anywhere, and the government pointed out that it had the responsibility to protect the population of Gorongosa from Renamo attacks.

Renamo did not even accept the mediators’ proposal for a demilitarised corridor in Sofala province, which would allow the mediators access to Dhlakama’s camp. To date, there have been no face-to-face meetings between Dhlakama and the mediators.

There were changes in the government delegation for the talks. President Filipe Nyusi has withdrawn from the government team the two parliamentarians Edmundo Galiza-Matos Junior (spokesperson for the parliamentary group of the ruling Frelimo Party) and Antonio Hama Thai (who is also a former chief of staff of the armed forces). Nyusi has replaced them with two jurists, Antonio Boene and Eduardo Chiziane.

### Police step up patrols on Niassa road

The Mozambican police are stepping up their patrols on the road from Cuamba to Marrupa, following the appearance of Renamo gunmen on the road on 11 September, reports the Maputo daily newspaper “Noticias”.

According to the spokesperson for the Niassa Provincial Police Command, Alves Mathe, the purpose of the increased security is to guarantee freedom of movement, and ensure the protection of travellers and their property.

Renamo set up a road block on this highway. It stopped vehicles and searched them, supposedly to check whether they were carrying any soldiers or policemen.

Mathe described the road block as “an ambush” intended to prevent the circulation of members of the defence and security forces in their normal task of maintaining public order and tranquillity.

The road block lasted a for a few hours, and when the police appeared, the Renamo gunmen, estimated to number about 30, according to one eye-witness, slipped away into the bush. No-one was killed or injured during the incident. The police say the situation has now been “normalised”.

Mathe urged people living along the road to remain vigilant and to report to the authorities any anomalous situations which might “create social instability among the communities”.

### Moreira Chonguica nominated for All Africa Music Award

The prominent Mozambican saxophonist and composer Moreira Chonguica has been nominated for an award by the All African Music Awards (AFRIMA) for the song “Ngoma” from his recent album “Live at Polana Serena Hotel”.

The nomination is in the Best African Jazz category. The nominees for all the categories are chosen by the African Union Commission (AUC) and the AFIRMA jury.

Commenting on the nomination process, AFIRMA’s Matlou Tsetetsi stated, “the urbane mix of African sounds in sync with modern tunes and works that promote the positive image of Africa to the world, are some of the guidelines the jury worked with during the screening and selection exercise”.

Moreira Chonguica stated, “I am deeply honoured to have been nominated for this award. I have huge respect for my fellow nominees in this category”.

The winner is chosen by public vote (<http://afrima.org/index.php/voting>) which ends on 5 November. The winner will be announced at a gala function in Lagos, Nigeria on 6 November.

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This is a condensed version of the AIM daily news service – for details contact [pfauvet@live.com](mailto:pfauvet@live.com)

## Government not opposed to forensic audit

The Mozambican government is not opposed to an international forensic audit of the country's public debt, President Filipe Nyusi declared on 10 September.

Speaking at a press conference that concluded his visit to the southern province of Gaza, President Nyusi stressed: "at no time has any member of the government said that a forensic audit was not going to be undertaken".

"What we have been saying is that the cases are already under way at the level of the Attorney-General's Office and of the Assembly of the Republic (the Mozambican parliament)", he added. "So the authorities are working".

The controversy arises over three government guaranteed loans to quasi-public companies in 2013 and 2014, the closing years of the government of President Nyusi's predecessor, Armando Guebuza. Between them, these loans amounted to over two billion US dollars and added 20 per cent to the Mozambican foreign debt.

One of the loans was public – this was the \$850 million of bonds launched on the European bond market by the Mozambique Tuna Company (EMATUM).

The other two loans and their government guarantees were not disclosed, either to the public or to foreign partners, notably the International Monetary Fund (IMF). When the loans became public in April, the IMF suspended its programme with Mozambique, including the second instalment of a \$283 million loan from the Standby Credit Facility (SCF). Other partners followed – notably all 14 donors and funding agencies that provided direct support for the state budget suspended all further disbursements.

The main demand raised by the IMF, and echoed by Mozambique's other western partners, such as the United States and Britain, has been for an international, independent, forensic audit which would track down exactly what happened with all the money involved.

The President's statement makes clear that the government has not slammed the door on the possibility of a forensic audit. This may become important in President Nyusi's forthcoming visit to Washington, where he is due to meet with IMF Managing Director Christine Lagarde.

## Inflation rate of 1.27 per cent in August

The monthly inflation rate in Mozambique rose to 1.27 per cent in August, according to the latest figures from the National Statistics Institute (INE), based on the consumer price indices for the three largest cities (Maputo, Nampula and Beira). This compares with an inflation rate of 0.9 per cent in July and 0.76 per cent in June.

The accumulated inflation between January and August stands at 11.68 per cent, while the yearly rate (1 September 2015 to 31 August 2016) is 21.96 per cent.

The monthly inflation was mainly due to rises in food prices. In August, the price of cooking oil rose by 10.3 per cent (after a rise of 7 per cent in July), of rice by 3.6 per cent, and of fresh or frozen fish by 2.7 per cent.

There were also some significant rises for non-food items – the price of soap went up by 10.3 per cent, of new cars by 8.4 per cent, and of second-hand cars by 9.3 per cent.

There were slight declines in the prices of tomatoes, onions and cowpeas. Taken together, they fell in price by 0.63 per cent.

Of the three cities covered by the survey, inflation was highest in Maputo (1.75 per cent in August). Prices went up by 0.94 per cent in Nampula and by 0.52 per cent in Beira.

## Nine million tonnes of coal to be exported through Nacala-a-Velha

The Nacala Integrated Logistics Corridor (CLN) hopes to move nine million tonnes of coal this year from the Moatize coal basin in the western province of Tete to the northern port of Nacala-a-Velha. This coal is carried along a new railway, some 900 kilometres long, from Moatize to Nacala-a-Velha which crosses southern Malawi.

Speaking on 9 September at the signing of addenda to the Nacala Corridor lease contracts between the government, CLN and the Northern Development Corridor (CDN, which is responsible for the older Nacala port, on the opposite side of the bay to Nacala-a-Velha), CLN chairperson Renato Torres said that the amount of coal moved to Nacala-a-Velha could reach 14 million tonnes in 2017 and the maximum capacity of 22 million tonnes a year in 2018.

The coal comes from the giant open cast mine in Moatize operated by the Brazilian company Vale. CLN was initially set up by Vale (with 80 per cent of the shares), and by the Mozambican publicly owned ports and rail company, CFM (with 20 per cent). Subsequently, Vale sold part of its holding to the Japanese company Mitsui.

The addenda to the lease agreements allows CLN to mobilise further foreign investment (put at three billion US dollars) for the railway and port to reach maximum capacity.

The coal trains running between Moatize and Nacala-a-Velha are the longest in Africa, with four locomotives and 120 waggons. Unlike Beira, the other port used by Vale to export coal, Nacala-a-Velha does not need to be dredged. The port can receive ships of up to 180,000 tonnes, and since coal exports began in January 48 ships have picked up coal.

Transport Minister Carlos Mesquita told the ceremony that the conditions now exist to increase coal production at Moatize, particularly in light of recent improvement in prices.

The signing follows a decision by the government in June that CLN and CDN should be authorised to contract loans of up to three billion dollars. Of this sum, \$1.9 billion will be invested in Mozambique, and the rest in Malawi.

The agreement does not create any financial obligation on the government, since the risks of the operations will be the responsibility of CLN, CDN and their shareholders.

## Industrial Free Zone planned in Tete

The Mozambican government plans to set up an Industrial Free Zone in the Revobue region of the western province of Tete, as part of a strategy to establish industrial development poles. A decree on the new free zone was passed on 6 September by the Council of Ministers (Cabinet).

The government spokesperson, Deputy Health Minister Mouzinho Saide, told reporters that the purpose of an industrial free zone is to attract "structuring investments", increase and diversify the country's exports, promote technological development, and create jobs.

The new free zone will lie between the districts of Chiuta and Moatize. The anchor project will be an iron and steel factory, in which an estimated \$770 million will be invested.

Tete has two of the crucial components for making steel – deposits of iron ore, and of high-grade coking coal. Coal mining in the province is currently in crisis due to the collapse of coal prices on the international market.

The Council of Ministers also extended for a further 25 years the contract for joint management of the Gorongosa National Park, one of the jewels in Mozambique's wildlife crown, by the government and the Carr Foundation of the United States.

## Campaign launched to reduce chronic malnutrition

The Mozambican government on 5 September launched a nutrition campaign, intended to last for two years, and aimed at reducing the rate of chronic malnutrition among children.

The target is to reduce the number of children under five years of age suffering from chronic malnutrition from the current figure of 43 per cent to no more than 35 per cent, the target figure mentioned in the government's Five Year Programme for the 2015-2019 period.

Speaking at the launch of the campaign in Maputo, Health Minister Nazira Abdula said it is intended to guide and inform households about the importance of breastfeeding infants, and transmit knowledge about the components of a healthy and nutritious diet for older children.

Abdula promised that educational activities will be undertaken intended to drive social and behavioural change. Channels to be used in the campaign will include talks given in communities and places where there are large concentrations of people, radio programmes and messages sent by cell phone.

A specific nutritional theme will be introduced each month. This month the theme is the diet required for small children. This will stress the need, after six months of exclusive breastfeeding, to introduce other, and varied foodstuffs, providing the child with an "adequate complementary diet", said the Minister.

"With this initiative, we hope to strengthen the interventions underway and speed up the reduction in the nutritional problems that affect our population", added Abdula. Among the existing interventions mentioned by Abdula is the National School Feeding Programme.

The government's cooperation partners, represented by the United Nations Children's Fund (UNICEF) recognised the importance of the campaign as the start of effective communication leading to social and behavioural changes towards health and nutrition among communities and households.

The UNICEF representative in Mozambique, Marcoluigi Corsi, stressed that these changes require a range of actions and efforts coming from multiple sectors and stakeholders.

The cooperation partners, he said, "reaffirm their undertaking to support the Mozambican government in reducing chronic malnutrition, through integrated programmes of health, nutrition, water supply and sanitation, benefitting the key interventions for child survival".

## LAM suspends acquisition of new aircraft

Mozambique Airlines (LAM) has suspended the acquisition of new aircraft and the opening of any further routes, because of the company's difficult financial situation.

Back in 2014, the company's then Chief Executive Officer, Marlene Manave, declared that LAM was acquiring three Boeing 737 Next Generation aircraft, which would be delivered in 2015, 2016 and 2017.

First came a postponement, with the arrival of the first of the new Boeings delayed until November this year, and now has come the suspension of the entire deal. With no new aircraft, plans for LAM to fly to the capitals of all member states of SADC (Southern African Development Community) have also been put on ice.

Indeed, one of LAM's existing regional routes has already been shelved. In June, LAM suspended its flights between Maputo and Luanda, which were making a heavy loss, and

announced that they would resume "as soon as market conditions make this possible".

LAM chairperson Antonio Pinto de Abreu told reporters of the company's decisions on 5 September, during a meeting of the Consultative Council of the government's Institute for the Management of State Holdings (IGEPE).

"LAM has decided to retreat from the decision to buy new aircraft because it is unable to pay for these acquisitions", he said. LAM had already paid Boeing some money upfront, and Pinto de Abreu said contacts with the American aircraft manufacturer are under way in an attempt to recover this money.

Up to this year, the top management of LAM had presented the image of a financially healthy company, but in reality it ran at a heavy loss. Pinto de Abreu said that six months ago LAM had debts of \$160 million. The new LAM Board which he heads had set about tackling the debt and had brought it down to \$139 million.

"LAM is not in a healthy situation", said Abreu. The accounts for 2015 "show the company has a deficit arising from structural motives".

Among the problems was the nature of the LAM fleet. Past managements had purchased several different types of aircraft (mostly Boeing, Embraer and Bombardier), which meant the company needed to manage accessories and spare parts for all these different makes and train pilots and technical staff to handle them.

Reducing this diversity of aircraft, said Abreu, would reduce costs because the same training could be given to all staff, and the aircraft could be used in all of Mozambique's airports.

## 1.5 million drought victims face food insecurity

The Emergency Operational Centre (CENOE), the operational arm of Mozambique's relief agency, the National Disaster Management Institute (INGC), on 2 September guaranteed that it is monitoring the state of the 1.5 million Mozambicans facing food insecurity because of the severe drought in the southern and central provinces.

Speaking to reporters in Maputo after a meeting of the Technical Disaster Management Council (CTGC), CENOE spokesperson Paulo Tomas said that over the next three months, CENOE will be dispatching teams to the drought-stricken provinces to assess the level of assistance needed and whether it is appropriate to lift the "red alert".

The government declared a red alert, the maximum state of disaster readiness, on 12 April, initially for three months, but it was subsequently extended.

"We shall monitor how matters have evolved on the ground, in terms of the number of people affected by food insecurity, and we shall also assess what may happen in the forthcoming rainy season", said Tomas.

The rainy season begins in October, and Tomas insisted that the INGC is well prepared to cope with any disasters that may occur.

The government says it has been able to assist a million flood victims in the southern provinces of Maputo, Gaza, and Inhambane and the central provinces of Manica, Sofala, Tete and Zambezia.

Between March and August, the government mobilised \$103 million for drought relief. This package includes not only food aid but also water supply, the management of water resources and components for roads, education, health and social welfare.

## President Nyusi appoints new bank governor

President Filipe Nyusi on 31 August appointed Rogerio Zandamela, a senior official at the International Monetary Fund (IMF), as governor of the Bank of Mozambique.

Zandamela takes over from Ernesto Gove, who leaves the central bank after serving two five-year terms of office. Gove was appointed in 2006 and given a second term in 2011.

Zandamela is the Mozambican who has risen highest in the IMF, where he has been working since 1988. He is currently head of mission for Djibouti and Somalia, in the IMF's department for the Middle East and Central Asia. Over an IMF career spanning almost 30 years, he has also been resident representative in Brazil, and head of mission in Armenia, Costa Rica, Gambia, Guatemala, Liberia, Malaysia, Nicaragua, Peru, Trinidad and Tobago and Zimbabwe. He holds a doctorate in economics from the John Hopkins University in the United States.

Zandamela is well placed to repair the ties between Mozambique and the IMF. Currently, the IMF's programme with Mozambique is suspended as is the second instalment of a \$283 million loan from the Standby Credit Facility (SCF).

The suspension was in reaction to undisclosed government-guaranteed loans of well over a billion dollars contracted in 2013-14, in the closing years of the presidency of Armando Guebuza. The loans became public knowledge in April and resulted in all Mozambique's main western partners suspending financial aid.

Zandamela takes over the helm at the central bank at a time of increased inflation and sharp depreciation of the national currency, the metical. The annual inflation rate has now reached around 20 per cent, and so far this year the metical has depreciated by 34 per cent against the dollar.

The Bank of Mozambique has depended heavily on increasing interest rates in order to fight inflation. In late July it increased the Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) by 300 base points, from 14.25 per cent to 17.25 per cent. This level of interest rates is unprecedented in recent years.

## Request to extradite Rwandans handed to Justice Ministry

The Mozambican Attorney-General's Office (PGR) has decided to remit to the Justice Ministry a request from its Rwandan counterpart for the extradition of 12 Rwandan citizens, believed to be living in Mozambique, who are accused of crimes committed during the genocide of 1994.

So far there has been no reply to the Rwandan request because the PGR can take no decision on the matter without government approval.

Once the Justice Ministry has taken a decision the dossier will return to the PGR. If the decision is that the 12 should indeed be extradited, then the PGR and the Supreme Court must take measures to locate them and to send them to Kigali, to answer for the crimes of which they are accused.

The 12 are believed to have entered Mozambique as

refugees, but the PGR fears it could prove difficult to find them as it is likely that they have changed their addresses.

Recently the Rwandan Prosecutor-General Richard Muhumuzza visited Mozambique to strengthen, in person, the extradition request.

## No increase in bread prices until March

The Mozambican government guaranteed on 8 September that the price of bread will remain stable until at least the end of the first quarter of 2017.

The Minister of Industry and Trade, Max Tonela, informed reporters that the government and bakers have signed a protocol to stop any rise in the price of bread.

The new protocol follows an agreement in July under which bakeries will be compensated for increases in the price of their main raw material, wheat flour. Thus the subsidy on wheat flour will remain in force until at least next March.

Very little wheat is grown in Mozambique, and the bakeries are thus overwhelmingly dependent on imported wheat, the price of which has risen steeply because of the depreciation of the Mozambican currency, the metical, which depreciated 59.3 per cent between July 2015 and June 2016.

Tonela added that the government is working with the Bank of Mozambique, as the exchange authority, to ensure that sufficient foreign currency is available to import essential goods that are produced in insufficient amounts by Mozambique, and raw materials, particularly for the food processing industry.

## Former arsenal to become nature park

Maputo Municipal Council and the National Administration of Conservation Areas (ANAC) hope to conclude the work to turn a former arsenal in the outlying Maputo neighbourhood of Malhazine into an ecological park by December.

The general director of ANAC, Bartolomeu Soto, announced this on 6 September when he signed a memorandum of understanding with the Mayor of Maputo, David Simango.

Transforming Malhazine into an ecological park follows the removal of all the weaponry, after the tragedy of 2007, when badly stored and obsolete ammunition exploded, sending shells and other pieces of heavy ordnance all over the city. 103 people died in the explosions and 515 were injured.

The disaster prompted a long overdue decision to remove all arsenals from urban areas.

The Municipal Council will take overall responsibility for Malhazine, and the memorandum of understanding sets up a partnership between the municipality and ANAC, with the latter providing expertise in the management of biodiversity.

Animal species which used to exist in Malhazine before it became an arsenal will be reintroduced

"We shall repopulate the area with wildlife", said Soto. "First, we shall contact our neighbours in South Africa and Zimbabwe, and with them, we shall identify the species appropriate for introduction into the park".

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