

Mozambique News Agency

AIM Reports

Report no.529, 6th June 2016



President Nyusi promises to work for dialogue with Dhlakama

President Filipe Nyusi on 3 June declared that he will continue his efforts to persuade Afonso Dhlakama, leader of the opposition party Renamo, to halt armed attacks and prioritise dialogue to achieve effective peace.

Speaking at a rally in the Maputo neighbourhood of Mafalala, President Nyusi said the defence and security forces have been instructed not to open fire unless there are Renamo attacks. The government's forces would only fire on Renamo in defence of the civilian population, and to guarantee public order and tranquillity.

President Nyusi added that the friends of Mozambique should condemn the Renamo attacks and not merely call on Mozambicans to reach an understanding. Friends "should know how to condemn the ones who are doing the killing", he stressed.

The Renamo attacks had a serious impact on the economy, the President added. This year there were some farmers in Sofala province who had been unable to produce crops because they were afraid they would come under attack from Renamo gunmen. Life had been disrupted in the central provinces because Renamo ambushes on the main roads hindered the free movement of people and goods.

President Nyusi stressed that wherever he travelled in the country he was faced with messages condemning Renamo attacks and calling for peace and dialogue. It was clear; Mozambicans "don't want war". He pledged "I shall continue, with a cool head, to persuade the Renamo leader to talk and to stop attacking".

A message presented by Mafalala residents at the rally not only condemned the attacks and called for peace, but also complained of an upsurge of crime in the area. They urged the government to install a police station and public street lighting in the neighbourhood. They also wanted a secondary school in Mafalala so that pupils would not have so far to walk to attend secondary classes.

Joint Commission meets for third time

The joint commission formed by the Mozambican government and the opposition party Renamo met for the third time in Maputo on 1 June and stated that advances are being made in preparing a face-to-face

meeting between President Filipe Nyusi and Renamo leader Afonso Dhlakama.

Speaking for the government side, former security minister Jacinto Veloso said the meeting "took place in a constructive and cordial atmosphere, and we confirm advances for the agenda of the President of the Republic and the Renamo leader".

The National Defence and Security Council (CNDS), of which Veloso is a member, met earlier in the day, under President Nyusi's chairmanship, and urged Renamo to halt its armed attacks "in order to normalise the situation of public order, security and tranquillity, and allow the free circulation of people and goods".

The CNDS noted that the Renamo attacks, against both civilian targets, and members of the defence and security forces, were causing loss of life and heavy material damage, and urged the joint commission to take speedy measures to ensure that the face-to-face meeting between President Nyusi and Dhlakama does indeed take place.

Dhlakama, speaking from his bush headquarters in a telephone press conference on 1 June, finally dropped his claim that he would seize power by force in six northern and central provinces (Manica, Sofala, Tete, Zambezia, Nampula and Niassa).

He had repeatedly stated he would "govern by force" in those provinces as from March. But March has come and gone, and the only places ruled by Renamo are a few bush camps set up by its illegal militia.

So Dhlakama backtracked, and told reporters he had changed his mind because, if Renamo did seize power, it would be "misunderstood". Instead he intended to negotiate with the government and convince it of the need to hand the six provinces over to Renamo and, if necessary, to amend the country's constitution to allow what he called "provincial autonomy".

Dhlakama claimed that his base, in the Satunjira area of Gorongosa, was under government attack, and that the government forces were supported by "Angolans, Zimbabweans and Tanzanians" and even by "Chinese instructors".

Grain production down five per cent

Minister of Agriculture and Food Security, Jose Pacheco, announced on 2 June that the data for the 2015-16 agricultural campaign show production of 2.39 million tonnes of grain – a decline of 4.8 per cent on the 2015 harvest of 2.51 million tonnes.

Speaking at a meeting of his Ministry's Coordinating Council in the southern town of Namaacha, Pacheco blamed the decline on adverse climatic conditions – the drought which had affected much of southern and central Mozambique, and the storms and flooding which had hindered agriculture in parts of the north.

The main challenges facing the authorities, he added, were to build and maintain irrigation infrastructures which could hold back water, and to regulate river flows for agricultural purposes.

But, despite the climatic shocks, production of some crops had increased. Thus production of root crops (mostly cassava) had risen by 9.5 per cent, from 10.02 million tonnes in 2015 to 10.96 million tonnes this year.

Production of pulses, at 656,000 tonnes, had shown a very slight growth of 0.05 per cent. 1.87 million tonnes of vegetables were produced this year – which was a 13.3 per cent increase on 2015.

As for cash crops, Pacheco stressed the importance of reviving cotton production, since it provided income for around 200,000 households. He called for increased productivity, the local processing of cotton fibre, the introduction of modern technologies, and making use of cotton by-products.

Cashew production had improved considerably. Pacheco said that 104,600 tonnes of cashew nuts had been marketed, compared with 81,200 tonnes the previous campaign, an increase of 28.8 per cent.

Plans to increase grain storage

The Mozambican government on 31 May approved a plan to restructure the state-owned Matola Silos and Grain Terminal Company (STEMA), increasing its storage capacity from 45,000 to 110,000 tonnes, and to set up a new grain terminal in the northern port of Nacala with the capacity to store up to 100,000 tonnes of grain.

The two projects are budgeted at \$55 million. Speaking to reporters after the weekly meeting of the Council of Ministers (Cabinet), the government spokesperson, Deputy Health Minister Mouzinho Saide, said the projects will increase the country's grain reserve capacity for food security, and to supply the domestic market.

The results expected from the expansion of the STEMA silos, he said, included the attraction of larger bulk cargo ships to Maputo port. For both STEMA and the Nacala terminal new unloading equipment will be required.

The Nacala grain terminal would also become a "strategic partner" of the Pro-Savana programme. This is a programme of triangular cooperation between Mozambique, Brazil and Japan, intended to develop agricultural production in the north of the country.

The expansion of the storage facilities at STEMA goes hand in hand with the dredging of the Maputo port access channel, from the current depth of 11 metres to 14.2 metres, allowing ships of up to 80,000 tonnes to enter the port.

Gamito reappointed head of Constitutional Council

President Filipe Nyusi on 30 May reappointed Hermenegildo Gamito as chairperson of the Constitutional Council, the country's highest body in matters of constitutional and electoral law.

Gamito was first appointed to the post by President Nyusi's predecessor, Armando Guebuza, in 2011, after the resignation of Luis Mondlane. Mondlane resigned after he was accused of serious abuse of funds. This case has never come to court and Mondlane continues to sit on the Supreme Court.

The term of office of the chairperson of the Constitutional Council is for five years, and may be renewed. The dispatch from President Nyusi's office simply said he had decided to reappoint Gamito because his first five year term had expired.

Six other judges sit on the Council. One is appointed by the Supreme Council of the Judicial Magistracy, the regulatory and disciplinary body for judges, while the other five are appointed by the Assembly of the Republic, in accordance with the number of seats held by each party.

In practice, this means that the Frelimo parliamentary group appoints three members of the Council, while the main opposition party, Renamo, appoints two.

Record electricity production at Cahora Bassa

Hidroelectrica de Cahora Bassa (HCB), the company that operates the Cahora Bassa dam on the Zambezi River in the western province of Tete, has announced that it produced 16,078 gigawatt-hours of electricity in 2015.

This is the highest annual production in HCB's history and an increase of 6.8 per cent on the power generated in 2014. Production is now close to the maximum installed capacity (which is 2,075 megawatts).

HCB announced that the company ended 2015 with a net profit of 4.155 billion meticaís (\$71.6 million at current exchange rates). This was a 73 per cent increase on the previous year.

HCB's healthy financial situation has allowed it to continue paying in advance the \$700 million loan contracted in 2007 which allowed the Mozambican state to take control of the company.

Up until 2007, the Portuguese state owned 82 per cent of HCB, and Mozambique only 18 per cent. Under the agreement of that year between the two governments, the Mozambican shareholding increased to 85 per cent and the Portuguese holding fell to 15 per cent.

To finance this sale the Mozambican government took on a US\$700 million loan from a banking syndicate made up of French bank CA Lyon and Portuguese bank BPI, which would be paid off using profits from the company's business.

Furthermore, HCB's performance in 2015 allowed the company to pay its two shareholders (the Mozambican and Portuguese states) a dividend that was 53 per cent higher than in 2014.

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

Policemen injured in Renamo ambush

Gunmen of the opposition party Renamo injured two members of the riot police when they ambushed a bus in Zambezia province, about 30 kilometres north of the Zambezi River, on 27 May.

According to a report on the independent television station STV, the bus was travelling from the northern city of Pemba to Chimoio, capital of the central province of Manica. The injured men were treated at the Zambezia provincial hospital in Quelimane.

Meanwhile tourist operators in the southern province of Inhambane say that the military tensions have led to the closure of six tourist resorts in Vilankulo district. Vilankulo itself has not been the stage of any Renamo activity, but tourists have become reluctant to use the main north-south highway to reach Vilankulo.

At a meeting between the tourist operators and the Deputy Minister of Culture and Tourism, Ana Comoana, Gabriel Cossa, of the Vilankulo Tourism Forum, warned that more establishments are likely to close their doors, since they regard the situation as “unsustainable”.

Cossa said that tourists used to come to Vilankulo from Zimbabwe, Zambia and Malawi. Their journey involves travelling along the north-south highway through Sofala province, where there have been regular Renamo ambushes, and many tourists are no longer prepared to take that risk.

Tourism is a mainstay of the economy of Inhambane province, and the chairperson of the Inhambane Business Council, Amade Osman, warned that, unless peace is re-established, the province faces a bleak future.

Resorts on the Bazaruto archipelago, off the Inhambane coast, are an exception to this grim picture. Because most of their clients reach the archipelago by air, they are not affected by the Renamo ambushes, and some of the hotels are recording 100 per cent occupancy rates.

Sasol embarks on new drilling in Inhambane

The South African petro-chemical giant Sasol has announced that on 26 May it began to drill its first well under its field development plan (FDP) for the Production Sharing Agreement (PSA) in the southern province of Inhambane.

The FDP was approved by the Mozambican government in January. Sasol already operates the Pande and Temane natural gas fields, and pumps gas along a pipeline across southern Mozambique to the Sasol chemical plants in the South African city of Secunda.

A statement from Sasol says 13 wells will be drilled during the initial phase of the FDP, while oil and LPG production facilities will be installed near the existing gas processing plant at Temane. A fifth gas processing train will be added at Temane to process the additional gas expected from the new wells.

The start on drilling the first well in the PSA licence area “reaffirms Mozambique as the heartland of Sasol’s oil and gas strategy in sub-Saharan Africa and provides a platform from which to drive socio-economic growth,” according to John Sichinga, Senior Vice President, Sasol Exploration and Production International.

The Sasol statement says the first phase of the PSA Development will cost about \$1.4 billion.

Electrification of Africa essential, says PM

Prime Minister Carlos Agostinho do Rosario on 24 May said that the electrification of Africa is an essential component for industrialization and development.

He was speaking in Lusaka, at a round table held as part of the Annual Meeting of the African Development Bank (ADB), at which he is representing President Filipe Nyusi.

Rosario called for joint efforts on electrification. “Access to energy for the public, access to energy for agriculture and for industrialization, is a challenge that cannot be overcome by one country acting alone”, he said.

Instead, it was a complex matter that required “concerted and very strong interventions” from the entire continent. Thus African countries should work together in attracting investment and financing, in the commercial area, in legal and regulatory aspects, and in the adoption of policies and strategies.

“All investment requires financing, and all financing requires project viability”, said Rosario. “When we act together, the viability of projects is easier”.

Rosario added that the known electricity potential of Mozambique is “117 gigawatts from gas, 56 gigawatts from coal and 18 gigawatts from hydropower”. But the figures are theoretical – putting them into reality depends on finance, time and environmental impact studies.

Speaking at a Lusaka press conference, Rosario said the target for Mozambican electrification is 450,000 new connections per year up until 2025. This is an enormous task which will cost around \$500 million a year.

The ADB itself announced, at the opening of the annual meeting that, over the next five years, it will invest \$12 billion in the African energy sector.

IMF Mission to visit Mozambique in June

The International Monetary Fund (IMF) has rescheduled the mission to Mozambique that was cancelled when undisclosed government-guaranteed debt came to light in April. On 19 May, the Fund’s Director of Communications, Gerry Rice, explained that during meetings with the IMF, “the Mozambican authorities confirmed the existence of a large amount of borrowing that had not been previously disclosed to the Fund. Since then the Mozambican authorities have been working closely with us to ascertain the facts”.

He added, “we continue to work with the authorities constructively, evaluating the macroeconomic implications of this disclosure, and a staff visit to Maputo is planned for June 2016”.

The mission had been originally scheduled for April and May.

As well as delaying the IMF mission to Mozambique, the Bretton Woods institution also suspended the second instalment of the loan of \$283 million from its Standby Credit Facility (SCF). The first instalment of \$118.9 million was made available in December.

In December the IMF explained that the Standby Credit Facility was made available “to augment reserves and maintain macroeconomic stability” with the aim “to alleviate the external balance of payments shocks and, through strengthening macroeconomic stability, to achieve the government’s goals on poverty reduction and inclusive growth”.

Prominent political analyst shot

Unidentified assailants on 23 May shot and seriously injured a prominent academic and political commentator, Jose Jaime Macuane.

After speaking with Macuane, his father-in-law, Pedro Guambe, gave reporters details of the abduction. He said that Macuane was snatched outside his house, in the Maputo city neighbourhood of Coop as he was on his way to the Eduardo Mondlane University (UEM), where he worked as a lecturer in the political science department.

The assailants used three cars to surround Macuane. They told him that they were police officers, and that the car he was driving was stolen. They dragged him into one of their cars and then drove him out of the city.

The kidnapers drove 30 kilometres north of the city where they shot Macuane four times in the legs. As they did so, they told him they had orders to leave him lame.

Local residents found Macuane and took him to the Marracuene Health Centre. From there, his family drove him to the Maputo Private Hospital where doctors operated to remove a bullet from a shattered femur.

Macuane has been a political commentator on the television station STV since 2014, and since last year he has been a regular guest, alongside journalist Fernando Lima on the STV Sunday night talk show "Pontos de Vista" (Points of View).

Both Macuane and Lima are analysts who speak their minds, and have been highly critical of government policies and statements. Inevitably, this leads to suspicions that Macuane was attacked because of his political views.

Senior journalist Tomas Vieira Mario, who chairs the Higher Mass Media Council (CSCS), the press freedom watchdog body established under the Mozambican constitution, said "it is almost inevitable to associate this attack to the fact that Jaime Macuane is a commentator on Pontos de Vista. This being the case, we are facing a serious assault against human rights. A scenario of terror has been created, in which we don't know from where and for whom the shots will come".

Mozambique not begging China for debt help

President Filipe Nyusi told reporters on 21 May that he did not go to China to beg for help to deal with the country's current debt crisis.

Speaking in the city of Jinan, at the end of his six day state visit, President Nyusi pointed out that the visit had been planned before the International Monetary Fund (IMF) suspended its aid to Mozambique following the discovery that well over a billion dollars of government-guaranteed loans had not been disclosed.

"No, we didn't come here to ask for assistance in paying our debts!" he exclaimed. "This is Mozambique's problem, and we're not asking anybody else to solve it".

There was money available from China – aid of \$60 billion for all of Africa had been announced last year, consisting of five billion dollars in grants, \$35 billion in soft loans, and \$20 billion for private sector initiatives. If Mozambique wished to benefit from this funding, it would have to present credible projects.

Economic growth slows to 5.3 per cent

The growth in Mozambique's Gross Domestic Product slowed in the first quarter of this year to 5.3 per cent according to the National Statistics Institute (INE).

This is close to the 5.8 per cent annual growth for 2016 predicted by the World Bank, which expects the country's growth to recover to seven per cent in 2017.

The government's Economic and Social Plan (PES) for 2016 originally projected a growth rate for 2016 of seven per cent. However, various factors including the severe drought in the south and centre of the country and flooding in the north, led the government to revise this figure down to six per cent.

The INE found that the highest growth in the first quarter of the year was in the secondary sector which grew by ten per cent. Within this sector, construction grew by 11.4 per cent and manufacturing by 9.9 per cent.

The tertiary sector grew by 6.9 per cent, with the catering industry increasing by 8.7 per cent. However, the primary sector only grew by 2.7 per cent, despite an eleven per cent growth in mining.

Multi-billion dollar project to boost farming

The Mozambican government in partnership with the World Bank is funding over four years a \$17 million project to boost farming and increase agricultural productivity in the Zambezi Valley.

The Catalytic Fund for Innovation and Demonstration is being implemented by the Zambezi Valley Development Agency (ZVDA) in the central provinces of Tete, Manica, Sofala and Zambezia. In particular, it will benefit farmers along the banks of the Zambezi River.

Speaking on 20 May in the city of Chimoio, ZVDA's Nelson Antonio said that the programme aims to support small-scale producers, increase domestic production and reduce imports. He added that \$12 million will be disbursed by the World Bank with the balance being funded by the Mozambican government.

The programme will run from 2015 until 2019. So far the emphasis has been on identifying suitable projects. However, this year funds will begin to be released.

Antonio also revealed that the programme will be expanded to include the Nacala Corridor in the north of the country. This will cover the provinces of Nampula, Cabo Delgado and Niassa at a cost of another \$17 million.

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

Subscription Rates (20 issues)	Individuals	Institutions
UK	£15.00	£25.00
Europe	£25.00	£40.00
Rest of the World	£30.00	£50.00

Overseas subscribers are requested to pay in sterling. If payment is made in another currency, add the equivalent of £6.00 to cover bank charges.