

# Mozambique News Agency

## AIM Reports

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## President calls for Dutch support for water management

President Filipe Nyusi on 18 May encouraged Holland to continue supporting Mozambique in the search for appropriate solutions to water management. Speaking in the Dutch city of Rotterdam, after witnessing the signing of a memorandum of understanding for further Dutch support for Mozambique's three regional water boards, and for the government's Water Supply Assets and Investment Fund (FIPAG), President Nyusi said the experience of Holland can be determinant for how human beings can manage water.

The ceremony took place in the independent Institute for Applied Water Research (Deltares), where President Nyusi declared "here it is possible to find the solution to the problem facing Mozambicans".

He said there are occasions "when Mozambican citizens feel worried when they hear the word 'water'. Normally, water is a synonym for life and happiness, but for our people, it can be a reason for concern in some cases, since there may be a shortage or an excess of water".

He cited, as examples, the current restrictions on water supply in Maputo and the neighbouring city of Matola because there is not enough water in the Umbeluzi river for normal supplies to the pumping and treatment station. There was a shortage of water for the western city of Tete, and there were serious sanitation problems in Beira because parts of the city are below sea level. Deaths have occurred in Mozambique because of both floods and drought, he added.

"We have rivers that do not run dry, but instead of the water being conserved and managed, it kills, it ruins fields and it destroys infrastructure", President Nyusi said. "This is water that should be used in times of drought to irrigate fields and produce energy". He suggested that Deltares could make a contribution towards solving this problem.

He encouraged Mozambique's municipal governments to follow the example set by Beira in seeking solutions to their water problems and pledged support from the central government.

About four million Dutch citizens live in places which, like much of Beira, are below sea level. But, due to the use of technologies such as those developed at Deltares, water is no longer a threat to their lives but has become a key factor in socio-economic development.

Several agreements on maritime matters were also signed, including a memorandum of understanding on maritime cooperation; a declaration of intent on technical assistance in designing a commercial port in Palma (the district in the far north of the country, where vast deposits of natural gas have been discovered offshore); and an agreement on studies for improving the access channels and managing the facilities of the tertiary ports of Angoche and Mocimboa da Praia.

## Signs of economic recovery in first quarter

There was an improvement in tax collection and a reduction in expenditure in the first quarter of 2017, according to Ministry of Economy and Finance spokesperson Rogerio Nkomo.

Addressing a press conference on 17 May, Nkomo said that revenue from January to March amounted to 39 billion meticaís (US\$629 million). This is 21 per cent of the target for the entire year of 186 billion meticaís, and it is 18 per cent more than was collected in the first quarter of 2016.

Nkomo attributed this result to the fiscal reforms being undertaken by the Mozambican Tax Authority (AT), and to "the economic dynamic experienced in the first quarter".

The revenue that contributed most to this collection was domestic taxes rather than taxes on foreign trade.

Expenditure was five per cent lower than in the first three months of 2016. The budget for running costs this year is 156 billion meticaís, and 36 billion (23 per cent) has been spent.

Nkomo said that 43 per cent of this sum went towards the development of human and social capital, and 22 per cent was spent on developing a sustainable macroeconomic environment. As for capital expenditure, 80 billion meticaís is budgeted for the year, but only 800 million meticaís (ten per cent) was spent between January and March.

Nkomo pointed out that about 80 per cent of the expenditure of the first quarter was covered by resources raised domestically, and not by foreign aid. This is largely because foreign aid declined dramatically after revelations of the size of the hidden debts guaranteed by the previous government. All 14 donors who had given direct support to the state budget suspended further disbursements.

Nkomo added that in the first quarter there had been a reduction in foreign direct investment, and in the flow of exports and imports. The main positive factor was the cessation of military hostilities with the opposition party Renamo. There were no longer any Renamo ambushes on the roads, and vehicles no longer had to travel in convoys under armed escorts along dangerous stretches. Nkomo believed it was this renewed freedom of movement of people and goods that had given the economy a new dynamic.

## New prospects for coal exports

The consortium formed by the Brazilian mining giant Vale, the Japanese multinational Mitsui, and Mozambique's public owned port and rail company, CFM, on 12 May formally inaugurated the Nacala Logistics Corridor (CLN), the new railway and coal terminal which Vale believes will be determinant for the success of its coal mining operations at Moatize, in the western province of Tete.

CLN, in which Vale is the largest shareholder, is an investment of US\$4.4 billion. It includes a railway 912 kilometres long, running from Moatize, across southern Malawi, and eventually reaching the new mineral port at Nacala-a-Velha, on the coast of Nampula province.

Speaking at the inauguration ceremony, which was also attended by President Filipe Nyusi, the Brazilian Foreign Minister Aloysio Ferreira declared "Vale has arrived and it has come to stay". He stressed that the Corridor was of great economic importance for both Mozambique and Malawi.

He believed CLN would increase the productivity of the Moatize coal industry, reduce costs, and lead to the emergence of other investments.

Reducing the costs of mining and exporting coal has always been one of the major challenges facing Vale's Mozambican operations. The Vale open cast mine at Moatize has been running at an enormous loss, partly because of low world prices for coal, and partly due to logistical constraints.

Until CLN became operational, Vale depended on the Sena rail line from Moatize to the port of Beira. But Beira cannot handle giant mineral ships and needs continual dredging.

Nacala Bay, on the other hand, is considered the best deep water harbour on the east African coast. It does not require dredging and can accommodate ships of any size.

"The Nacala Corridor will make it possible to reduce substantially the costs of production and transport of coal due to the large volumes involved. This will be determinant for the success of the Moatize coal industry", a Vale spokesperson told reporters.

Although CLN was only formally inaugurated on 12 May, it began its operations in early 2016. Last year the Nacala-a-Velha port exported 6.5 million tonnes of coal, and this year exports are expected to reach 11 million tonnes. Within the next two years, the railway and port are expected to reach peak capacity of 18 million tonnes of coal a year. It can carry an additional four million tonnes of assorted cargo.

"Vale has no control over world market prices of coal, which depend on supply and demand", the company source said. "But increased volumes of production and exports will reduce operational costs, help the company become more competitive, and allow Vale-Mozambique to run at a profit".

Since it started mining in Mozambique, Vale always complained that the high operational costs were damaging its investment, leading to accumulated losses of tens of millions of dollars. "It was necessary to align the cost structure with the international market", said the Vale source.

Vale was frustrated by the lack of capacity on the Sena line. The line had been rehabilitated, but never reached its theoretical capacity of transporting six million tonnes a year.

"The maximum it carried was a bit more than four million tonnes a year", said the Vale spokesperson. And since Beira port cannot handle large vessels, the Vale coal shipments were sometimes transshipped onto larger ships on the high seas – an operation that is unnecessary at Nacala-a-Velha.

A Vale operational analyst, Hector Cumbana, said that to date the largest shipment of coal from Nacala-a-Velha was 187,000 tonnes. "The port of Nacala-a-Velha has no limitations in terms of cargo capacity", he pointed out.

The modern equipment installed at the port allows ships to be loaded with coal at the rate of 5,000 tonnes an hour. The capacity of the railway is also impressive. The Vale trains consist of 120 waggons and are 1,650 metres long. Each train can carry around 7,560 tonnes of coal. At the port storage facility (which can hold a million tonnes), the coal is transported to the ship by a 13-kilometre long conveyor belt.

The port is self-sufficient in energy and water. It has its own generator group that can produce six megawatts of power and draws water from a desalination plant. It also has a system for treating and recovering waste water.

Currently, the port receives an average of nine to ten ships a month. The main markets for Moatize coal are Asian and European countries.

CLN provides direct employment to 2,053 workers, while a further 1,600 are employed by companies that depend on the corridor. According to the CLN human resource manager, Ines Correia, only 8.5 per cent of the workforce are foreigners. About 12 per cent of the workers are women.

## Residents must pay for upkeep of water system

The governor of the southern province of Inhambane, Daniel Chapo, on 23 May urged residents of the town of Jangamo to pay for the maintenance of the new water supply system that he had just inaugurated.

The Jangamo system cost 52 million meticaís (US\$864,000 at current exchange rates), disbursed by the Mozambican government, the European Union and the United Nations Children's Fund (UNICEF). It has the capacity to pump 250,000 litres of clean water a day.

Speaking at the rally held after the system was inaugurated, Chapo urged the population of the town to use the new facility correctly to ensure that it would last a long time. He guaranteed that the water that arrives in the homes of Jangamo residents is fit to drink, since it undergoes appropriate treatment, just like the water supply in the two main cities in the province, Inhambane City and Maxixe.

But clean water is not free, the governor insisted. "To have water here in Jangamo throughout our lives, we have to contribute", he said. "But in Jangamo, we shall pay a symbolic price".

Initially, only 6,500 households will receive water from the new system. These are the residents of two of Jangamo's five neighbourhoods. It is expected that, at a later stage, the system will be expanded to cover the other three neighbourhoods.

## Chairperson of Maputo Bus Company resigns

The chairperson of the board of directors of the Maputo municipal bus company, EMTPM, Iolanda Wane, has resigned, following severe criticisms of the company's management made by President Filipe Nyusi and Transport Minister Carlos Mesquita.

According to a report in the newssheet "Mediafax", Wane, who had been chairperson since October 2011, sent her letter of resignation to the Mayor of Maputo, David Simango, on 8 May. The following day, Simango accepted her resignation, but Wane will remain in office until 10 July. By that time, Simango should have found a replacement.

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

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## Gaza governor threatens action against debtors

The governor of the southern province of Gaza, Stela Zeca, has threatened legal action against people who refuse to repay loans from the District Development Fund (FDD).

The FDD was an initiative of former President Armando Guebuza in 2006, intended as a measure of decentralisation. Initially, it took the form of an annual distribution to every district in the country of seven million meticaís (about US\$113,000 at today's exchange rate, but worth around twice that amount in 2006) from the state budget.

The money was to be lent to applicants with feasible projects that could create jobs, raise income and boost food security. These were loans at low-interest rates, and the FDD would work as a revolving fund – as the money was repaid, so it would be lent out again to other beneficiaries. The beneficiaries were to be people who had no access to normal bank loans.

The FDD is still referred to colloquially as “the seven million” – even though the annual amount now varies between districts, taking factors such as population size into account.

But it has never worked as planned because the beneficiaries have simply failed to repay the money. Across the country, the repayment rates are low with beneficiaries in many districts failing to repay even as little as ten per cent of what was lent.

During a tour of Maputo province in late April, President Filipe Nyusi demanded that the debts to the FDD be repaid. He expressed his anger at the failure to repay and accused the district consultative councils, who are in charge of the loans, of mismanagement.

The consultative councils “are not collecting the seven million”, he said. “They are bad managers. They hand over money and then don't collect it. This is irresponsible”.

On a visit to the Gaza district of Chigubo, Stela Zeca said the lack of interest shown by FDD beneficiaries in repaying any of the money could no longer be tolerated. The beneficiaries had made it clear that they had no intention of repaying anything, she accused.

She was also angered that many of the beneficiaries should not have had access to the FDD in the first place. Cited by Radio Mozambique, Zeca said she has in her possession a list of 99 beneficiaries from Chigubo district, who all work in the public administration. They had applied for FDD loans in 2010, and since then have not repaid as much as a single metical.

These are people, she said, who, in principle, could have applied for loans from commercial banks. But they had preferred to abandon the banking system, and take money from the FDD, a fund which is intended to support applicants who are not eligible for normal bank loans.

Zeca said the Gaza provincial government will do all in its power to recover the money, and channel it to beneficiaries who are genuinely eligible for FDD loans. If those who took the money do not pay up, “legal and administrative measures” will be taken against them, she threatened.

If Zeca follows through on this threat, it will be the first time anywhere in the country that FDD debtors have been taken to court.

The governor could understand that, at the start of the FDD, there might have been some misunderstanding about who was, and who was not, eligible for the loans. But what was quite beyond comprehension was that people who receive wages from the State every month still refuse to repay any of the money borrowed from the FDD.

## Labour Minister barred from annulling contracts of foreign workers

The Constitutional Council, Mozambique's highest body in matters of constitutional and electoral law, has ruled unconstitutional a norm which gave the Minister of Labour the power to annul the contracts of foreign workers (and thus effectively throw them out of the country).

The decision of the judges on the Council was unanimous and is contained in a ruling issued on 9 May.

The case appears to have arisen from a highly publicised incident in 2013, when the then Labour minister, Helena Taipo, gave a Portuguese citizen, Diamantino Miranda, who was then the coach of the Costa do Sol football team, two days to leave the country. Miranda had called Mozambicans “thieves”.

It was the Ombudsman, Jose Abudo, who, in 2016, formally approached the Constitutional Council with a request to declare this norm in the labour legislation unconstitutional. The norm is contained in a decree of 2008 regulating the hiring of foreign workers.

It states “in the event of violation of the principles expressed in the Constitution of the Republic and of other laws and norms in force in the country, the exercise of the right to work of the foreigner in question may be forbidden by a dispatch of the Labour Minister”.

Abudo believed that this norm infringed the fundamental rights of foreign workers, and violated both the Constitution and the Labour Law.

When the Constitutional Council asked the government to respond to Abudo, it replied that it could see no reason to declare the norm unconstitutional. However, it accepted there might be some ambiguity in interpreting the word “forbid”, and so the government promised, “to reformulate the norm and make it clearer and more operational”.

It did so by issuing new regulations on the hiring of foreign workers on 31 August 2016. But although this revoked the original decree that Abudo had protested against, it retained the right of the Labour Minister to annul the contracts of foreign workers.

The new norm lists the cases in which the Minister could cancel contracts – including physical assaults by the foreigner against other workers, either Mozambican or foreign, racism or other forms of discrimination against fellow workers, violation of the rights of women workers, and the sentencing of the foreign worker to a prison term for other matters.

But the Constitutional Council regarded the new norm as essentially the same as the old one. It was unconstitutional because it denies the foreign worker affected the right “to defend himself in a due legal procedure”. The adversarial nature of the Mozambican legal system always allows accused persons to defend themselves, but this norm did not.

A dispatch from the Minister revoking a private contract “without offering, in good time, the opportunity for defence against the content of the accusations, whatever their nature, is an unequivocal and flagrant violation of the principle of contradiction which is essential under the rule of law”.

It also infringed the right which any citizen has to challenge administrative acts which damage his or her interests, and was thus “a real affront to the constitutional principle of effective protection”, the Council declared.

The Council also noted that the Labour Law lists the ways that labour contracts can end – and unilateral annulment by the Labour Minister is not one of them. The Council ruled that the government had exceeded its regulatory powers by establishing a new form of ending the work contact, which is not envisaged in the Labour Law.

## Airlines free to fly in EU airspace

The European Commission on 16 May removed Mozambican air companies from its blacklist of airlines that are not allowed to operate in the airspace of the European Union.

According to a press release issued in Brussels, the EU Commission has decided that Mozambican airlines have been “cleared from the list following further improvements to the aviation safety situation”.

In the same release, it was noted that Air Zimbabwe has been added to the blacklist “due to unaddressed safety deficiencies”.

The Commissioner for Transport, Violeta Bulc, commented, “I am glad that we are able to take all carriers from Benin and Mozambique out of the air safety list. Their reforms have paid off. This is also a signal to the 16 countries that remain on the list. It shows that work and cooperation pays off. The Commission and the European Aviation Safety Agency are ready to assist them and raise the safety standards worldwide”.

Following the update, 181 airlines from 23 countries are prohibited from flying in the skies above EU countries.

Mozambique was first put on the list in 2011, not because of any safety problems with Mozambique Airlines (LAM) or any other Mozambican air company, but because the regulator, the Mozambique Civil Aviation Authority (IACM), was accused of not meeting EU standards.

The ban did not have any practical effects, as LAM does not have the capacity to operate any intercontinental flights. The only European Union airline to fly to Maputo is the Portuguese company, TAP, which has a code-sharing arrangement with LAM.

The other companies operating intercontinental routes from Maputo are Qatar Airways and Turkish Airlines.

A distinct possibility now exists of direct connections between Mozambique and France. Mozambican Transport Minister Carlos Mesquita and French ambassador Bruno Clerc signed an agreement in Maputo earlier this month which creates the legal basis for regular air links.

Flights between Mozambique and France do not necessarily mean between Maputo and Paris. French territory also includes the Indian Ocean island of Reunion, and one Reunion-based company, Air Austral, is interested in establishing regular flights between Saint-Denis and Maputo.

## Minister complains of poor quality higher education

Minister of Science, Technology and Higher Education Jorge Nhambiu has complained about the poor quality of higher education. Speaking in Maputo to staff and students of the Technical University of Mozambique (UDM), one of the country’s private universities, at a meeting on the challenges of higher education in the construction of peace and democracy, Nhambiu pointed to the low level of qualification of the teaching staff.

In the country’s 52 institutions of higher education, there are currently 189,135 students and 4,935 teaching staff.

But only 14 per cent of the staff have doctorates, even though the regulations on institutions of higher education demand that at least half the full-time teaching staff must have doctorates. Given the large number of part-time teachers, this meant, Nhambiu said, that at least 16.6 per cent of the teachers in all the universities “must be doctors. Unfortunately, we are not complying with this requirement”.

A further 183 university teachers are being trained to acquire Ph.Ds, but even this, he said, “is not enough to respond to the needs”.

## Former Justice Minister charged with corruption

The Central Office for the Fight against Corruption (GCCC) has charged former Justice Minister Abdurremane Lino de Almeida with abuse of office and payment of undue remunerations, reports the newspaper “Noticias” on 15 May.

According to a source in the Kampfumo district court in Maputo city, where Almeida will be tried, the former minister is accused of paying the sum of 1.78 million meticaís (US\$28,400 at current exchange rates, but worth considerably more in 2015 when the payments were made).

The money was used to pay for three citizens from the northern provinces of Cabo Delgado and Nampula to make the annual Muslim pilgrimage to Mecca in Saudi Arabia. The three travelled to Mecca and stayed there for 21 days, all at the cost of the Mozambican state, although none of them had any contractual ties with the Mozambican state.

Almeida was appointed Minister of Justice and Constitutional and Religious Matters in January 2015. President Filipe Nyusi sacked him in March 2016, by which time the GCCC was already investigating his alleged crimes.

## President Nyusi calls for vigorous fight against organised crime

President Filipe Nyusi on 15 May urged the Public Prosecutor’s Office to act speedily against organised crime and to keep this at the top of its agenda.

Speaking in Maputo, at a ceremony where two assistant attorney generals, Januario dos Santos Necas and Americo Juliao, were sworn into office, President Nyusi said the Mozambican state also wants to see public prosecutors intervene more vigorously in the fight against corruption.

“Corruption robs our institutions of their credibility”, declared the President. “The Public Prosecutor’s Office has the task of combating vehemently all the modern and sophisticated forms of crime which endanger the longings and expectations of those whom we have sworn to serve”.

He added that the State should possess a criminal investigation body with the necessary technical and scientific capacities to assist prosecutors in drawing up charge sheets.

“A strong Public Prosecutor’s Office is fundamental for the efficiency and effectiveness of justice in our country, and to guarantee the rule of law we wish to consolidate”, said President Nyusi.

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