

# Mozambique News Agency

## AIM Reports

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## Prime Minister highlights positive economic trends

The Mozambican economy continues to grow despite all of the challenges facing the country, according to Prime Minister Adriano Maleiane. Speaking on 19 October to the country's parliament, the Assembly of the Republic, the Prime Minister pointed out that “despite all the challenges, our country's economic performance continues to show a positive trend with a growth in Gross Domestic Product (GDP) of 4.14 per cent and 4.59 per cent in the first and second quarters of this year”.

According to Maleiane, the positive trend “is a reflection of the actions and measures that the government has been taking in several economic and social sectors, coupled with measures to control the Covid-19 pandemic”. He explained that this growth was driven by good performances in agriculture, fishing, tourism, transportation, manufacturing, mining, and services.

However, he acknowledged that the rise in fuel prices in the international market has influenced the rise of prices of goods and services in the country. To mitigate this, the government has been implementing a set of short-term measures focusing mainly on the cost structure of fuel “taking into account its impact on economic activity and our daily lives”.

Maleiane stressed that within the scope of pricing policy “we have been engaging in dialogue, on a regular basis, with the various stakeholders in the process of import and fuel distribution in the country with the aim of finding shared solutions to mitigate the impact of the rise in fuel prices at the domestic market level”.

It was in this context that the Government has reduced the logistic infrastructure costs of fuel for petrol stations by 60 per cent; the port handling fee by 5 per cent for all oil products; the margins of central storage facilities by 30 per cent; and tax on fuel by four meticaís (one US dollar is about 63.9 meticaís) per litre for petrol and diesel. In addition, the Government has temporarily suspended the correction component in the price structure for fuel and maintained the VAT exemption on cooking gas and paraffin.

As a result, it was possible to set the price of diesel at 87.97 meticaís per litre when it should be 103.68 meticaís. The same is true of gasoline which is sold at 86.97 meticaís per litre rather than 101.57 meticaís.

The Prime Minister also told parliamentarians that the measures that the government has taken to increase production and mitigate fuel prices are helping to limit inflation, which last September stood at 8.78 per cent against the two-digit average across Africa and Europe.

Complementing the short-term measures, on 9 August President Filipe Nyusi launched a set of medium and long-term measures to ensure accelerated and sustained

growth of the economy. The adoption of these measures aims to improve the macroeconomic stability, business environment, and sustainability of the tax system in the medium and long term.

In another important development, the new platform eVisa allows for the electronic pre-approval of visas to foreigners for tourism and business (to attend meetings and conferences), as well as to carry out research. This platform is also valid for foreign nationals wishing to apply for pre-approval for visas in investment.

The Government will also submit to Parliament draft legislation to revise several legal provisions such as the VAT Code, Excise Code, Customs Tariff, Corporate Income Tax Code (IRPC), Tax System, Mining Law, and Petroleum Law.

### European Union allocates €28 million for aid to Mozambique

Mozambique will receive €28 million from the European Union (EU) to mitigate food insecurity and for emergency aid. Of this amount, €20 million will fund programmes to sustainably increase food security and resilience with the balance for emergency food aid.

This is part of the €600 million that the European Commission has allocated to the European Development Fund to finance immediate humanitarian food assistance, food production, and resilience of food systems in the most vulnerable African, Caribbean and Pacific (ACP) countries.

This support, according to a European Union press release sent to AIM, will help partner countries and vulnerable people cope with the consequences of the conflict in Ukraine, specifically the current food crisis and economic shock.

“The EU's swift and comprehensive response to the current food insecurity in several vulnerable partner countries of the African, Caribbean and Pacific area demonstrates our strong solidarity towards our partners, in particular in Africa”, said Commissioner for International Partnerships Jutta Urpilainen.

## Exports of LNG from Cabo Delgado set to begin

The gas tanker vessel which is expected to pick up the first-ever supply of Liquefied Natural Gas (LNG) produced in the Rovuma Basin, is already moored in Mozambican waters off the northern province of Cabo Delgado. According to the daily newspaper "Noticias", the tanker arrived in the country on 16 October and loading is expected to begin in the next few days.

The Chairman of the Board of Directors (CEO) of the Mozambican Petroleum Institute (INP) Nazario Bangalane, cited in "Noticias", said that all operations are running according to plan, including extraction and production.

According to Bangalane, "the gas is being processed on the platform and the work is running normally". He did not specify dates for the end of loading but confirmed that once completed the government will share the information with the Mozambican population.

A source from the Italian oil company ENI, contacted by "Noticias" also confirmed that the work is proceeding, although they did not specify dates for the beginning of LNG exports. "We don't have an exact date yet for the beginning of exports, but as we said earlier, we are in the process. We cannot say when", the ENI source said.

The LNG is produced by a consortium led by the Italian energy company, ENI. The LNG facility, built in a Korean shipyard, arrived in Mozambican waters in January and is anchored in Area Four of the Rovuma Basin, some 40 kilometres off the coast of Cabo Delgado province. This will be the first deep-water platform in the world to operate at a water depth of about two thousand meters.

This will be the first project to start operating, after the discovery of world-class natural gas reserves between 2010 and 2012, in the Rovuma sedimentary basin, in Cabo Delgado province.

According to studies on the issue, if the projects are implemented as planned, Mozambique could rank among the world's largest producers of natural gas.

The gas from the Coral Sul FNLG project will be marketed through BP for 20 years.

## Water restrictions to worsen in Nampula

The government's Water Supply Investment and Assets Fund (FIPAG) will reduce the volume of water supplied to the northern town of Nampula from the current 33,000 to 30,000 cubic metres per day. This is to ensure the supply of water, stored in the dam on the Monapo River, until the next significant rainfall which is expected between January and February next year.

According to the director of FIPAG's Nampula city operational area, Mateus Saeze, this is the best solution available in the short term for managing the system. Saeze, who was speaking to reporters on 18 October following a visit to the dam, explained that there are around 900,000 inhabitants in the city of Nampula,

whilst when the dam was built six decades ago there were only 120,000 residents.

Saeze pointed out that Nampula needs at least 120,000 cubic metres of water each day to fully satisfy the demand of the residents, which is a long way from its current maximum production of 40,000 cubic metres. "We have already started to impose restrictions to manage what we have until the beginning of the rainy season. Now, we are pumping 33,000 cubic metres per day but in the next two weeks we will have to cut it down to 30,000" he explained.

Saeze also noted that there is the Namiteca borehole on the outskirts of the city where eight of the ten boreholes are operational. Two boreholes are inoperable "because their salinity levels are well above what is admissible by the health authorities".

Saeze explained that even when production reaches its maximum capacity of 40,000 cubic metres per day, the supply follows a rotational scheme in the city's neighbourhoods.

Saeze lamented that some people continue to vandalise FIPAG's infrastructures, particularly the water distribution network, and called for vigilance and a sense of responsibility in the conservation of common assets and infrastructures.

According to FIPAG, a permanent solution to the city's water supply problem depends on the construction of the Mugica dam on the Monapo River, about 110 kilometres north of the city.

## Terrorist stockpile discovered

Combined troops of the Mozambican Defence Forces (FDS) and Rwandan Security Forces, which are combatting terrorist groups in the northern province of Cabo Delgado, have recently discovered a stockpile of weapons and ammunition hidden in the forest of Mocimboa da Praia district.

According to information released by the Rwandan Ministry of Defence, the stockpile was hidden by the terrorists in Mbau, southeast of Mocimboa da Praia District in 2021. The arsenal included hundreds of weapons, rockets, ammunition, and cartridges.

Asked by AIM to give further details of the operation, a source from Mozambique's Defence Ministry declined to make any comments on the matter.

Since July 2021, the Rwandan Defence Forces and the Southern African Development Community Military Mission (SAMIM) have been working with Mozambican Defence and Security Forces in the fight against terrorism. Cabo Delgado province is rich in natural gas but has been plagued by terrorist attacks since 2017 perpetrated by armed groups causing the death of over 3,000 people, most of whom were civilians.

In its last report on Mozambique, the United Nations Refugee Agency stated that nearly a million people have fled their homes over the last five years in Cabo Delgado as a result of violence.

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## Government creates 12 new municipalities

The Mozambican government has created 12 new municipalities, bringing the total to 65 across the country. The new municipalities are Marracuene and the administrative post of Matola-Rio, both in Maputo province; the towns of Massingir and Homoine, in the southern provinces of Gaza and Inhambane respectively; and the municipalities of Caia and Guro, in the central provinces of Sofala and Manica, respectively. In Zambezia and Nampula provinces new municipalities have been created for the towns of Morrumbala and Mossuril; along with the towns of Ibo and Balama, in the northern province of Cabo Delgado. In addition, the administrative post of Chitima, in the central province of Tete and the town of Insaca, in the district of Mecanhelas, in the northern province of Niassa become municipalities.

Speaking after the end of the Council of Ministers meeting on 18 October, government spokesperson Deputy Justice Minister Filimao Suaze said that the bill to create the 12 municipalities would be submitted to the Mozambican parliament, the Assembly of the Republic.

It remains to be seen if the new municipalities will be included in the next local elections which are scheduled for October 2023. Lack of funds and time constraints are the major factors that could make it not viable for the new municipalities to participate in the next municipal elections.

The proposal for the creation of local authorities is to be considered during the current session of Parliament which began on 5 October.

## Agreement that new municipalities will promote decentralisation

The three political parties represented in the Mozambican parliament, the Assembly of the Republic, have agreed that the approval of the new draft legislation for the creation of 12 new municipalities will fast-track the government's decentralisation process.

Ludimila Magune, from the ruling Frelimo Party, says that the decision taken by the Council of Ministers on 18 October opens space for more participatory governance. According to Magune, "it is quite clear that the government is committed to the decentralisation process in the country. We also have to take into consideration that many years have passed since we last had new municipalities".

According to the spokesman for the Democratic Movement of Mozambique (MDM), Ismael Nhacucue, the measure is welcome because it empowers citizens and they will be able to choose their representatives for local governance. He argued that "this is the most effective way of handing over power to the Mozambican people. This power will be exercised through the popular vote, through the ballot box, and the winner will govern the new municipalities".

Meanwhile, the spokesperson of the largest opposition party Renamo, José Manteigas, declared that he had

hoped for more municipalities.

The addition of new municipalities means that the National Elections Commission (CNE) must review the budget that has been drawn up for the 2023 municipal elections.

## Mozambique set to become regional energy hub

The director of Market Operations at Mozambique's utility company Electricidade de Mocambique (EDM), Luis Ganje, says that the government is mobilising investments to build new power-generating projects to meet the huge energy demand in the region.

Ganje, who was speaking to the press in Maputo on 11 October on the sidelines of the 59th General Meeting of the Southern African Power Pool (SAPP), said that a financial agreement, estimated at US\$5 billion for the implementation of the Mphanda Nkuwa hydroelectric project would be reached soon.

According to Ganje, the new hydroelectric facility on the Zambezi River, downstream from the Cahora Bassa dam (HCB) in the central province of Tete, will help to alleviate the regional energy deficit, currently estimated to be seven gigawatts.

He also pointed to the construction of a 563-kilometre-long new transmission power line between Temane and Maputo, and the implementation of the Tete-Maputo line, also known as the "backbone," which will make it possible to develop integrated electricity infrastructures to support the industrialisation of Mozambique and the region.

Ganje pointed out that "the energy deficit in the region is much greater than the existing capacity produced in Mozambique at the moment. Mozambique intends to become a power generation hub, not only to meet the demand for universal access by 2030 but also to meet the needs of the region".

"We have several projects underway. Naturally, it is a process that takes time, but we hope that by 2030, with the entry into operation of the Mphanda Nkuwa project, we will be able to provide a more robust response to regional needs", he added.

The construction of the dam, with a capacity to generate 1,500 MW of power, will take seven years. Besides the dam, the project includes a transmission line with a length of over 1,500 kilometres.

Ganje also underlined the expansion of renewable energy projects currently underway that should, by 2025, inject about 200 megawatts into the national electricity grid, for domestic consumption and export to the regional market. "At the moment, we are not exporting renewable energy. We produce 30 megawatts at the Mocuba Solar plant for domestic consumption, but with the projects we are implementing, such as the Metoro plant and others in the pipeline, we hope to export energy from renewable sources soon", he said.

The three-day meeting brought together 150 representatives from companies working in the SADC energy sector.

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## **Mandlakazi to build cashew processing plant**

A private consortium is investing 225 million meticais (US\$3.5 million) for the construction of a cashew nut processing plant in Guezane, Mandlakazi district, in the southern province of Gaza.

According to project owner Super Boa Farm Ltd, construction will be completed in two years and provide 200 permanent jobs. In addition, it is expected that over the next five years at least a thousand jobs will be created.

The company's executive director, Alexandre Mutemba, explained that with the initiative cashew nut production will increase and this will contribute to reducing poverty among local families and mobilising more jobs and tax contributions.

In the first phase, the initiative will directly involve over 500 people and, indirectly, about 1,200 families, mainly small producers of the districts of Mandlakazi and Chibuto, both in Gaza, along with Mabote, Panda, and Funhalouro in Inhambane.

Super Boa Farm financial director, Isac Nhantumbo, says that at the beginning the project will cover an area of one thousand of the seven thousand hectares planned. "Currently, we have about 600 cashew seedlings planted since the beginning of the preparatory activity in April. Once it starts operating, the factory will process cashew nuts, as well as produce spirits, biodiesel, and charcoal", he added.

The first stone for the project was laid by the Secretary of State for Gaza province, Amosse Macamo, who said that Mandlakazi has high productive potential, occupying the top position at the provincial level in terms of cashew nut production. He also explained that Gaza province is promoting the production of cashew nuts through the initiative "One family - 100 cashew trees" which includes the creation of polyclonal fields and nurseries to ensure the multiplication and distribution of seedlings.

As a result of the implementation of this initiative, about 74,550 cashew seedlings have been produced so far and planted over an area of 1,043 hectares. This number is expected to increase significantly by the end of the year.

## **African Development Bank support for renewable energy**

The African Development Bank (ADB) Group is granting US\$2.5 million to Mozambique to support the development of renewable energy resources. According to a statement from ADB, this grant from the Sustainable Energy Fund for Africa (SEFA), which is administered by the Bank, will be used to implement the Mozambique Renewable Energy Integration Program (MREP).

The Director of the Bank's Renewable Energy and Energy Efficiency Department Daniel Schroth pointed out that "with the support of the Sustainable Energy Fund for Africa, Mozambique's capacity to integrate

larger shares of variable renewables will increase its efforts to become a major regional electricity supplier".

He added, "given that Mozambique is one of the most highly climate-vulnerable countries in the world, the project will help build a more sustainable and resilient power generation infrastructure".

The funds will help the country's publicly-owned electricity company, EDM, provide financial support for technical, economic, environmental, and social feasibility studies for the development of a floating solar power plant on the Chicamba reservoir in the central province of Manica. In addition, it will support the funding of a feasibility study for battery storage systems in up to ten sites around the country.

Commenting on the grant, the Chairperson of the EDM Board, Marcelino Gildo, said that "we are very excited to launch the activities under the Sustainable Energy Fund for Africa in Mozambique, which comes with a set of very strategic and innovative projects, that will contribute to diversifying the energy matrix and fund a study on storage needs

He added, "the support under SEFA also includes a robust capacity building program, that will enable our personnel to develop strategic skills related to the development and management of renewable energy projects".

The African Development Bank points out that "over the last decade, the energy sector in Mozambique has made considerable progress". It adds that "with 187 gigawatts, Mozambique has the most significant power generation potential in southern Africa, thanks to untapped resources in coal, hydroelectricity, gas, wind, and solar energy. Hydropower currently accounts for about 81 per cent of installed capacity. But natural gas and renewable energy sources are set to take a growing share of Mozambique's energy mix".

The African Development Bank financed its first project in Mozambique in 1977 and since then has focussed on supporting projects covering agriculture, transport, water and sanitation, energy, communications, mining, and finance. Its total active investment in Mozambique stands at over a billion US dollars

In particular, the Bank has provided more than US\$400 million in financing for the ongoing US\$20 billion Mozambique Liquefied Natural Gas (LNG) Project. In addition, it supports power generation, transmission and distribution projects, such as the Temane Gas Project. It is currently supporting the Mphanda Nkuwa hydroelectric power station project, the rehabilitation of the Cahora Bassa hydroelectric power station and the construction of a transmission line from the north to carry electricity to the South.

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## Fence to separate humans and wild animals

The days of human-wildlife conflict in Matutuine district, in the southern province of Maputo, are numbered following the signing of an agreement on 17 October for the fencing of the buffer zone around the Maputo National Park (PNM).

The new fence will keep wild animals, particularly elephants, at bay after residents complained of elephants trampling their agricultural fields in the search for food.

The solution is being proposed by Global Conserve, a non-governmental organisation that is committed to mobilising US\$2 million to build the fence around the western boundary of the Muwai Community Concession, in a two-year project involving the Maputo National Park and its management partners, the Peace Parks Foundation and MozBio.

Elephants in the buffer zone of PNM are singled out by farmers as being the most problematic animals, specifically in the administrative posts of Belavista and Zitundo. These areas are seen as the most productive in the district due to good agricultural conditions on the banks of the rivers Maputo, Futi, and others.

Speaking shortly after signing the agreement, the director-general of Global Conserve, Andrew Parkers, confirmed that conflicts between humans and elephants could become a thing of the past in these areas.

According to Parkers, Global Conserve will mobilise the resources to implement the scheme but stressed that his organisation is only interested in the conservation of ecosystems and not in usurping the communities' land.

The Maputo National Park Administrator, Miguel Goncalves, acknowledged that the increasing number of elephants in the park meant that some were living outside the limits of the conservation area, and he believes that more sophisticated fencing would reduce the problem of elephants invading the farms of the local communities.

A source from the National Administration of Conservation Areas said that the elephant population increased exponentially in recent years in Maputo province, forcing the Maputo National Park to donate part of its herd to the Zinave National Park, in Inhambane province.

## Businessman escapes kidnapping in Nampula

The Mozambican Police (PRM) says it has launched an investigation into an attempted kidnapping on 13 October of a local businessman in the northern province of Nampula.

PRM spokesman Zacarias Nacute told reporters on 14 October that the force is working to solve the case that caused major social unrest in the town of Nampula. The kidnappers, driving a car, were carrying firearms which they fired at the scene.

“Due to the victim's resistance, the kidnappers were unable to remove him from inside the cafeteria where he was sitting, and in an attempt to intimidate him, one of the criminals fired an AKM-47 before they got into their vehicle and sped off”.

## President calls for end to man-made disasters

President Filipe Nyusi on 13 October called on all countries around the world, particularly from the African continent, to act immediately to halt man-made disasters which are damaging the environment.

President Nyusi was delivering a speech as the African Union Champion for Disaster Risk Management in the continent, during an event to mark the International Day for Disaster Risk Reduction, which was held in Maputo.

President Nyusi pointed out that the African continent has been watching with great concern the floods that have ravaged the Sahel region in western Africa, which is also affected by extreme volatility, and impacted by several crises including global warming, ethnic cleansing, and terrorism.

“Extreme weather events will occur, with increasing frequency, if we do nothing” President Nyusi warned. However, he pointed out that extreme weather events need not become disasters.

President Nyusi shared initiatives he has been leading both nationally and regionally. He pointed out that “within the framework of risk and disaster management in defence of humanity, we have been paying special attention to the oceans. As you may have seen, the oceans are regulators of climate and temperature on the planet, but due to the misuse of their resources, the results are a loss of biodiversity”.

Mozambique is one of the major victims of climate change. The country is still reeling from the impact of cyclone Idai in March 2019, which is believed to be the most severe cyclone to hit the southern hemisphere in the past 20 years. In its wake, it left over 600 people dead and damaged or destroyed over 240,000 houses.

Also present at the event were members of the government, the African Union Commissioner for Agriculture, Rural Development, Blue Economy, and Sustainable Environment, Josefa Sacko, and the Special Representative of the UN Secretary General for Disaster Risk Reduction, Mami Mizutori.

## Cabo Delgado ready for municipal elections

The Chairperson of the National Elections Commission (CNE), Dom Carlos Matsinhe, has revealed that preparations are underway for the holding of free, fair, and transparent elections in the northern province of Cabo Delgado, where some districts have faced terrorist attacks since October 2017.

Speaking to reporters shortly after the swearing-in ceremony of the new Director-General of the Technical Secretariat of Electoral Administration (STAE), Lolo Correia, Matsinhe confirmed that the elections will take place in the municipalities of Chiure, Mocimboa da Praia, Montepuez, Mueda, and Pemba.

Although there are still some pockets of insecurity in the province, Matsinhe stressed that studies are being carried out, involving both the electoral bodies and the government, to reinforce security during the electoral process.

## **Mozambique prepares for rainy season**

The National Institute for Disaster Risk Management (INGD) is preparing for search and rescue operations that could arise from extreme weather events in the 2022/2023 rainy season.

To gauge the degree of preparedness, the INGD on 14 October carried out a simulation of a search and rescue operation at Pequenos Libombos Dam in the southern province of Maputo.

Speaking during the simulation, INGD chairperson Luisa Meque explained that this was an annual exercise to assess the level of readiness of the committees before the occurrence of extreme events. She stressed that “communities are exposed and vulnerable to risks resulting from various threats, hence it is important that the community members themselves be aware of these risks and vulnerabilities”.

She revealed that recent forecasts suggest that the southern region of the country could register more rainfall during the next rainy season compared to other regions of the country. According to Meque, this situation could lead to flooding in some areas, particularly near the main river basins.

Present at the event was the Special Representative of the United Nations Secretary General for Disaster Management, Mami Mizutori, who was impressed with the exercise. “I was delighted to see many women who are on standby to protect communities from possible natural disasters and this is an experience we should pass on to other countries”, she stressed.

## **Japan donates medical equipment to Maputo Central Hospital**

The Japanese government on 14 October donated hospital equipment worth 107 million meticaais (US\$1.7 million) for the installation of a new Intensive Care Unit (ICU) at Maputo Central Hospital (HCM), the largest health provider in Mozambique.

The equipment includes beds, patient monitors, ventilators, mobile X-rays, haemodialysis machines, laryngoscopes, as well as computer equipment to boost telemedicine in Mozambique.

Speaking at the ceremony, HCM’s general director Mouzinho Saide expressed his gratitude for the donation, saying that the equipment will improve the health care provided to Covid-19 patients.

Japanese ambassador, Kimura Hajime, pointed out that this is one of several projects underway in the country, including one under which 28 ambulances will be donated. Another project in the pipeline is the installation of a neonatology centre in HCM.

## **Farmers and processors agree on price of cashew nuts**

Raw cashew nuts will be sold at the price of 37 meticaais per kilo (58 US cents) down from 43 meticaais in 2021 following an agreement reached on 12 October between farmers and processors for the upcoming marketing season.

Figures released at the end of the consultation meeting held in Maputo show that, initially, producers demanded the price of 41 meticaais per kilo, against the 30 meticaais proposed by the Cashew Industrial Association (AICAJU).

According to the Deputy Minister of Agriculture and Rural Development, Olegario Banze, there are plenty of cashew nuts in the supply chain. He pointed out that the price set for this marketing season was influenced by weak demand in the international market where there are still high stocks of nuts from the previous year, estimated at more than a million tonnes. These stocks as well as the entry of new players in cashew nuts production, such as Ivory Coast, and inflationary pressures generated by the conflict in Ukraine have contributed to a slowdown in the international market, at a time when countries such as Mozambique need to sell their products.

Overall, the country expects to produce around 150,000 tonnes of raw cashew nuts this year, an increase of about 7 per cent compared to last year's production.

Banze was unable to give an estimate of the quantity of cashew nuts to be processed domestically, mainly because low prices on the international market do not encourage domestic processing. However, he was optimistic about maintaining the jobs generated by the processing industry. In fact, none of the processors have shown any intention of laying off workers.

In Mozambique, cashew production is a strategic crop and a source of income for more than 1.4 million small farmers.

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