

Mozambique News Agency

AIM Reports

Report no.634, 8th June 2023



President stresses contribution to peace and security

President Filipe Nyusi on 23 May stressed Mozambique's continuous commitment to achieving peace and security around the world. President Nyusi expressed this commitment during the High-Level Debate on the Protection of Civilians in Conflicts at the United Nations Security Council in New York. According to the President, Mozambique will continue to strive to end conflicts that take human lives and destroy property, as well as place thousands of defenceless citizens in situations of vulnerability. He stressed that the government will maintain contact with all actors striving to stop the terrorist attacks that, since October 2017, have continued to claim lives in some districts of the northern province of Cabo Delgado.

President Nyusi reviewed the operations of the Mozambican Defence and Security Forces (FDS) aided by Rwandan forces and the Southern African Development Community Military Mission (SAMIM), saying that they are leading the fight against terrorism to a successful conclusion. The FDS and their allies, according to President Nyusi, prioritise the protection of civilians in reconstruction, cultural, and social activities.

In Cabo Delgado, more than 50 resettlement centres are in place to accommodate civilians who cannot yet return to their homes or the homes of relatives. Upon arrival at the reception centres, the new arrivals go through a screening process for proper assistance. Upon arrival at the resettlement centres, according to President Nyusi, "we take care of their health and give them adequate assistance. Due to the improving security situation, over 300,000 people have returned to their areas of origin.

The President explained that in Mozambique terrorists act outside the principles of international humanitarian law without respect for human life and dignity. "In their modus operandi, terrorists seek to inflict the greatest suffering on their victims as a way to extend terror and fear within the population", he declared.

To force the massive displacement of people, he added, the terrorist groups install themselves in areas of greater agricultural and fishing production, depriving the populations of access to indispensable resources and putting food security at risk.

President calls for reduction in import of medicines

President Filipe Nyusi has challenged public and private health institutions to develop initiatives to reduce industrial imports of medicines into Mozambique.

According to President Nyusi, who was speaking at the inauguration of the Central Warehouse of Medicines and Medical Supplies (CMAM) in the central city of Beira, there are a considerable number of individuals

and companies importing medicines. "These individuals do not show any interest in abandoning this activity, which consumes a lot of resources very much needed by the country's economy", he said.

The Central Warehouse is budgeted at US\$4.6 million, funded by the Mozambican state and the Global Fund, through the United Nations Development Program (UNDP). It can store five thousand pallets of medicines and medical items. The redevelopment of the Beira CMAM began in March 2022 after the original building was destroyed by Cyclone Idai in March 2019.

The President explained that during the Covid-19 pandemic period, Mozambique had difficulties importing medicines because the ports were overcrowded and air transport was more expensive for the state coffers. Therefore, it became very difficult to import essential medicines, even basic painkillers such as paracetamol.

"We should take advantage of our products. What is the problem of producing these medicines here in the country? What is, for example, the problem of producing clothes for medical staff from the cotton that is produced in large quantities in Niassa and Nampula provinces?", he asked.

The business class, according to the President, should not focus all its investments only on the country's vast reserves of hydrocarbons. As the population grows, President Nyusi warned, the demand for medicines also grows. "We have raw materials in Mozambique to produce essential medicines domestically. What we need is a paradigm shift; a pharmaceutical industry will bring health gains for the population as well as the growth of the economy", he said.

The COVID-19 pandemic, President Nyusi said, exposed the vulnerability of the National Health System due to dependence from abroad, especially on medicines, technologies, and other medical items. "With the import of almost all types of medical products, we are spending a great deal of foreign currency", he pointed out.

Report raises hopes for LNG project

French humanitarian expert Christophe Rufin, hired by the oil and gas multinational TotalEnergies to produce an independent assessment of the security and humanitarian situation in the northern Mozambican province of Cabo Delgado on 23 May published his report, raising hopes that the Total-led consortium will soon resume work on its liquefied natural gas (LNG) project in the Cabo Delgado district of Palma.

The report mentions improvements in security and humanitarian areas but calls for a multi-dimensional plan of action which will ensure friendly relations between the local population and the LNG project.

The “Mozambique LNG” project, headed by Total, will set up a foundation dedicated to implementing a socio-economic development plan which will not be limited to Palma but will cover all of Cabo Delgado. This Foundation’s activities will be guided by a vision of “shared prosperity” in the province, without waiting for the expected revenue from LNG sales.

To sustain its activities, the Foundation should be endowed with a pluri-annual budget of US\$200 million. Rufin wants the foundation to be chaired by a well-known figure in the area of local economic development, and supervised by a Board of Directors, including representatives of Mozambique LNG, and Mozambican civil society.

The suggested name for the Foundation is “Pamoja Tunaweza” – meaning “Together we can” in Swahili.

Rufin notes the connection of Mozambican islamists with jihadists in Tanzania and the Democratic Republic of Congo, and their affiliation with the self-styled “Islamic State”, also known as Daesh. But Rufin believes that these international links “have not yet translated into significant foreign military support. The weaponry used in attacks remains limited to light arms, and “although it is known that some fighters were being paid, the financial resources available to the guerrillas still appear to be limited”.

The report says that the conflict cannot be reduced to “foreign contamination”, and “the participation of local elements is undeniable; it is rooted in strong inequalities as well as in the underdevelopment of the area”.

Rufin’s report is positive about the various development projects financed by Mozambique LNG. These include refrigeration facilities for fishermen, the building and repair of boats, the replanting of mangroves, irrigation, and the restocking of the Cabo Delgado livestock herd. But Rufin was worried that most of the projects “are more affected by security concerns than by a true development logic”.

The report calls for the creation of a single Cooperation and Development department within Mozambique-LNG run by “a senior person with solid development knowledge and experience of international institutions (United Nations agencies, international NGOs)”. “The role of this single manager would be threefold: design, operator control and coordination with other stakeholders”, says the report.

Work underway to double track from Matola-Gare to Ressano Garcia

The doubling of the track along the Ressano Garcia railway line, which links Mozambique and South Africa, from the Matola-Gare Administrative Post to Secogene, in Maputo province, over a stretch of about 50 kilometres, is expected to be concluded by next September.

According to the Chairperson of the Board of Directors of the publicly owned ports and rail company, CFM, Agostinho Langa Junior, who recently travelled the entire length of the line to assess the work, the estimated cost is US\$82 million financed by CFM’s funds.

Although the work is only 52 per cent complete, Langa expressed hope that the deadlines will be met, “because it is now the dry season and there will be no major interruptions in the activities.”

He explained that the duplication of the line is to increase the capacity of the railroad and guarantee greater security in the circulation of trains. He added that after the conclusion of the work, the Ressano Garcia line will have the capacity to carry about 24 million tonnes of cargo a year, compared with the current 13 million tonnes. Besides the duplication of the line, the activities include the construction of four bridges from scratch.

8.3 million voters registered

Preliminary data on the voter registration released by the Electoral Administration Technical Secretariat (STAE) indicate that, of the estimated 9.8 million potential voters, 84.91 per cent registered. This means that 8.3 million people will be entitled to vote in the municipal elections scheduled for 11 October.

Voter registration was held in Mozambique’s 65 municipalities from 20 April to 3 June. The province with the highest registration was Cabo Delgado. It had a target of registering 696,000 voters, and its final figure was 734,000 – 105 per cent of the target. The impact on the registration of the fight against islamist terrorism in the province is not clear.

One Cabo Delgado municipality, Mocimboa da Praia, was temporarily occupied by the terrorists, who were driven out by Mozambican and Rwandan forces in 2021. Much of the population of the Mocimboa da Praia municipality was displaced by the war, and the displaced people have not all returned. Some of the displaced, however, have been accommodated in other municipalities, such as Pemba, Montepuez, and Chiure.

The southern province of Gaza also surpassed its target. It envisaged registering 517,000 voters but registered 534,000 – 103.3 per cent of the target. In third place was Manica, which registered 689,000 voters which is 94 per cent of its target of 732,000.

The provinces with the lowest percentages were Niassa, Tete, and Inhambane which met 65 per cent, 72 per cent, and 74.5 per cent of their respective targets.

Frelimo condemns violence

Mozambique's ruling Frelimo Party has condemned electoral crimes in the northern province of Nampula, supposedly committed by opposition parties during the voter registration period which ended on 4 June.

Oswaldo Algumassa, the Secretary of the Frelimo Provincial Committee for Organisation, said his party "vehemently condemns the electoral crimes registered in the eight municipal districts in Nampula, where members of the opposition political parties have committed acts of violence against our election monitors, our members and sympathisers and members of the public, to prevent them from registering as voters". He mentioned an incident when unknown assailants burnt down a house belonging to a Frelimo member. "We lament the macabre act that occurred on 7 May, when unknown men burnt down the home of our comrade Jamal Essiaca because he had denounced a case of illicit collection of money in the Namicopo Complete Primary School", said Algumassa.

He recognized that there had been "difficulties of various kinds" in Nampula during the registration, but regarded the 43 days of voter registration as a "positive" exercise.

He praised the work done by the electoral administration bodies "despite the difficulties faced in the initial days, characterised by slow attendance, poor mastery of how to handle the computer equipment, and constant breakdowns of the computers, among other situations".

The projections made by the Electoral Administration Secretariat (STAE), based on figures from the National Statistics Institute (INE) are that there are 1,474,465 potential voters in the eight municipal districts – namely Nampula city, Monapo, Nacala, Angoche, Ribaua, Malema, Mozambique Island and Mossuril.

Government approves projects worth US\$402 million in Cabo Delgado

The Mozambican government, over the last five years, has approved 63 investment projects budgeted at US\$402 million, in the northern province of Cabo Delgado. According to the Minister of Industry and Trade, Silvino Moreno, the investments have created at least 4,943 jobs, mostly in the services, energy, and industry sectors.

The minister, who was speaking in Pemba, the capital of Cabo Delgado, during a summit on Energy and Industry, cited as an example the investment made by Real Moz, a company belonging to the Renco Energy Group and a subsidiary of the Italian Renco SpA, which has invested US\$45 million in the Afungi peninsula.

Other major investments include the Metoro solar power station, the largest solar plant in the country, which cost US\$52 million, and Montepuez Graphite Processing, budgeted at US\$35 million.

According to Moreno, in the same period, the government approved and implemented over 200 new

ventures with an impact in the field of manufacturing. The current context of the national manufacturing industry, according to the minister, offers challenges and opportunities, at a time when the country continues to seek ways to diversify its economy through import substitution and export promotion.

The Industrial Policy and Strategy (PEI) and the National Industrialise Mozambique Programme (PRONAI, 2021-2035) envisage industrialisation in the districts, supporting projects that create jobs, infrastructure and innovation, which, according to Moreno, "requires efficiency, working in partnership, overseeing the focus related to energy, industrial and commercial logistics, and value chain development through local content".

Approved in 2021, PRONAI is aligned to the UN Sustainable Development Goals, and the Southern African Development Community (SADC) Industrialisation Strategy for 2015-2063.

The summit is an initiative that takes place in two phases, the first edition being in Pemba, while the second will take place in Maputo.

Health workers suspend strike

Mozambican health workers have suspended their strike for a fortnight from 4 June following two days of negotiations between the Health Ministry and the Association of United Health Professionals of Mozambique (APSUSM). The strike began on 1 June, with APSUSM demanding increased wages and better working conditions.

The Association had complained of shortages of medicines and individual protective equipment in the health units. But the Ministry said this was untrue and invited journalists to see the stocks of medicines and equipment in the Central Medical Stores. Officials at the stores said there is enough protective equipment for the entire country for the next eight months. Abu Jone, the deputy national director of the Medical Stores, pointed out that the stores contain at least 16 million pairs of gloves, 42 million surgical masks, and over a million disposable aprons, among other personal protection equipment.

Speaking at a Maputo press conference on 4 June, after the second day of negotiations, the president of APSUSM, Anselmo Muchave, said the strike had been interrupted "temporarily" to make room for a continued search for consensus between the parties. Muchave stated that a consensus had already been reached on those points which are within the power of the Ministry of Health. "The points where there is no consensus are outside of the Ministry of Health", he admitted.

APSUSM was unknown until last month. It claims more than 10,000 members, including doctors, nurses and other health professionals. It is not yet known how many of them heeded the call to go on strike. Some disruption was reported at health units, but neither APSUSM nor the Ministry has issued any figures on how many workers joined the strike.

Russia willing to support anti-terrorism

The Russian Foreign Minister, Sergey Lavrov, stated on 31 May that Russia is willing to support Mozambique in the fight against violent extremism that has affected the province of Cabo Delgado, in the far north of the country, since October 2017.

“On the basis of our experience of cooperation we are willing to provide our Mozambican friends with a range of equipment, both for strengthening the country’s security and for fighting terrorism”, Lavrov said, at a press conference held in Maputo, minutes after an audience granted to him by President Filipe Nyusi.

Lavrov expressed willingness to reactivate the Commission for Technical-Military Cooperation between Mozambique and Russia, which was closed for five years due to the Covid-19 pandemic.

Lavrov’s visit comes in the context of preparations for the Second Summit of the Russia-Africa Business Forum, to be held next July in St. Petersburg.

According to Lavrov, several Russian companies are willing to enter into partnerships with Mozambican counterparts, which is why he invited Mozambique to participate in the event. “We are studying the possibility of our entrepreneurs entering the Mozambican market in various projects”, he added.

Speaking on behalf of the Mozambican government, the Minister of Public Works, Carlos Mesquita, said that during the meeting President Nyusi shared the country’s holistic strategy to combat terrorism. The strategy, according to Mesquita, is based on three pillars, namely: strengthening the fighting capacity of the Mozambican Armed Forces (FADM); Promoting the Development of an Integrated Socio-Economic Programme in Cabo Delgado and the neighbouring provinces of Nampula and Niassa; and the provision of emergency humanitarian support

“The President also expressed his desire to strengthen relations, in the political, diplomatic, economic, commercial and socio-cultural fields between the two countries”, he noted.

Ukraine to open embassy in Maputo

Ukrainian Foreign Minister Dmytro Kuleba on 27 May told AIM he sees a promising future for relations between Ukraine and Mozambique.

Speaking in Maputo at the end of his first-ever visit to Mozambique, Kuleba said “we see many opportunities for developing trade relations that will be good for both peoples”.

The two countries had agreed to set up a business forum, and Kuleba said Ukraine is “very open” to business prospects. He forecast the export to Mozambique not only of Ukrainian grain but also of processed foods and pharmaceutical products. He believed Ukraine could also assist Mozambique in cyber-security. “We have vast experience in repelling cyber-attacks”, he remarked.

Kuleba stressed that Ukraine plans to open an embassy in Mozambique before the end of this year. He

was sure that a building and basic staff for the new embassy would be ready by then.

As for ending the conflict with Russia, Kuleba did not believe that negotiations are the answer and he pointed out that President Volodymyr Zelenskyy had made proposals for a peace plan in the early days of the war, based on respect for the United Nations Charter, but Russia had refused to consider them. “It is the Ukrainian plan that should be taken as the basis for a settlement”, he said.

On 26 May, Kuleba was received both by President Filipe Nyusi and by his Mozambican counterpart, Veronica Macamo. President Nyusi, he said, “expressed solidarity with the people of Ukraine”.

French electricity company to develop Mphanda Nkuwa dam

The Mozambican government announced on 26 May that it has chosen a consortium led by Electricity of France (EDF) as its preferred partner for building a hydro-electric dam at Mphanda Nkuwa on the Zambezi River, about 60 kilometres downstream from the existing dam at Cahora Bassa.

Other members of the consortium include the French oil and gas company, TotalEnergies, and the Japanese companies Sumitomo and Kansai.

In addition to the preferred bidder, the government, as a precaution, also indicated as a reserve bidder a consortium headed by ETC Holdings, including CECOT (a subsidiary of the Portuguese company Mota-Engil), the Zambian power company ZESCO, and PetroSA of South Africa. If the preferred bidder runs into difficulties, the reserve bidder could take over the project.

There now follow negotiations on implementing the project, which is expected to be signed in July. The cost of the new dam and power station is estimated at more than US\$4 billion.

The Mphanda Nkuwa implementation office, chaired by Carlos Yum, made the announcement in Maputo. The team which assessed the bids was chaired by the Ministry of Mineral Resources and Energy and included representatives of the publicly owned electricity company, EDM, the Cahora Bassa operating company, HCB, the Bank of Mozambique, and the Ministries of Economy and Finance, of Labour, and Land and the Environment.

Carlos Yum announced that the chosen consortium presented a guarantee of US\$10 million to the government. In the next phase, it must present a guarantee of US\$15 million as proof of its commitment to developing the project.

The EDF consortium will hold 70 per cent of the shares in the Mphanda Nkuwa operating company, HMN. The other 30 per cent will be divided equally between EDM and HCB. The project includes a power station with an installed capacity of producing 1,500 megawatts of power, and a high-voltage electricity transmission line running for 1,300 kilometres, from the Zambezi Valley to Maputo.

Portuguese and Zimbabwean citizens caught with firearms

The Mozambican police have caught two foreign citizens, one Portuguese and the other Zimbabwean, in the possession of firearms in Trangapasse neighbourhood, in the central city of Chimoio, the capital of Manica province.

In all, the police seized 26 pistols of various calibres, nine semi-automatic shotguns, two 6-millimetre gas-pressure “spiders”, ammunition, five swords, hatchets, bayonets, knives, bulletproof vests, binoculars, cameras, communication radios, and cell phones.

The Portuguese man is a restaurant manager and the Zimbabwean is the general manager of a company linked to the slaughter, processing, and sale of beef and other meats.

According to the Manica provincial police spokesperson, Mateus Mindu, work is being carried out to find out the origin and purpose of those weapons. “The investigations are continuing to conclude whether the weapons were to feed terrorism and what was the purpose of an ordinary citizen having several weapons. Those allowed to hold firearms in the country are only the Defence and Security Forces”, said Mindu.

The two men detained refused to make any comment on the case.

The newsheet “Carta de Mocambique” found that the Portuguese citizen is also a partner in a private security company based in Chimoio. This company seems to have no clients other than himself.

Central Bank increases compulsory reserves

Meeting in Maputo on 31 May, the Monetary Policy Committee of the Bank of Mozambique (CPMO) decided not to increase its reference interest rate but did hike the Compulsory Reserve Coefficients – that is, the percentage of client deposits, that the commercial banks must deposit with the central banks.

For deposits in Mozambican currency, the coefficient rises from 28 per cent to 39 per cent, and for foreign currency, it rises from 28.5 per cent to 39.5 per cent.

A statement from the CPMO says that these large increases are intended “to absorb the excessive liquidity in the banking system, which has the potential to generate inflationary pressures”. But the CPMO opted to keep the bank’s benchmark interest rate, MIMO, at 17.25 per cent. This decision, the statement said, “is sustained by the prevalence of high risks and uncertainties associated with the projections for inflation, despite the prospects for single digit (less than ten per cent) annual inflation in the medium term”.

The underlying risks, it continued, include continued pressure on public expenditure, in a context of weak collection of revenue”. There is also uncertainty about prices determined by the state, particularly the prices of liquid fuels.

Outside of Mozambique, the uncertainties include the effects of the Russian invasion of Ukraine, the dynamic

of commodity prices and the volatility of financial markets.

Nonetheless, the CPMO is optimistic that inflation will continue to fall. In April, annual inflation fell to 9.6 per cent “reflecting the reduction in food prices on the world market, and the favourable evolution of the exchange rate of the metical”.

Single-digit inflation in the medium term is possible, it claimed, due to “the measures taken by the CPMO, continued exchange rate stability, and the trend to a reduction in the prices of imported goods on the international market”.

The CPMO expected “moderate economic growth”. In the first quarter of 2023, Mozambique’s gross domestic product grew by 4.2 per cent. The statement attributed this to “the good performance of the extractive industry”. Over 2023 and 2024, the extractive industry is expected to continue contributing to accelerated growth.

LAM debt lower than that declared

Transport Minister Mateus Magala has stated that the real debt of Mozambican Airlines (LAM) was lower than that declared.

The known debt of the company was evaluated at US\$300 million. According to the minister, cited by the Portuguese News Agency Lusa on 31 May, “the debt that has been declared, in fact, was less than that. Part of what was imputed as debt was not debt”.

“We were carrying unsustainable debt because we penalised ourselves with a technical lapse or limited knowledge, but a small correction ascertained that LAM was not so bad in terms of debt”, Magala added.

On 29 May, LAM’s new management, the international commission headed by the South African company “Fly Modern Ark”, announced that the company is no longer bankrupt after collecting US\$47.3 million. The operation, Magala continued, was due to “the deep technical knowledge” of Fly Modern Ark, the company hired by the Mozambican government in April to help normalise the financial and operational situation of LAM.

Mateus Magala pointed out that Fly Modern Ark’s intervention aims to “put the house in order, and later the Government will decide on the future of the carrier, depending on the options indicated in studies on the viability of the carrier, which include privatisation or identifying a partner company”.

Currently, LAM operates with seven aircraft of which two are constantly under maintenance and with 753 employees which translates into a ratio of 112 employees per aircraft. LAM aims to increase the number of aircraft up to 15 and if this is achieved, it will no longer be necessary to reduce the number of employees.

With the restructuring of LAM, the cost of airline tickets to some destinations has fallen by 30 per cent to increase passenger numbers.

Canada disburses US\$5.8 million for sexual and reproductive health

Canada has disbursed eight million Canadian dollars (US\$5.8 million) to support 150,000 adolescents with sexual and reproductive health in the southern provinces of Maputo and Gaza. The amount, channelled through an international non-profit organisation named Right To Play, covers adolescent girls between the ages of 10 and 19, over a five year period.

According to the National Director of Right To Play, Daina Mutindi, the project, entitled “Education and Sexual and Reproductive Health (2022-2025)” aims to help girls prevent early pregnancies and keep them in school.

“Our major goal is to support the integrated development of girls and keeping them in school is our focus”, said Mutindi on 30 May in Maputo, on the sideline of the visit of the Olympic champion and global ambassador of the organisation, Allyson Felix, to Namaacha district.

“In our projects, we implement girl monitoring programmes for the prevention of early pregnancies. We make girls aware of the importance of education and their own importance as human beings who have rights just as much as boys do”, she explained.

For her part, Allyson Felix, visiting the country for the second time, argued that children should work hard to achieve their dreams. “I think the race that children have to run for is the race of life, overcoming obstacles and never giving up. Children should work hard, study, and go after their dreams”, said Felix.

The Right To Play sexual and reproductive health initiatives benefit 150,000 children, 150 schools, and 57 health units in the districts of Boane and Namaacha in Maputo province, and Chongoene and Chokwe in Gaza.

Canada to donate US\$41.1 million for elections

Canada has pledged to donate 1.5 million Canadian dollars (US\$1.1 million) to support the current electoral cycle in Mozambique, taking into account the need to ensure the inclusion of the most vulnerable groups as well as guarantee greater transparency.

The support will be through the United Nations Development Programme (UNDP) and will cover women, youth, and elderly people, as well as people with disabilities.

To this end, a Collaboration Agreement between Canada and the UNDP was signed in Maputo on 26 May. According to the Canadian High Commissioner, Sara Nicholls, the holding of credible elections in Mozambique is of concern to her country's government, which is why the initiative will continue in the coming years. “The issue of credible and inclusive elections is a concern shared by Canada, not only in Mozambique, as well as in other friendly countries. Therefore, this project fits within Canada's efforts to target its assistance towards initiatives that best support the empowerment of the poorest, and the most marginalised and

vulnerable, particularly women and girls”, she explained.

“These types of interventions will continue over the next two years, building capacity and improving electoral processes. We hope to contribute to making the 2023 and 2024 elections peaceful and inclusive”, the diplomat added.

For his part, Antonio Molpeceres, the resident representative of UNDP in Mozambique, guaranteed that the amount will reach its intended recipients. “The total amount of support will be allocated to civic education and voter information activities, with a special focus on the most vulnerable groups, including women, youth, the elderly, and people with disabilities”, he said.

Molpeceres also said that in addition to the Mozambican electorate, the funds will benefit all institutions interested in the elections.

The chairperson of Mozambique's National Elections Commission (CNE), Bishop Carlos Matsinhe, said, at the ceremony, that the amount is an asset as it comes at a time when the electoral bodies are facing a shortage of funds. “The moment marks a significant step for the electoral administration and management bodies, which are struggling with insufficient resources to carry out various activities aimed at developing democratic processes in the country”, he added.

Coral Sul FLNG Project pays US\$34 million into state coffers

The Coral Sul FLNG Project led by the Italian energy company ENI, which has been producing Liquefied Natural Gas (LNG) since October 2022 has paid US\$34 million in revenue to the Mozambican state coffers.

According to a reliable source, cited by the newsheet “Carta de Mocambique”, the sum will not be used before the establishment of the Sovereign Wealth Fund, which has not yet been approved by the Mozambican Parliament, the Assembly of the Republic (AR).

The Sovereign Wealth Fund is to be overseen by the Bank of Mozambique and whose objective is to manage revenues from natural gas mega-projects.

The first shipment of natural gas was announced by President Filipe Nyusi on 13 November 2022.

The floating natural gas liquefaction unit has the capacity to produce 3.37 million tonnes per year, using resources from the isolated Coral Sul reservoir off the coast of the northern province of Cabo Delgado. The investment in the project is around US\$7 billion and it is expected to generate profits of US\$39.1 billion, of which US\$19.3 billion will accrue to the state over 25 years from taxes, bonuses, fees, and profit sharing.

The members of the Rovuma Basin Area Four consortium are Mozambique Rovuma Venture (MRV) S.p.A., which is a Joint Venture co-owned by Eni, ExxonMobil and CNODC of China with a 70 per cent participating interest, Mozambique's own National Hydrocarbon Company (ENH) with a 10 per cent interest, Galp of Portugal and KOGAS of South Korea, each with 10 per cent.

South Africa looks for power solutions

The South African Ministers in the President's Office for Planning and Electricity, Maropene Ramokgopa and Kgosientho Ramokgopa, met in Maputo on 30 May with the Mozambican Minister of Mineral Resources and Energy, Carlos Zacarias, to discuss additional sales of power from Mozambique to South Africa.

"We have a 6,000-megawatt power deficit and we want to explore all the options that Mozambique has to offer. Each megawatt available will make an important contribution for us to reduce the current deficit plaguing the country, which is facing constant blackouts", said Maropene, cited in the Maputo daily "Noticias".

Zacarias presented his South African guests with the Mozambican energy portfolio, taking into account the response that Mozambique may offer to South Africa in the short, medium and long term. "We will work and see how we can contribute to bringing about a solution in the short term, said the Minister, adding that the parties will meet again in June to assess all the possibilities for cooperation.

South Africa is the main buyer of power from the Cahora Bassa dam, on the Zambezi River, in a contract that is valid until 2029. South Africa buys about 1,400 megawatts from Cahora Bassa. But the South African electricity company, Eskom, has dragged its feet on negotiating the purchase of more Mozambican hydropower. Two major electricity generating projects – a second power station at Cahora Bassa, and a new dam at Mphanda Nkuwa, 60 kilometres downstream from Cahora Bassa – have been delayed for decades because of the lack of a firm buyer for the electricity they would produce. Eskom is the obvious buyer, but until the current South African energy crisis, it has not shown much interest in buying more power from Mozambique.

Over 22 million have no internet access

Over 22 million people in Mozambique do not have access to the Internet, according to Mozambique's Communications Regulatory Authority (INCM).

According to the INCM Chairperson, Tuaha Mote, at the presentation of a survey on users of telecommunications services, "there are several factors involved in the low level of access to the internet".

"The majority of our population are women and most of them are unemployed", he stated. "We believe that the informal sector could also contribute to the use of information and communication technologies. The devices have to be accessible, accompanied with the affordable costs".

The survey, which was carried out in coordination with the National Statistics Institute (INE), points out that the cost of internet access is not cheap in the country, given the low purchasing power of Mozambicans.

Currently, there are about six million Mozambicans with Internet access, a factor considered positive under the Government's Five Year Plan.

Five terrorists killed in Nangade

The Mozambican defence and security forces killed five Islamist terrorists on 24 May in a clash near Ngangolo village, Nangade district, in the northern province of Cabo Delgado, according to a report in "Mediafax".

After learning that a local trader was supplying the terrorists with food, the Mozambican forces laid an ambush. Five terrorists died, and another five were injured. Two members of the Rapid Intervention Unit (UIR – the equivalent of the riot police) were killed.

The source cited by "Mediafax" said that substantial amounts of food had been recovered from the jihadists. The trader has been detained.

On 26 May, President Filipe Nyusi announced that one of the terrorist commanders, whom he named as Issar Washio, had been killed, along with several of his companions. This clash also took place on 24 May but President Nyusi did not say in which Cabo Delgado district it had occurred.

Most drug trafficking from Ethiopia, Tanzania and Brazil

The largest number of drug traffickers arrested in Mozambique flew through Addis Ababa (Ethiopia), Dar-es-Salaam (Tanzania) and Sao Paulo (Brazil), according to the Mozambican Tax Authority (AT).

According to AT spokesperson, Fernando Tinga, in terms of routes, the most worrying flights are those that pass through Pakistan, China, India, and Brazil. "The connecting airports that are our main concerns are Addis Ababa, Dar es Salaam and Sao Paulo because these are the points through which drugs are transported to Mozambique", Tinga said in Maputo during the presentation of the annual report entitled Evolution of Consumption and Illicit Drug Trafficking, released by the Central Office for Prevention and Fight Against Drug Trafficking.

In terms of seizures, Tinga announced that in 2022 at Maputo international airport "20.5 kilos of cocaine were seized, which were brought in by three individuals coming from Brazil; one carried three kilos, one 11.8 kilos and the third 5.7 kilos".

"Of these three traffickers, two were South Africans and one Costa Rican", he said, adding that in Ponta do Ouro, in Maputo province, on the border with the South African province of Kwazulu-Natal, there was a seizure of 211 canisters of methamphetamine.

For his part, Elone Chichava, representing the Justice Ministry, said that 1,030 drug trafficking and consumption cases were filed in 2022, compared to 716 in the previous year, an increase of 43 per cent. In 831 of these cases, suspects were charged.

The annual report on the Evolution of the Consumption and Illicit Trafficking of Drugs, from the Central Office for the Prevention and Fight against Drugs, says that in the same period, over 15,000 people with mental and behavioural disorders, resulting from the consumption of psychoactive substances, were treated.

Chang extradition dependent on Interpol

The South African government says it is waiting for instructions from Interpol before extraditing former Mozambican Finance Minister, Manuel Chang, to the United States.

Chang has been in South African police custody since December 2018. When he was detained at Johannesburg International Airport while trying to travel to Dubai. US prosecutors had contacted Interpol and issued an international arrest warrant for Chang, arising from his role in Mozambique's largest financial scandal, known as the case of the "hidden debts".

Legal battles followed for more than four years, as both the US prosecutors and the Mozambican Attorney-General's Office, sought to have Chang extradited. But on 23 May the South African Constitutional Court unanimously denied the PGR leave to appeal against Chang's extradition to the US.

With all appeal channels exhausted, it now seems just a matter of time before Chang is put on a plane to New York.

The spokesperson for the South African Ministry of Justice, Crispin Piri, cited by the Portuguese news agency Lusa, said "we have taken note of the order from the Constitutional Court and we shall attend to it in conformity. We shall be guided by Interpol concerning the next steps".

The PGR has reluctantly accepted that the Constitutional Court's decision is final. The PGR's lawyer in South Africa, Busani Mabunda, told Lusa, that following the Court's decision "Mr Chang will be extradited to the United States".

In Maputo, the PGR issued a statement confirming that there are no further avenues for appeal. It stated that the Court's decision has "negative implications" for the cases involving Chang both in Mozambique and abroad. The PGR claimed that the only jurisdiction competent to try Chang is the Mozambican one "because this is where the facts occurred, the injured parties are the Mozambican state and people, and it is necessary to compensate them for the damage caused".

The Americans disagree – arguing that the fraud of the "hidden debts" involved abuse of the US financial system and that US investors were among those defrauded. In the US prosecutors' view, this gives the US courts every right to try Chang for money laundering, and conspiracy to commit wire fraud and securities fraud.

The PGR has every intention of continuing its case against Chang. He has already been charged with crimes such as money laundering, embezzlement and abuse of office, and the case is now in the hands of the Maputo City Court.

Others accused in this case are the former governor of the Bank of Mozambique, Ernesto Gove, and two other members of the central bank's board, Waldemar de Sousa and Joana Matsombe. If Chang is in New York when the Maputo case begins he could, in theory, be tried in absentia.

One billion meticaais for mangrove replanting

An Emirati company named Blue Forest will fund the replanting of 200,000 mangrove trees in the central provinces of Sofala and Zambezia, budgeted at one billion meticaais (US\$15.7 million) to protect the ecosystem and reduce CO2 emissions.

The project will cover 10 districts, creating 5,000 jobs during the mangrove replanting. According to the executive director of Blue Forest, Vahid Fotuhi, addressing a press in Maputo on 25 May, the initiative may be extended up to 20 years. The initiative will play a key role in improving agricultural performance and fishing activity, with the adoption of internationally recommended best practices.

The national director of Climate Change at the Ministry of Land and Environment, Jambigua Massinga, said that the selection of 17 projects is underway to help communities find alternative means of survival without depending on the exploitation of mangroves and the practice of slash-and-burn agriculture. "It is necessary to stop the pressure that exists right now on forests and mangroves. It is also necessary to find alternatives to reduce the practice of slash-and-burn agriculture. That's why we are looking for projects that can change this scenario", said the director.

He added that the national forest inventory indicates that over 200,000 hectares per year suffer forest degradation in Mozambique and 26,000 hectares of mangrove are also degraded as a result of the production of firewood and charcoal.

CFM to acquire locomotives and wagons

Mozambique's publicly owned Ports and Rail Company (CFM) has launched an international public tender for the acquisition of rolling stock, aimed at boosting capacity and consolidating its position in the provision of logistical solutions in the region. The equipment in question includes 10 locomotives and 300 wagons for mineral transport.

The Chairperson of CFM, Agostinho Langa, cited in the Maputo daily "Noticias" on 29 May, recognised that the acquisition of this rolling stock will not be sufficient for the needs of the company. However, he believes that this is a step in the right direction. "As the demand and traffic grows, we will continue to invest in freight and passenger transport", Langa said. "Regarding passenger transport, CFM is acquiring four more railcars".

"For the freight equipment, we will allocate it wherever necessary. Right now, we have more demand in the south, but in the centre, we are transporting coal from Moatize. The price of coal on the international market has increased considerably, and so our exports also increased", he added.

According to Langa, with the conclusion of the Machipanda line, from Beira to Zimbabwe, scheduled for later this year, the need for additional rolling stock will be greater, especially for the transport of containers and minerals from Zimbabwe

Consultant sought for north-south highway design

The National Road Administration (ANE) has launched a public tender for selecting a consultant to draw up the conceptual design to repair 508 kilometres of the main north-south highway (EN1).

According to the Maputo daily “Noticias” on 25 May, the financial agreement for the rehabilitation of this road, in the Inchope-Gorongosa, Gorongosa-Caia, Chimuara-Nicoadala and Metoro-Pemba sections, budgeted at 26 billion meticaís (US\$ 400 million) has already been signed.

The Mozambican government has received funding from the World Bank to support the safe roads for socioeconomic integration programme and intends to apply part of the funds to pay for consultancy services. The consultant will conduct a climate vulnerability risk assessment, as well as recommend adaptation measures to increase the resilience of roads to climate events.

The consultant will also prepare tender documentation and perform integration of environmental and social requirements in the development of conceptual designs, as well as prepare and update conceptual designs, financing models, payment modality, and the estimated cost for the work.

Government to cut wages of high-ranking officials

The Mozambican government intends to reduce the wage gap between high-ranking officials of the public administration and ordinary public sector workers – which will mean cutting the wages of ministers, deputy ministers, and parliamentary deputies.

Meeting on 25 May in Maputo, the Council of Ministers (Cabinet) approved amendments to the law which defines the rules and criteria for fixing the remuneration of public servants. Speaking at a press conference following the meeting, the Minister of Economy and Finance, Max Tonela, said the government’s bill seeks to reduce the gulf between the top and bottom of the public wage scale and establish a greater wage balance within the same professional careers.

He added that the proposal also seeks to reduce the public sector wage bill from 14 to eight per cent of the Gross Domestic Product. He claimed that this would be in line with the average in the countries of sub-Saharan Africa, and with “good international practices”.

It is also a demand from the International Monetary Fund (IMF). An IMF staff team which visited Mozambique from 24 April to 5 May, insisted on cutting public sector wages. A statement from the team leader, Pablo Lopez Murphy, said the IMF “encourages the government to proceed with additional measures to reduce the annual wage bill to its approved budget level”.

He stated that “ensuring that the public wage bill is brought down is critical for safeguarding fiscal and macro sustainability”.

Tonela told the press conference that the government bill intends to cut the salaries and allowances paid to ministers, deputy ministers, secretaries of state, and parliamentary deputies “among other office holders in public bodies”. Members of the provincial assemblies can also expect a cut in their remuneration, which Tonela said violates the principles of wage justice “since their wages are much higher than those paid to members of the national and provincial governments”.

The proposed changes, Tonela said, “will improve the sustainability of the wage bill, and are perfectly aligned with the structural reforms the government has been implementing”.

The government bill must pass through the country’s parliament, the Assembly of the Republic. The government is thus asking the deputies to approve a cut in their own wages. This would be quite unprecedented.

Natural disasters hit GDP

The Deputy Minister of Economy and Finances, Carla Louveira, has revealed that the natural disasters that have affected Mozambique over the last two decades caused losses corresponding to 1.3 per cent of the country’s Gross Domestic Product (GDP).

According to Louveira, cited in the Maputo daily “Noticias” on 23 May, the natural disasters which caused the most damage to the economy were cyclones, floods, and severe droughts as well as the most recent health crisis caused by the Covid-19 pandemic. The terrorism that has been plaguing the northern province of Cabo Delgado since 2017, according to the Deputy Minister, has also been jeopardising the economy.

“In 2020 alone, Covid-19 caused losses of 3.6 per cent to the economy and reduced the rate of employment by 1.9 per cent. The insurgency in Cabo Delgado has delayed the Liquefied Natural Gas projects and also undermined the commerce sector, housing, and mining”, she said during the Economic and Financing Forum.

Despite the negative scenario, the government envisages an expansion of public investment, influenced by the ease of restrictions on access to external financing taking into account the new programme of the International Monetary Fund (IMF).

“Since 2022, there has been a visible positive evolution since the country has been recording a GDP growth rate of 4.1 per cent, which is above the average of the Southern Africa Development Community.”, she said.

Louveira added that the prospects for growth in the near future are about 6.4 per cent annually.

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