

# Mozambique News Agency

## AIM Reports

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## President stresses resources should drive industrialisation

The Mozambican government is striving to ensure the right balance between exporting raw materials and using them on the domestic market in a way that is socially viable and economically sustainable, declared President Armando Guebuza on 25 July.

The President was speaking at the opening session of a conference in the Scottish city of Aberdeen on “Infrastructure Development in the Emerging Oil and Gas Industry in Mozambique”.

President Guebuza said the government “is actively pursuing a vision to make our natural resources a driving force of sustainable social transformation and industrialisation through value addition within the country, with the ever increasing participation of Mozambicans”.

The policies in place, he added, are “aimed at providing an appropriate, transparent and secure environment”.

In particular, the Gas Master Plan, approved by the government in 2012, “provides for the development of natural gas resources in a manner that stimulates investment to maximise benefits for our people, and plays a role in our drive to make poverty history in Mozambique”.

That plan supports “growth in domestic public and private sector institutional skills, growth in domestic industry and businesses, especially small and medium enterprises, increased employment across the country, and expanded access to training and education”.

One of the major challenges, President Guebuza continued, “is the building of human and institutional capacities to deal with this complex and strategic industry. The growing natural resource business requires training in order to provide the country with skilled labour which is adequately qualified to meet the demand of the whole hydrocarbon value chain”.

President Guebuza stressed that Mozambicans “should not lose sight of the other sectors of our economy that have been the engines of our average growth rate of seven per cent a year for more than a decade now. These remain vital and priority areas in our development strategy”.

### “Optimal recovery” targeted

According to the chairperson of the National Petroleum Institute (INP), Arsenio Mabote, the government is aiming for “optimal resource recovery of all hydrocarbon resources”.

Speaking during the conference, Mabote said that policy fundamentals included “securing resource rent, allowing industrial development, and retaining an efficient petroleum regulatory and administrative regime”.

He pointed out that there are two main sedimentary basins in Mozambique, where hydrocarbon deposits could be found. The better known of these is the Rovuma Basin in the

far north of the country, covering 17,000 square kilometres onshore and 12,500 square kilometres offshore.

It is in the offshore region that the recent spectacular discoveries of gas have been made by consortia headed by the American company Anadarko, and ENI of Italy. Mabote pointed out that the wells drilled so far have made ten discoveries, within a radius of about 50 kilometres.

The Mozambique Basin is much larger, covering half a million square kilometres of the central and southern Mozambican coastal plan and continental shelf, stretching from the Zambezi Delta to the border with South Africa. It was here that the country’s first gas fields were discovered, in the 1960s, at Pande and Temane in Inhambane province. But exploitation of these resources, by the South African petrochemical giant Sasol, only began in 2004.

The known reserves at Pande and Temane are 3.5 trillion cubic feet of gas, dwarfed by the 185 trillion cubic feet so far discovered in the Rovuma basin. The Mozambique Basin remains largely unexplored.

The immediate tasks for the Rovuma basin, said Mabote, are to build the facilities for producing liquefied natural gas (LNG), drill the development wells, install subsea architecture, and secure shipping agreements.

He pointed out that Anadarko and ENI will have to reach agreement on sharing gas reserves – the discoveries the two consortia have made are probably interconnected.

Mabote said that further offshore seismic data, for both the Rovuma and the Mozambique basins, is being acquired, to be used as the basis for forthcoming licensing rounds.

The challenges facing the government, he added, include the local processing of natural gas for industrial products, guaranteeing competitive prices for natural gas on the local market, the training and employment of Mozambican staff in gas related industries, and ensuring local content in the provision of goods and services.

The chairperson of the National Hydrocarbons Company (ENH), Nelson Ocuane, pointed out that the hydrocarbon potential of all of east Africa is underdeveloped, with less than 600 exploratory wells drilled (94 of them in Mozambique). This compares with 19,000 exploratory wells in north Africa and 14,600 in west Africa.

Ocuane pointed to the potential use of natural gas to produce fertilisers. Mozambican farmers currently use very small amounts of fertiliser – an average of only 3kg per hectare, which compares with a 10.5kg average in sub-Saharan Africa, and the world figure of 122kg per hectare.

## Final voter registration reaches 85 per cent

By the end of the voter registration period on 25 July, 85 per cent of the estimated potential electorate in Mozambique's 53 municipalities had registered, according to the final figures issued by the Electoral Administration Technical Secretariat (STAE).

After a dismally slow start in May, when the registration brigades were dogged by repeated equipment failures, the closing days of the registration saw a surge of voters making their way to the registration posts to pick up their new voter cards.

Out of STAE's estimated 3,598,003 municipal citizens entitled to vote, 3,058,386 registered – almost exactly 85 per cent.

Broken down by province, the most successful was Tete, where registration reached 120.3 per cent of the target.

The figures for the other provinces were:

Manica – 99.7 per cent

Cabo Delgado – 94.7 per cent

Gaza – 95.4 per cent

Inhambane – 93.9 per cent

Maputo City – 85.7 per cent

Sofala – 85.6 per cent

Maputo Province – 81.6 per cent

Nampula – 80.0 per cent

Niassa – 79.9 per cent

Zambezia – 64.4 per cent.

Within Zambezia, there were particularly poor registration rates in the municipalities of Gurue (40.5 per cent), Alto Molocue (50.9 per cent) and Mocuba (53.4 per cent). No other municipality, anywhere in the country, registered less than 70 per cent of its target.

There were 24 municipalities that registered more than 100 per cent of their target. This included nine of the ten towns that were promoted to municipal status in May of this year – it is certainly possible that in these cases, the large registration figures simply reflect hasty mistakes made by STAE in estimating the electorate.

More puzzling are the 15 towns that were already municipalities, where the registration went over 100 per cent. In these towns, based on the 2008 municipal elections (and on population figures from the 2007 census), STAE should have had much more accurate estimates.

In Ulongue, in Tete, 247 per cent of the estimate electorate registered. In Mandlakazi (Gaza), the figure was 204 per cent, in Marrupa (Niassa) 200 per cent, in Massinga (Inhambane) 142 per cent and in Catandica (Manica) 144 per cent.

This inevitably raises questions as to whether, in these towns, significant numbers of people from outside the municipal boundaries registered in order to vote in the 20 November municipal elections.

## Dhlakama should give orders to his own men, not the government

Agriculture Minister Jose Pacheco, the head of the Mozambican government team in the dialogue with the country's largest opposition party Renamo, has advised Renamo leader Afonso Dhlakama to give ultimatums to his own men, rather than to the government.

On 29 July, opening a meeting of the Renamo National Council, Dhlakama said that if the two delegations in the dialogue did not reach agreement within a week, then he would resolve the problem his own way, and even spoke of splitting the country in two.

On 30 July, as Pacheco emerged from a meeting of the Council of Ministers (Cabinet), he told reporters that Dhlakama can give orders to his own members, but not to the government.

In the latest rounds of dialogue, Pacheco has insisted that Renamo must disarm the illegal security force it keeps, over 20 years after the accord that ended the war of destabilization. So far Renamo shows no sign of disarming.

In his speech to the National Council, Dhlakama said that, if there was no advance in the next meeting of the Renamo-Government dialogue, scheduled for 5 August, he would recall the Renamo delegation to his bush headquarters at Satunjira, in the central province of Sofala.

"We shall bring a full stop to this", he said. "If Frelimo continues to play around, as it has done, then as from next week, it must show that it wants to negotiate. If Frelimo doesn't want to negotiate, we shall not kneel before it, we shall solve things without negotiations".

Dhlakama insisted that, unless the electoral law is amended to suit Renamo, there would be no municipal elections this year. "If Frelimo insists on holding elections, I tell you that national unity is over. Mozambique will be divided into two or three countries. We shall take Sofala and other provinces, and declare independence".

Dhlakama even suggested that Christmas this year would be celebrated in two countries rather than one.

## Mozambique and Thailand to double trade

Mozambique and Thailand have agreed to a series of measures to strengthen bilateral cooperation. The accords cover technical cooperation, visa exemptions, hydrocarbon development, economic cooperation and tourism.

Trade between the two countries stands at \$180 million a year. These measures could see trade double over five years.

The signing of the accords in Maputo on 29 July followed the arrival of the Prime Minister of Thailand, Yingluck Shinawatra.

Speaking at a press conference after the signing ceremony, Thailand's Minister of Foreign Affairs, Surapong Tovichakchaikul, highlighted the important role played by the private sector.

Mozambique's Foreign Minister, Oldemiro Baloi, said bilateral discussions covered issues including resources, tourism, fishing, health, transport and communications.

During separate talks President Armando Guebuza, Yingluck Shinawatra presented plans to create a Thailand/Africa Forum and invited the country to participate.

This was the first time a Thai leader has visited Mozambique since the establishment of diplomatic relations in 1989. In addition, it is Prime Minister Yingluck Shinawatra's first visit to Africa since her election in 2011.

## Repairs to Nacala dam almost complete

Repair work to the Nacala dam is 98 per cent complete and will be finished later this year. This was revealed during a visit to the construction site by Prime Minister Alberto Vaquina.

The dam was built under Portuguese colonial rule in 1968 to supply water to the port of Nacala. Since then the population of Nacala has grown enormously and the dam has developed serious problems. It is estimated that 15 to 20 per cent of the dam's water is lost to seepage.

The United States government, through the Millennium Challenge Account (MCA), has provided \$37 million to fund repair and upgrading work. Under the terms of the contract, the work must be finished before mid-September.

The repairs to the dam have included raising its wall by two metres, building a new flood overflow spillway and constructing a new water intake to supply the city of Nacala. In addition, new bottom outlet gates stop leaks and improve the dam's ecological impact.

Once the work is completed the reservoir will be able to hold 6.6 million cubic metres of water – a 57 per cent increase in capacity. The dam will be able to release 25,000 cubic metres of water per day for the city. The current discharge is limited to 7,200 cubic metres per day.

The dam is fed by the Muecula River and rainwater.

During his visit, the Prime Minister stressed the need for contractors to meet the high standards and strict deadlines of the contract.

He pointed out that Nacala currently suffers from a lack of water for consumption and economic development. He stated, "there can be no economic activity in the areas of tourism, industry or trade without this precious liquid in sufficient quantities".

He added that the ultimate goal of the rehabilitation is to help Nacala to respond to the development challenges over coming years.

It will help Mozambique reach the seventh objective of the Millennium Development Goals (MDGs). This is to halve by 2015 the proportion of the population without sustainable access to drinking water and basic sanitation.

According to the Prime Minister, the Mozambican government's efforts in Nacala and other parts of the country will have a notable impact on the quality of life, reducing diarrheal illnesses such as cholera.

## Nampula water supply

The Prime Minister also visited the site of the project to double the supply of clean water to the city of Nampula. The project will ensure that clean water is available to 430,000 people.

The MCA is also financing the \$27 million project.

The work includes increasing the reservoir capacity, building a treatment plant and installing pipeline.

Once operational, the system will increase the supply of water to forty thousand cubic metres a day, serving two thirds of the population.

However, Alberto Vaquina stressed the need to continue expanding access to water in both urban and rural areas. In particular, he argued for opening more boreholes to reduce the distance travelled by people collecting water.

## World Bank approves funds for Maputo water supply

The Executive Board of the World Bank on 25 July approved a loan of \$178 million to the Mozambican government. This will fund the expansion of the water supply in the Maputo metropolis.

The Greater Maputo Water Supply Expansion Project will connect a hundred thousand families to the water supply system.

Under the project, a new water treatment plant with a capacity of 60,000 cubic metres per day will draw water from the Corumana dam on the Sabie River. In addition, 93 kilometres of new pipeline will be able to transport 120,000 cubic metres of water per day. The plan also includes the construction of reservoirs, pumping stations, and ancillary works.

According to the World Bank's country director for Mozambique, Laurence Clarke, "the government of Mozambique has made steady progress in building a sustainable water system to provide access to clean water for many households in its quickly growing urban areas".

The project will also tackle problems caused by climate change. The Bank's Director for Sustainable Development in the Africa Region, Jamal Saghir, explained, "Mozambique is vulnerable to periodic tropical cyclones during the summer months that periodically flood the intake system and water treatment plant of the existent water works. This project will support the creation of a water system that is climate resilient".

The loan will also help Mozambique meet its Millennium Development Goals (MDGs). The World Bank's project team leader, Luiz Claudio Martins Tavares, pointed out, "approximately 17 per cent of under-five deaths in Mozambique are the result of diarrheal diseases, primarily caused by poor water and sanitation. The funds approved today will transport clean, treated water directly to households in the Greater Maputo Area, bringing families an opportunity for improved health, and more time in each day for busy women and girls".

The loan will come from the World Bank's soft loan facility, the International Development Association (IDA).

## Funds available to repair Massingir dam

Emergency repair work to the Massingir dam will improve irrigation for 16,000 farmers in the districts of Xai-Xai, Chokwe and Massingir in the southern province of Gaza.

Xai-Xai and Chokwe have a huge potential for food production, including vegetables, rice, and livestock. However, damage to the dam in May 2008 reduced the volume of water that could safely be stored.

In fact, the dam had never been fully operational as leaks appeared within months of the end of construction in 1977. Major repairs in 2007 were botched and within a year the bottom outlet pipes burst.

Funding for the emergency repair work is now available through a \$33 million credit from the African Development Bank (AfDB), agreed at the end of May.

The dam on the Elephants River - a major tributary of the Limpopo - plays an important role in regulating downstream water levels. The repaired dam will reduce the possibility of a repeat of the destruction caused by flooding in Chokwe and Xai-Xai earlier this year.

## Macadamia nuts exported to China

The Mozambican company Macs-In-Moz has exported its first crop of macadamia nuts to South Africa and China.

Macs-In-Moz is based in Sussundenga district in the central province of Manica. It currently has two hundred hectares of macadamia trees.

According to the chief executive of Macs-In-Moz, Howard Blight, the first crop of nuts amounted to ten tonnes. The company exported six tonnes of nuts to South Africa and China, at an average price of \$4 per kg.

The exports are in shell as Mozambique lacks any cracking facilities locally. However, there are plans for a facility for the 2015 crop.

Macs-In-Moz used the other four tonnes of nuts in its rapidly expanding nursery. In its first season, the nursery produced 110,000 young trees for planting. This year, the nursery's output could approach 300,000.

According to Blight, "the area is in a boom phase with many South African farmers securing leases to plant macadamia and avocado".

Blight speculates that within 15 years Mozambique could become a major macadamia nut producer, based on favourable climatic conditions and rapidly improving infrastructure.

Macs-In-Moz is promoting a development model of 100-hectare orchards. These commercial hubs will provide management expertise to smaller community owned farms.

According to agronomist Philip Lee, "the establishment of a macadamia nut industry in Mozambique offers the country an ideal opportunity to participate in a high value export product with the potential to provide thousands of jobs that will include the development of the small-holder sector".

## Wild juice factory opens in Manica

A processing factory to produce juice from wild fruits, tubers and roots will soon be opened in the central province of Manica. This will be the first of its kind in Mozambique.

The factory is being set up in Mpunga, in Sussundenga district, by the MICAIA Foundation as part of the community project "Ndzou Camp Lodge".

Ndzou Camp is in the heart of the Moribane Forest Reserve, which is part of the Chimanimani Conservation Area.

The districts of Gondola, Sussundenga, Manica and Chimoio have an abundance of plants and fruit, and the factory will specialise in processing juice from the "madumbe" root which is thought to be highly nutritious. The factory will also use locally grown bananas.

These facts were revealed by the Executive Director of MICAIA, Milagre Nuvunga, during a visit to Ndzou Camp by the Minister of Tourism, Carvalho Muaria.

Nuvunga explained that the construction of the processing unit was completed last month following a six month delay. They are now waiting for the arrival of the machinery.

Ndzou Camp was opened in November 2010. As well as a lodge, it has a campsite and rondavels for visitors. Its main emphasis is on informing visitors about the biodiversity of the Moribane Forest and the local community. One of the key attractions is walking safaris to see the forest elephants.

It is a joint venture between MICAIA and Associacao Kubatana Moribane (the local community association). Funding for the project has come from the World Bank as part of its Transfrontier Conservation Area programme.

## Mozambique and Malawi to discuss power interconnection

Technicians from Mozambique and Malawi will meet in August in Maputo to discuss a proposal to interconnect the two countries' electricity grids.

The meeting will look at the amount of electricity needed for the project and other aspects for a future feasibility study. Discussions will also cover possible financial partners.

The link would take power from the Cahora Bassa hydroelectric dam in the western province of Tete to Phombeya in Malawi. The distance between the Matambo sub station in Tete and Phombeya is just over 200 kilometres.

The project would also include extending the transmission line from Phombeya to the city of Nacala in eastern Mozambique. This would take electricity 800 kilometres along the Nacala Corridor.

According to the spokesperson of Malawi's Department of Energy Affairs, Joseph Kalowekamo, the two sides will write a joint request to development partners to fund a feasibility study.

Kalowekamo said that support might come from World Bank, African Development Bank (AfDB), Norway, the European Investment Bank or Britain's Department for International development (DfID).

In April, President Armando Guebuza visited Malawi. One of the highlights of the visit was the signing of an accord on the electricity interconnection by Energy Minister Salvador Namburete and his Malawian counterpart Ibrahim Matola.

President Guebuza and President Joyce Banda witnessed the ceremony, along with representatives of the World Bank, AfDB and the Norwegian government.

Relations between the two countries have improved greatly since Joyce Banda became Malawi's president in April 2012.

During the rule of President Bingu wa Mutharika the Malawian government refused to import electricity from Mozambique, preferring to rely on less efficient sources. Local analysts blame the frequent power cuts in Malawi on the postponement of the power interconnection project.

There are no reliable estimates on the cost of the project as the feasibility study has not even begun. However, observers have put the figure at about \$100 million.

Currently, less than ten per cent of Malawi's population of 15 million have access to electricity.

Mozambique News Agency, c/o 26 Withdean Crescent, Brighton BN1 6WH, UK. Tel: +44 (0) 7941890630 - mozambique-news@geo2.poptel.org.uk

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