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President Nyusi insists on need for effective peace

President Filipe Nyusi on 4 October declared that war “is a very outdated way of living”, and stressed that “living in peace means building a nation and a future”.

“The dream of the country’s children is stability and a lasting peace”, he said, addressing a ceremony marking the 25th anniversary of the peace agreement between the government and Renamo, signed in Rome on 4 October 1992 by the then President, Joaquim Chissano, and by Renamo leader Afonso Dhlakama.

President Nyusi was speaking after he laid a wreath at Maputo’s Monument to the Mozambican Heroes where several of those who laid down their lives for the country are buried, including the founder of the Mozambique Liberation Front (Frelimo), Eduardo Mondlane, and the country’s first President, Samora Machel.

He told the crowd that significant steps towards an effective peace have already been taken in the contacts he has held with Dhlakama, and he pledged that these would be made public in due course.

A truce, declared by Dhlakama in late December 2016, is holding, and this year there have been no Renamo ambushes on the roads, and no clashes between the defence and security forces and Renamo gunmen.

The key points under discussion with Renamo are changing the constitution to allow the direct election of provincial governors (who are currently appointed by the President) and giving senior positions in the armed forces and police to Renamo in exchange for the disarming and demobilisation of the Renamo militia.

“Peace is the greatest gain made by Mozambicans”, declared President Nyusi. “It is one of the most noble values of our national independence”.

The commemorations, he said, should be a moment to revive the spirit of the 1992 peace accord, to assess its content and implementation in order to ensure the success of the current dialogue.

He announced that on 3 October he had held another phone conversation with Dhlakama, to give him advance greetings for the anniversary. President Nyusi added that the two of them maintained the consensus that they should continue working to ensure peace.

He recalled that the country had recently lived through threats to peace (clearly referring to the low-level Renamo insurrection of 2016). These events had recalled the wounds of the past and had threatened to open new ruptures in the relationship between Mozambicans.

“The people are unanimously reaffirming that the continuing peace is of sacred and inalienable value”, said the President. “So, we are doing everything within our power, and we shall maintain this determination until we obtain an effective and definitive peace. It’s the sole alternative for the development of Mozambique”.

First agreement reached for sale of Area One LNG

The Thai state owned hydrocarbon company PTT has announced that it is to purchase 2.6 million tonnes per year of liquefied natural gas (LNG) from northern Mozambique.

PTT has an 8.5 per cent share in the consortium holding the licence to exploit gas in Area One in the Rovuma Basin, off the coast of the northern province of Cabo Delgado. Area One is estimated to contain more than 75 trillion cubic feet of natural gas.

The newspaper “Bangkok Post” quotes PTT board chairperson Piyasvasti Amranand as stating that the company approved the LNG purchase on 22 September. He added that the partners in Area One are due to make their Final Investment Decision by the end of this year with gas production scheduled to begin in 2022 – 23.

This is a positive sign for Mozambique, as there have been continued delays in commercialising the huge gas reserves in the Rovuma Basin. In April, the Reuters news agency reported that the Japanese company Mitsui, which holds a 20 per cent stake in Area One, did not expect to take its final investment decision until between April and June 2018.

According to Piyasvasti, PTT’s gas sales agreement (GSA) is due to be signed next year at a price slightly below the \$10 – \$12 per million British thermal units found in PTT’s existing GSAs with Qatar Gas, Shell, BP and Petronas.

The operator in Area One is the Texas-based company Anadarko, which holds a 26.5 per cent stake. Along with Mitsui’s 20 per cent, ONGC Videsh holds 16 per cent, Oil India four per cent, BPRL Ventures ten per cent and PTT 8.5 per cent. In addition, Mozambique’s National Hydrocarbon Company, ENH, holds a 15 per cent stake.

Anadarko is developing Mozambique’s first onshore LNG plant consisting of two initial LNG factories (known as trains) with a total capacity of 12 million tonnes per year to commercialise gas from the Golfinho/Atum fields.

Building the two trains will take around four years, and so the start of LNG production will not be before 2022.

It is likely that the second Rovuma Basin consortium, located in Area Four and led by the Italian energy company ENI, will start LNG production before Anadarko. ENI and its partners in June signed the Final Investment Decision for a floating liquefied natural gas (FLNG) unit and the first LNG from this unit is expected to be produced by June 2022.

ENI has signed a contract to sell its LNG from the Coral South field to BP-Poseidon, a subsidiary of British Petroleum. This contract covers the sale of all LNG from Coral South for 20 years.

Prime Minister joins Frelimo Political Commission

Key allies of President Filipe Nyusi entered the Political Commission of the ruling Frelimo Party on 2 October, at the end of the Party's 11th Congress which was held in Matola.

The new entrants include Prime Minister Carlos Agostinho do Rosario. He had been the long-serving ambassador to India, when President Nyusi called on him, in early 2015, to become Prime Minister. At the Congress, Rosario was elected to the Central Committee, which then elected him to the Political Commission, the most powerful Frelimo body.

Two other members of the government entered the Political Commission – Interior Minister Jaime Monteiro, and Deputy Foreign Minister Nyeleti Mondlane. She is the daughter of the founder and first president of Frelimo, Eduardo Mondlane, who was assassinated by a parcel bomb sent by the Portuguese secret police, the PIDE, in 1969.

Three people who had left the Political Commission during the period when Armando Guebuza was President of Frelimo and of the Republic were once again elected to it. They are former Prime Minister (and currently ambassador to China) Aires Aly, a former Frelimo general secretary and once the director of Radio Mozambique, Manuel Tome, and the former Executive Secretary of the Southern African Development Community (SADC), Tomas Salomao, who has also served as Finance Minister and Transport Minister.

The final newcomer to the Commission is Ana Rita Sithole. Her name was mentioned as a possible candidate for General Secretary, but in the event she chose not to stand.

Those re-elected to the Political Commission include former Defence Minister Alberto Chipande. He is the man who fired the first shots in Frelimo's independence war in 1964. Others re-elected are former guerrilla commander Raimundo Pachinuapa, the president of parliament Veronica Macamo, and her predecessor Eduardo Mulembue.

Also re-elected were the chairperson and deputy chairperson of the Frelimo parliamentary group, Margarida Talapa and Sergio Pantie, Education Minister Conceita Sortane, former Environment Minister Alcinda Abreu, former Mayor of Maputo Eneas Comiche, and Filipe Paunde who was Frelimo General Secretary between 2006 and 2014.

Those who failed in their bids for re-election were Agriculture Minister Jose Pacheco, former Prime Minister Alberto Vaquina, former Tourism Minister Carvalho Muaria, former Minister of Mineral Resources, Esperanca Bias, and former governor of Maputo City, Lucilia Nota Hama. The former Public Works Minister, Cadmiel Muthemba, could not stand for re-election since he had lost his Central Committee seat the previous day.

The outgoing general secretary, Eliseu Machava, chose not to stand for re-election, specifically in order to clear the way for his successor Roque Silva. He thanked the members of the Central Committee for the unconditional support they had given him, and promised that he would be the first to support Roque Silva.

In addition to the 17 members elected by the Central Committee, three others sit on the Political commission ex officio – the President of the Party, Filipe Nyusi, the General Secretary, and the secretary of the Verification Committee, the Frelimo disciplinary body, Raimundo Diomba.

The Congress also passed unanimously and by acclamation a resolution appointing President Nyusi's predecessor, Armando Guebuza, an Honorary President of Frelimo. He will be the second Honorary President. The title was first bestowed on Joaquim Chissano, who was President of the Republic from 1986 to 2005.

Four deaths in Mandimba

Four people died on 2 October when police opened fire on rioters in the town of Mandimba, in the northern province of Niassa. According to the spokesperson for the General Command of the police, Inacio Dina, speaking at his weekly press briefing in Maputo, the police were obliged to open fire to prevent the rioters from attacking the district police command and seizing firearms stored there.

In addition to the deaths, seven demonstrators were injured, four of them seriously. The angry crowd set fire to the house of the district police commander, and in the clashes two police cars, seven motorcycles and a dozen bicycles were destroyed.

Dina said the police were faced with a crowd armed with stones, knives and similar weapons.

The crowd had marched to the district police command to demand an explanation for the murder, the previous day, of a man who made his living out of informal currency trading. His family claimed that the police were involved in the murder.

Dina stated that the police are already working to solve this murder. He said there had been lengthy attempts to persuade the crowd not to embark on violent action, but to no avail. He announced that two senior officers from the General Command have gone to Mandimba to analyse the circumstances of the riot. He added that the situation in the town has now returned to normal.

Fastjet announces new domestic routes

The Pan African low-cost airline Fastjet has announced that it will shortly launch its domestic service in Mozambique.

In a press release, the company revealed that it is entering the Mozambique market in partnership with Solenta Aviation Mozambique. Solenta is the Mozambican subsidiary of a South African company which, up until now, has specialised in charter flights. Fastjet currently operates in Tanzania, Zambia, Zimbabwe, and South Africa.

Commenting on the new routes, the chief executive of Fastjet, Nico Bezuidenhout, said "Mozambique is a very important market for Fastjet and we will soon have the opportunity to offer daily flights between some of the main cities in the country at affordable fares".

The routes will be served by Embraer E145 aircraft which have a capacity of fifty passengers.

In September, the Mozambique Civil Aviation Institute (IACM) for the first time ever opened the domestic route market to foreign airlines. The routes were put out to tender earlier this year and Ethiopian Airlines and Malawi Airlines successfully applied for authorisation to fly the domestic routes.

Five Mozambican companies were also authorised: namely Mozambique Airlines (LAM); its subsidiary Mocambique Expresso (MEX); the air transport division of Mozambique Railways, CFM Transportes Aereo; the long-established light aircraft company TTA; and Solenta Aviation Mozambique.

LAM has come under severe criticism for its poor service with issues such as overbooking, delayed flights and even cancellations. It will now face strong competition from the low-priced Fastjet and the highly regarded Ethiopian Airlines.

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

ICVL to resume mining coal in Tete

The Indian consortium International Coal Ventures Limited (ICVL) is to restart mining coking coal at its assets in the western Mozambican province of Tete.

According to a report in the Indian newspaper "The Telegraph" the Chairperson of the Steel Authority of India Ltd (SAIL), the country's largest steel producer, P K Singh, who also heads ICVL, commented "we have floated a tender for mining coking coal and will be awarding the work soon".

In 2014, ICVL acquired three concessions from Rio Tinto – its 65 per cent stake in the Benga open cast coal mine, and the Zambeze and Tete East projects, all in Tete province.

ICVL had ambitious plans to invest \$2 billion linked to Mozambique's coal. These include ramping up mining to 13 million tonnes of coal annually, a project to transform coal into liquid fuels, and the construction of a 300-megawatt power station at the Benga mine.

However, in 2015 the company suspended its operations in Mozambique as the price of coking coal plummeted to below \$80 a tonne. But ICVL is reconsidering its plans now prices have risen to \$190 for Australian coking coal (FOB).

According to "The Telegraph", SAIL has "faced huge problems in acquiring good quality coking coal, with the Australian mines jacking up prices".

The paper quotes Singh as stating that "some 35 per cent of the deposit at our Mozambique mines is coking coal and we intend to have it mined and shipped home".

The report states that the coal will be shipped out of Macuse. However, it fails to mention that the project to build a railway line from the Moatize coal basin to Macuse on the coast of Zambezia province has not even reached the construction phase. The \$2.7 billion project will require the building of a 500-kilometre long railway and the construction of a new port. Work is expected to begin later this year and is scheduled to be completed in 2021.

ICVL is a joint venture between five Indian state owned concerns, namely the Steel Authority of India Ltd, Coal India Ltd, Rashtriya Ispat Nigam Ltd (RINL), NTPC Ltd and NMDC Ltd. It was set up to acquire coal assets abroad in order to guarantee secure supplies of coking coal for the Indian steel industry. The other stakeholder in the Benga mine is the Indian company Tata Steel.

Zinave wildlife sanctuary to expand

The wildlife sanctuary in the Zinave National Park, in the southern province of Inhambane, is being extended to house more species and stimulate their reproduction.

The park covers 725,000 hectares, and within it the wildlife sanctuary operates over an area of six thousand hectares where animals are protected by fencing. Under the current expansion plans the sanctuary will grow to cover an area of 18,000 hectares.

The park's administrator, Antonio Abacar, explained that the expansion, which is being sponsored by the "Peace Parks Foundation", aims to maximise the use of the area's resources such as water and vegetation. With the extension, the sanctuary will include a sacred forest and its own lake.

According to Abacar, "within five years the work that has been carried out in cooperation with the Peace Parks Foundation will be more visible".

Abacar was speaking to journalists during a reception ceremony to mark the arrival of another batch of waterbuck and buffaloes from the Gorongosa National Park and the Marromeu National Reserve.

He admitted that the park still needs to improve some aspects so that it can attract more tourists, but stated, "the priority is to have wildlife and flora of an acceptable quality and then the tourist camps will come".

The warden pointed out that the park has already received 340 waterbucks from Gorongosa and will soon get another sixty. He added that a hundred reedbuck are to be supplied by Gorongosa along with 71 buffaloes from Marromeu. Furthermore, the Kruger National Park in South Africa is to supply fifty elephants, as well as wildebeest and zebras.

Abacar lamented that the park's access roads are in a poor condition which makes attracting tourists difficult. In addition, it takes between two and three days for relocated animals to arrive in the park by road.

He also drew attention to the continuing conflict between wild animals and the local population, with two people killed this year after attacks carried out by crocodiles and hippopotami.

However, on a positive note, Abacar said that the problem of poaching was pretty much under control with about thirty weapons being confiscated from poachers so far this year. The park has 45 wardens with another 35 currently undergoing training.

Government predicts 5.3 per cent growth in 2018

The Mozambican government is predicting substantial economic recovery in 2018, with economic growth rising from the projected rate of 4.7 per cent this year, to 5.3 per cent next year.

At an extraordinary meeting on 21 September, the Council of Ministers (Cabinet) approved the economic and social plan and state budget for 2018, which will now be submitted for debate at the end-of-year sitting of the Mozambican parliament, the Assembly of the Republic.

Briefing reporters at the end of the meeting, the government spokesperson, Deputy Culture and Tourism Minister Ana Comoana, said that inflation is predicted to drop substantially. The average 12 monthly inflation rate for this year is projected at 15.5 per cent: the government expects it to drop to 11.9 per cent in 2018.

Comoana added that export revenue is expected to rise from \$3.4 billion this year to \$4.1 billion next year. The country's net international reserves in 2018, she predicted, will be sufficient to cover six months of imports of goods and non-factor services.

The 2018 budget envisages total government expenditure for the year of 300.7 billion meticaís (\$4.92 billion), but government revenue is estimated at only 222.8 billion meticaís, leaving a deficit of 77.9 billion meticaís.

Once the government would have expected assistance from donors providing direct budget support to fill much of this gap. But all 14 donors who once channelled aid directly to the budget suspended disbursements in April 2016, when the true scale of the "hidden debts" incurred by the previous government, headed by President Armando Guebuza, became clear.

Comoana said the government would deal with the deficit through domestic credit (mainly high interest bearing treasury bonds), foreign loans and foreign grants – which she put respectively at 2.3, 5.4 and 2.6 per cent of the country's Gross Domestic Product. The forecast deficit for 2018 is equivalent to 9.7 per cent of GDP, lower than the 10.7 per cent of GDP represented by the 2017 deficit.

Plans for major expansion of renewables

The government's Energy Fund (FUNAE) on 19 September in Maputo launched a portfolio of renewable energy projects, budgeted at \$500 million intended to contribute towards achieving universal access to electricity by 2030.

A press statement from FUNAE explained that 332 small towns across the country will be electrified using hydropower. This will involve building small hydro-electric networks capable of generating over 1,000 megawatts.

A further 343 projects will depend on solar power, including 10 medium sized mini-networks generating between one and three megawatts, and 111 micro-networks, that can generate up to 100 kilowatts.

The initiative is to ensure that, within about 15 years, the entire Mozambican population will have access to electricity, mostly from small-scale systems outside the national grid managed by publicly owned electricity company, EDM.

Recently FUNAE and the Portuguese company Galp-Energia signed a partnership protocol to install solar power systems in rural communities in Maputo, Sofala, Manica and Cabo Delgado provinces. Five towns will be electrified in these provinces, benefitting health centres, schools, water supply systems and buildings of the public administration.

Solar power has already made a major impact on public services in the countryside. The statement pointed out that between 2005 and 2014 more than 3.7 million Mozambicans benefitted from solar power. Based on photo-voltaic systems, 201 small towns, 669 schools, 623 health centres and 77 public buildings were electrified.

World Bank support for energy sector

The World Bank on 28 September approved a grant of US\$150 million from the International Development Association (IDA) for the Mozambican energy sector.

According to a World Bank press release, the grant "will help Mozambique's electricity utility company, EDM, improve the operational capacity of its electricity network as well as its operational efficiencies".

It notes that Mozambique "made significant strides in expanding access to electricity in recent years, which now reaches 26 percent of the country, up from 6 percent in 2006"

But despite these improvements "EDM faces increasing issues of efficiency and reliability of its electricity. The total system losses were estimated at 26 percent in 2016, higher than the weighted average for Sub-Saharan Africa".

The bulk of the aid (\$117 million) is intended to assist "the rehabilitation and upgrading of network infrastructure to improve security and reliability of electricity supply through the reinforcement of transmission and distribution lines, installation of additional transformers to increase capacity, and reactive compensation equipment in the cities of Maputo, Matola, Nacala, Pemba, and Lichinga."

The rest of the money will be used to support EDM's operational and commercial operations, the company's capacity building and implementation support, as well as capacity building for the Ministry of Mineral Resources and Energy.

Defence Minister denies arms purchases from North Korea

Defence Minister Atanasio M'tumuke on 27 September denied that Mozambique has purchased military equipment from North Korea, and invited United Nations specialists to visit the country and check for themselves.

The allegation that Mozambique purchased military equipment from North Korea, in violation of United Nations sanctions against Pyongyang, was mentioned in two reports from the panel of experts set up by the UN Security Council to monitor the implementation of sanctions, on 27 February and 5 September.

The February report mentioned a \$6 million contract between the North Korean Haegeumgang Trading Corporation and Monte Binga, a company owned by the Mozambican Defence Ministry.

M'tumuke was backed up by Foreign Minister Oldemiro Baloi who also denied any purchase of military equipment from Pyongyang. He admitted, however, that in the past Mozambique had received military support from North Korea – not only during the national liberation struggle against Portuguese colonial rule, but also after independence when North Korea "remained on our side, even at difficult moments".

But when the United Nations Security Council declared sanctions against the Pyongyang regime, Mozambique had to comply. "As members of the United Nations, we have to comply with decisions of the Security Council".

Quelimane Central Hospital runs out of money

One of the most modern health units in Mozambique, Quelimane Central Hospital in Zambezia province, has run out of money, and, unless more funds are provided, it will be unable to feed patients for the next three months.

Cesar Macome, the clinical director of the hospital, cited by the Quelimane electronic newsheet "Txovela", said the financial crisis also hits the purchases of fuel needed for the hospital's vehicles and for the emergency generator that is switched on in the event of power cuts in the city. The hospital is also no longer able to pay the private companies hired to provide cleaning services.

The total budget provided by the state for Quelimane Central Hospital this year was 27 million meticaís (\$443,000), and that has all been used.

Macome told reporters "for us to operate until the end of the year we will need about 22 million meticaís".

He added that "the Zambezia Provincial Health Directorate is working on this, and everything is being done to ensure that there will be no problems".

This unit is the largest hospital built in Mozambique since the country's independence in 1975. It is one of only four health units to enjoy the status of Central Hospital – the others are in Maputo, Beira and Nampula.

The hospital cost \$55 million, provided by South Korea, via its Exim Bank, and employs around 3,000 people. President Filipe Nyusi inaugurated the hospital in October 2016.

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