

# Mozambique News Agency

## AIM Reports

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## Creditors did not reject debt proposals - Maleiane

The Minister of Economy and Finance, Adriano Maleiane, has denied that creditors rejected the government's debt restructuring proposals put before a meeting in London on 20 March. Interviewed in the daily newspaper "O Pais", Maleiane also denied that there was an "impasse" in talks with the creditors.

The loans in question were made to three security-related companies, Ematum (Mozambique Tuna Company), Proindicus and MAM (Mozambique Asset Management), organised by Credit Suisse and VTB of Russia in 2013 and 2014.

"I don't see the impasse you're talking about", he said. "We went to London, first to continue the meeting we held in 2016, when we said we would see how the economy is growing. This time we gave an update on the situation, and said yes, there is an effort, but the conditions still haven't been created for us to pay, under the terms we had agreed, and so we are accumulating debt".

"It was important to say that we would like to comply with our undertakings, because the State must be credible", he said. "But it's one thing to have the desire, and the reality is something else".

Maleiane presented the creditors with three restructuring options, and "we gave the opportunity to each group of creditors to question the document and request any further information. Afterwards, they took the proposals to the creditors that each one of them represents, so that they could then make counter-proposals. We didn't fix any deadline. When one of them has a counter-proposal, he'll present it to the government, through our consultants".

The initial reaction from the group calling itself the "Global Group of Mozambique Bondholders" (GGMB) was hostile. Their spokesperson, Thomas Laryea, in contacts with journalists described the government proposals as "a total non-starter".

Maleiane told "O Pais" he believed this was a reaction to the government's proposal for a 50 per cent "haircut" (i.e. cancellation) of arrears in interest payments (currently running at US\$636 million— so US\$318 million would be cancelled).

The creditors, Maleiane said, argued that "in order to restructure the debt, the interest should be paid. We replied that it's just a proposal and they would have the possibility to study it".

He expected the GGMB (which basically consists of European hedge funds) to present a counter-proposal by April.

"Meanwhile we wait", said Maleiane, "and work so that the economy continues to produce. Our mission wasn't to ask for money. It was a meeting of dialogue with the creditors, to see if they can attenuate their demands so that payments can be regular".

"I didn't see any negative reaction", he added. "Their reaction is normal, because creditors would like to be paid 100 per cent."

He was sure that the creditors would make counter-proposals, since the government had never expected them to take a decision immediately. "There's no reason to despair", said the Minister. "Nothing was rejected, and there was nothing to be rejected, since we didn't go to ask for money, but to renegotiate existing conditions".

Maleiane thought the current situation was bad for all concerned, for without a solution "these loans will always be in the press, it will be negative for Mozambique's ratings, and if that happens, it's bad for the price of the debt, and it's bad for the country's risk, making the costs of loans for the private sector and for investors more expensive".

"It's in their interest to take a step towards normalising the situation", he argued, "so that we can operate".

The alternative to debt restructuring, advocated by Mozambican civil society bodies, and supported by the British non-governmental organisation, the Jubilee Debt Campaign, is to renounce the debt. Mozambique could declare the debt odious and pay nothing at all.

### HP lauds INAE for raids against counterfeit goods

The international technology company Hewlett Packard (HP) has praised Mozambique's National Inspectorate of Economic Activities (INAE) for carrying out raids on counterfeit suppliers.

According to an HP press release, in December local officials seized 64,000 illicit items from various warehouses and shops in Maputo, leading to the dismantling of a major print supplies counterfeiter. The seized goods included counterfeit toner cartridges, as well as the components needed to assemble fake print supplies. The counterfeiter had been supplying fake cartridges in bulk to six retail outlets.

In its release, HP warned that "counterfeiting is a crime. For users, such illegal imitations can cause a multitude of problems that can cause performance and reliability issues".

Jean Paul Pinto, Print Business Group Manager in HP Africa, commented "HP commends the cooperation and swift action of Mozambican officials and their determination to apprehend and prosecute counterfeiters who break the law. We are proud that our collaboration is working to reduce counterfeiting operations in the region".

## Battery Minerals granted graphite mining licence

The Australian mining company Battery Minerals (formerly known as Metals of Africa) on 26 March announced that it has been granted a mining licence for its Montepuez graphite project in the northern Mozambican province of Cabo Delgado.

The company now has in place all the conditions to begin production by the end of this year. When exports begin early next year the company will be shipping between 45,000 and 50,000 tonnes per year of graphite concentrate. In phase two, production will increase to at least 100,000 tonnes per year.

According to a statement from Battery Minerals, it has “passed another major milestone in its path to becoming a significant graphite supplier to the lithium battery industry”.

Battery Minerals Managing Director David Flanagan stressed his gratitude to the Minister of Mineral Resources and Energy, Max Tonela, and his staff “for granting our Mining Licence and their efficient processing of our Mining Licence application”.

The company has already signed four binding offtake agreements for up to 41,000 tonnes per annum of graphite concentrate. The graphite will be trucked to the port of Pemba where it will be shipped to market.

When operational, the project will create more than 170 local jobs. The project has a mine life of twenty years.

Graphite is a form of carbon that is highly valued due to its properties as a conductor of electricity. It is used in batteries and fuel cells and is the basis for the “miracle material” graphene, which is the strongest material ever measured, with vast potential for use in the electronics industries.

The company expects there to be a global shortage of graphite from 2020 due to a huge increase in demand for electric vehicles and rechargeable batteries.

## Mustang Resources finds high-grade graphite deposit

The Australian mining company Mustang Resources has announced that it has found high-grade graphite and vanadium at its Caula Project in Cabo Delgado province.

Results from 65 samples taken during test drilling had yields above 15 per cent Total Graphitic Carbon. According to Mustang, “these results confirm the high-grade nature of the Caula deposit and establish the project in the top quartile high-grade large flake graphite deposits globally”.

The company expects that these results will lead to an expansion of the JORC Inferred Mineral Resource estimate (JORC is the Australian code for reporting mineral resources estimates). Managing Director Bernard Olivier commented, “Caula goes from strength to strength, as these new results show. We have very high graphite grades, substantial widths and a very significant proportion of large and jumbo flake sizes”.

He added, “now, in addition to the outstanding graphite mineralisation, we are establishing the presence of substantial vanadium mineralisation”.

The company’s new strategy is focussed on speeding up the development of the project, and it hopes to deliver its first minerals in the first half of next year.

Vanadium is mainly used as an additive to strengthen steel. However, it is now being used in a new generation of rechargeable batteries.

## Britain announces new High Commissioner to Mozambique

Britain has announced it will for the first time appoint a black female career diplomat to the post of High Commissioner. NneNne Iwuji-Eme will be Britain’s High Commissioner to Mozambique, replacing Joanna Kuenssberg in July.

NneNne Iwuji-Eme has worked for 16 years at the Foreign and Commonwealth Office, with roles ranging from economic adviser for Africa to chief press officer to the Africa Minister.

She has also worked as an economist in the Department for Environment, Food, and Rural Affairs, and for Royal Dutch Shell. Her most recent posting was to Brazil as First Secretary Prosperity and Acting Prosperity Consul.

NneNne Iwuji-Eme commented: “it is an honour and a privilege to be appointed High Commissioner to Mozambique. I hope my appointment as the first British black female career diplomat to this position will inspire young talent, regardless of race or background, to pursue their ambitions in the Foreign Office. I look forward to forging even stronger connections between Britain and Mozambique two close members of the Commonwealth family”.

Just under a third of Britain’s heads of mission are women, an improvement of two hundred percent over the last decade.

## First turbine in power station switched on

The Maputo combined cycle power station switched on the first of its gas turbines on 26 March. By August, this new power station should be working at full capacity, generating 106 megawatts. The station is using natural gas from Temane, in the southern province of Inhambane.

“There are several phases”, said Narendra Gulab, director of generation of the public electricity company, EDM. “Within a week the power station will begin to inject into the grid between two and three megawatts, just from the first turbine. The second turbine will be switched on in about a month, and as from May or June, we shall generate 106 megawatts”.

The project has been financed by Japan with US\$170 million, while EDM has provided US\$13 million from its own funds.

Gulab told reporters that the new gas-fired power station adds 25 per cent to the electricity supply for southern Mozambique. It will increase the quality and improve the reliability of the electricity supplied to consumers.

“Over the past two or three years, we have lived through emergencies when it was necessary to have power restrictions”, he added. “This power station will reduce the risks of interruptions in the supply of electricity to Maputo and Matola cities”.

The new station is located on the grounds of a coal-fired power station that was dismantled several years ago. But the transmission lines linking it to the main sub-stations in the Greater Maputo area still exist, and can be used to transmit power from the new gas turbines.

As for human resources, Gulab said that 40 Mozambican technical staff have been recruited, half of them women. A group of 15 Mozambicans are undergoing training in Japan. Eventually 67 Mozambicans will operate the station.

This is the only combined cycle power station in southern Africa. A combined cycle is much more efficient than traditional forms of combustion. The gas turbine generates electricity while the waste heat from the gas turbine is used to make steam to generate additional electricity via a steam turbine. This both increases energy efficiency and reduces emissions of greenhouse gases.

## Assembly passes bill on state business sector

The Mozambican parliament, the Assembly of the Republic, on 21 March passed a government bill that establishes principles and rules for the entire state business sector.

The state business sector consists of public companies, which are 100 per cent owned by the state and, in principle, should only exist in strategic sectors, and a much larger number of “participated companies”, which are set up as limited companies under the Commercial Code, but in which the state is a shareholder.

The new law establishes a common legal framework for both forms of state property. All will have the same structure of a general meeting of shareholders that elects a board of directors, which then draws up the company’s plans and budgets, and also a three-member Supervisory Board, including a certified auditor or accountant, which inspects and issues opinions on the company’s accounts.

All the companies must sign a contract-programme with the government, to guarantee coverage of the costs of any social component of the public service provided, which must be approved by the Minister of Finance. The contract-programme fixes the criteria for any subventions from the state budget.

All the companies are subject, not only to their internal controls, but to external audits, by independent auditors, and risk management. The financial controls must include an analysis of sustainability, and an assessment of the legality, efficiency and effectiveness of the company management, as well as measures to prevent and manage fiscal risk, and limits to indebtedness.

The acquisition of goods and services by the companies is governed by a set of principles including the pursuit of the public interest, transparency, publicity, competition and impartiality.

A set of regulations, putting flesh on the bare bones of this law must be published within 180 days. All the existing companies then have a further 180 days to bring themselves into line with the provisions of the law and its regulations.

The bill passed its first reading by 134 votes to 32. Deputies from the ruling Frelimo Party and from the Mozambique Democratic Movement (MDM) voted in favour, while Renamo voted against.

The Assembly also passed the second and final reading of a government bill amending the 2007 law which set up the Financial Intelligence Office (GIFIM), in order to strengthen GIFIM’s anti-terrorist role.

The bill defines GIFIM’s task as to prevent the use of the Mozambican financial system, and any other sectors of economic activity, in money laundering, the financing of terrorism, and other organised transnational crime.

GIFIM must collect and analyse information on suspicious economic or financial operations that might indicate money laundering, the financing of terrorism or connected crimes, and collaborate with law enforcement agencies in identifying funds and assets resulting from transnational organised crime.

The Office must also monitor implementation of sanctions decreed by the United Nations Security Council.

When there is sufficient evidence of money laundering or financing of terrorism, GIFIM must immediately call on the Public Prosecutor’s Office to suspend the operations in question, and initiate criminal proceedings.

Both opposition parties continued to oppose the bill, arguing that GIFIM could not be independent if it was subordinate to the executive, and demanding that it be subordinate to the Assembly instead.

Frelimo’s absolute majority in the Assembly ensured that the bill passed, by 123 votes to 45.

## Policemen arrested over escape

The Mozambican police have arrested all the police officers who were on duty at the top security cells, appended to the Maputo City Police Command, when three dangerous criminals escaped recently.

The spokesperson for the General Command of the police, Inacio Dina, told reporters on 20 March that a magistrate has formalised the detention of the group “since it is strongly suspected that some of them facilitated the escape”. Investigations were continuing “to ascertain the degree of participation of each of them”.

Dina did not give the exact date of the escape, or the names of the three escapees. He said that two of them were accused of kidnapping and armed robbery, while the third had been charged with the murder of two policemen.

As for other significant crimes that have occurred in the past week, Dina said that five individuals had been detained, in Maputo and in the northern city of Lichinga, after they were found in possession of counterfeit currency. They were carrying 85 notes of a thousand meticaís, all of them forged.

Dina said there has recently been an upsurge in the seizure of counterfeit currency, and those arrested include both Mozambicans and foreign nationals.

Meanwhile, the National Criminal Investigation Service (SERNIC) on 21 March announced the arrest of six members of a gang accused of kidnapping a Chinese citizen in Boane district, about 30 kilometres west of Maputo, on 9 February.

The head of the SERNIC public relations department, Leonardo Simbine, told reporters that the police also seized five vehicles used by the gang, one AK-47 assault rifle and one pistol.

“This is a gang that has been operating in Maputo province since 2015”, said Simbine. He declined to name the arrested criminals, or give any further details for fear of disturbing the ongoing investigations.

The Chinese victim was released five days after the kidnapping. A ransom was paid, but the amount has not been revealed.

## Sweden provides grant to EDM

Mozambique’s publicly owned electricity company, EDM, and the Swedish embassy on 19 March launched a “Project Preparation Programme”, under which Sweden will grant EDM 52.5 million Swedish crowns (US\$6.4 million).

The programme, which will run until 2021, will include studies on efficiency, capacity building and environmental impact assessments in the energy sector. Thus, it is hoped, will facilitate interaction with other potential funding agencies.

At the ceremony, EDM chairperson Mateus Magala said the funding will help expand access to electricity and support bankable projects in Mozambican communities. He said this is a unique experience in funding the preparation of projects, and fills a gap in the company’s operations.

Among the initiatives where studies can now advance, due to the Swedish grant, are the second phase of the Mavuzi hydroelectric power station in the central province of Manica, small hydropower stations at Tsate (also in Manica), Messalo (Cabo Delgado) and Mugeba (Zambezia), and transmission lines from the northern city of Nampula to the coastal district of Angoche, from Chimuara to Dondo, in Sofala province, from Macia to Chonguene, in the southern province of Gaza, from Ressano Garcia, on the South African border, to the industrial area of Beluluane, on the outskirts of Maputo, and from Maputo to Salamanga.

## Embassies to issue passports

The Interior Ministry is training staff at embassies and consulates so that they will be able to issue passports and identity cards to Mozambican citizens living abroad.

According to a report in the Maputo daily newspaper "Noticias", the National Director of Civil Identification, Domingos Jofane, made this announcement in Swaziland, where he had gone to deliver identification documents to Mozambicans living in that country.

Currently, Mozambicans living outside the country must either return to Mozambique to apply for a new passport, or wait for the Interior Ministry to send a brigade to their country of residence.

The Ministry, Jofane said, is now empowering the embassies and consulates to issue passports. Staff from the Civil Identification Directorate and from the National Immigration Service will be sent to assist in this task.

The process is likely to be slow, for once an applicant has delivered his or her details to an embassy, they will be sent to Maputo for analysis. Only after the data has been checked will the documents be sent to the embassies.

"When this process is implanted in our main diplomatic offices, our fellow citizens will no longer be obliged to return to the country to deal with their documents, with all the costs that this implies", said Jofane. "We shall also minimise the costs of sending brigades to collect the data".

In the pilot phase, the countries likely to be covered are South Africa, Portugal and Germany.

## PM urges increased action against poaching

Prime Minister Carlos Agostinho do Rosario on 16 March urged the National Administration of Conservation Areas (ANAC) to step up the efforts to halt poaching, and illegal mining and logging in the country's national parks and reserves, and other protected areas.

He was speaking in Maputo at the ceremony where Mateus Mutemba was sworn into office as the new general director of ANAC.

The Prime Minister said that ANAC should educate the communities living within conservation areas to respect and preserve the environment. Mitigating the conflicts between the communities and wildlife, he added, was one of the ways to conserve biodiversity and improve living conditions.

Rosario stressed that ANAC should administer the protected areas effectively and promote tourist facilities within them.

He urged Mutemba to manage carefully the financial resources put at ANAC's disposal, and to ensure regular communication with other ANAC staff, stimulating motivation and teamwork.

Mutemba said that he too was deeply concerned with the threat posed by poaching. The general lines which he intended to follow were "the preservation of our biodiversity, the generation of financial resources for our economy, and improving the living conditions of communities within and around the conservation areas".

Mutemba was previously the administrator of the Gorongosa National Park, in the central province of Sofala, which is often regarded as the jewel in Mozambique's wildlife crown. Gorongosa had been devastated during the war of destabilisation, but during the ten years of the park's restoration programme, great steps forward have been taken in restocking it. The numbers of animals in Gorongosa, Mutemba said, have now recovered to such an extent that Gorongosa is now sending animals to help restock other Mozambican conservation areas.

There had been notable successes, he said, in restocking the Maputo Special Reserve, which lies on the road from Maputo to the tourist resort of Ponta de Ouro, on the border with the South African province of Kwa-Zulu Natal.

## Basic foods must be fortified by end of month

The National Committee on the Fortification of Foodstuffs (CONFAM) on 15 March guaranteed that the compulsory inspections of basic foodstuffs to ensure that they are fortified with micro-nutrients will begin on 31 March.

"There has been more than enough training of the food processing industries, and intervention by our partners to adjust the equipment necessary to this end", said CONFAM Coordinator, Eduarda Mungoi.

She was speaking to reporters in Maputo during a meeting with representative of the Ministry of Health, the customs service, and the National Inspectorate of Economic Activities (INAE), discussing how to inform the industries and the public in general that, as from 31 March, non-fortified foodstuffs will be removed from the Mozambican market.

She said that 43 food processing industries have, over the past two years, received the necessary equipment for adding micronutrients to their products. "We think they can work on their own now, but in close collaboration with us as facilitators", added Mungoi.

She explained that the government has improved exemptions from customs duties for industries who import food fortification equipment. "All this has greatly helped us in ensuring that fortification becomes compulsory", she said.

The inspection will be the task of INAE. Its routine inspections of shops and other establishments that sell food will now also include ensuring that basic foodstuffs – such as flours, cooking oil, sugar and salt – are fortified.

Around 43 per cent of children in Mozambique suffer from chronic malnutrition. This is caused not only by an absolute shortage of food, but by a poor diet lacking in key nutrients. The micro-nutrients added during fortification include vitamin A, folic acid, iron, zinc and iodine (usually added to salt).

Although the micro-nutrients are added to foods in very small amounts, and are usually consumed at a rate of less than 100 milligrams per day, they are critical for good health. For example, vitamin A deficiency can cause blindness and reduces the body's ability to fight infection. Iron deficiency causes anaemia, while zinc deficiency can increase the risks of diarrhoea and pneumonia, and iodine deficiency can lead to goitres.

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