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New York judge denies Manuel Chang bail following extradition

A New York judge on 13 July turned down a request for bail from Mozambique's former Finance Minister, Manuel Chang. Chang appeared before district judge Nicholas Garaufis, at the court in Brooklyn, just a day after he arrived in New York. He was extradited from South Africa after spending over four years in police custody in Johannesburg while the courts decided whether he should be extradited to the US or Mozambique.

Prosecutors in both countries wanted to put Chang on trial for crimes arising from the scandal of Mozambique's "hidden debts".

Facing charges of conspiracy to commit money laundering, wire fraud and securities fraud, Chang entered a plea of "not guilty", but Judge Garaufis pointed out that the prosecution has amassed strong evidence of his guilt.

Chang then, according to the US media, applied for bail of a million dollars. Despite the size of the bail requested, Garaufis refused to grant it, on the grounds that Chang is a flight risk. Chang will therefore remain in custody while his legal team prepares their next step – which is to call for his immediate release because his right to a speedy trial has been violated by the length of time spent in a South African jail.

The prosecution could retort that this was entirely Chang's fault because he had fought tooth and nail to avoid extradition to the US. Chang had mounted a series of appeals which eventually failed. In May, South Africa's highest court, the Constitutional Court, denied him leave to appeal against extradition to New York, and no further avenues of appeal were available.

The case arises from Mozambique's greatest financial scandal, in which three fraudulent, security-linked state-owned companies (Proindicus, Ematum and MAM) in 2013 and 2014 obtained loans of over two billion US dollars from the banks Credit Suisse and VTB of Russia.

The loans were only possible because the Mozambican government of the day, led by then-President Armando Guebuza, guaranteed them. As Guebuza's Finance Minister, Chang signed the loan guarantees, although he was well aware that they flagrantly violated the ceiling on loans set by the 2013 and 2014 budget laws.

When the companies failed to repay the loans and went bankrupt, the Mozambican state became liable to pay the creditors the entire sum. Thus, hidden loans were transformed into hidden debts.

Senior Mozambican figures have already been tried and sentenced in Mozambique for receiving bribes in relation to the scandal. Among those convicted to prison terms of up to 12 years were Ndambi Guebuza, President Guebuza's oldest son, the head of the security service (SISE), Gregorio Leao, and the SISE head of economic intelligence, Antonio Carlos do Rosario, who became chairperson of all three fraudulent companies.

President Nyusi inaugurates new water system in Cumbana

President Filipe Nyusi on 6 July inaugurated a new water supply system in the Cumbana administrative post, in Jangamo district, in the southern province of Inhambane.

Financed by the British government, the new system provides safe drinking water for about 17,000 people. Previously, they had relied on unsafe artisanal wells or harvesting rainwater.

President Nyusi declared that the availability of safe water should be used as an instrument for local development.

President Nyusi also inaugurated a new building where the Inhambane branch of the National Social Welfare Institute will operate and new premises for the Inhambane Provincial Court. Previously, the court had operated out of the same building as the Inhambane Municipal Council which was built over 200 years ago.

At the inauguration of the courtroom, President Nyusi said justice should be an instrument at the service of the people and should help attract more investments to tourism which is a key sector of the Inhambane economy.

This is the fifth new courtroom built in the province, following those in Inharrime, Morrumbene, Funhalouro, and Mabote. Currently, work is underway on building courtrooms in Panda and Jangamo districts.

Frelimo elects municipal candidates

Mozambique's ruling Frelimo Party on 15 and 16 July chose its candidates for the assemblies that will be elected to the municipal assemblies in October.

Whoever is head of the list of candidates that wins the most votes in the municipal elections will become the Mayor. Attention was thus concentrated on Frelimo's mayoral candidates – and in several cases, they were elected unopposed, with 100 per cent of the vote because other candidates, initially on the Frelimo shortlists, had dropped out.

In Maputo City, the mayoral candidate is Razaque Manhique, who is currently the Frelimo First Party Secretary in the city. The outgoing mayor, Eneas Comiche, did not even make it onto the shortlist. After his victory on Saturday, Manhique told reporters that he is confident of victory. He stated that a Frelimo win in the municipal elections is "a national imperative".

In the neighbouring city of Matola, the Frelimo conference elected unanimously Julio Parruque, currently the Maputo provincial governor, as the mayoral candidate. The outgoing mayor, Callisto Cossa, who has been in office for the last ten years, announced that he would run again – but changed his mind and withdrew his name three days before the vote.

Matola has now overtaken Maputo City to become the largest municipality in the country.

In the new municipality of Marracuene, 30 kilometres north of Maputo, the dynamic district administrator, Shafee Sidat, becomes the mayoral candidate.

In Matola-Rio, a second new municipality in Maputo province, a local businessman, Abdul Gafar, heads the Frelimo list.

In the central city of Quelimane, a well-known local musician, Lourenco "Ney" Gini, heads the Frelimo list, with the difficult task of taking the city out of the hands of the main opposition party, Renamo.

The current mayor, Manuel de Araujo, has been in office since 2011 when he won a mayoral by-election on the ticket of the second opposition party, the Mozambique Democratic Movement (MDM). He won again for the MDM in the nationwide municipal elections of 2013, but in 2018, he defected to Renamo. Ney Gani is a cousin of Araujo.

Gani won 100 per cent of the votes in the Frelimo conference because two other candidates dropped out. "This is a victory for all the citizens of Quelimane", he declared.

In the northern city of Pemba, Satar Abdulgani became the mayoral candidate but faced opposition from two other candidates. According to the report on the television station, STV, Abdulgani won 33 out of a possible 66 votes.

In the western city of Tete, the election was also contested. The incumbent mayor, Cesar de Carvalho, won with 57 votes from the 67 Frelimo militants entitled to vote.

In Chimoio, the capital of the central province of Manica, the incumbent mayor, Joao Ferreira, widely regarded as one of Frelimo's most competent local

politicians, defeated two others to be confirmed as candidate for a second term.

In the country's third largest city, Nampula there is only one candidate, the current governor of Nampula province, Manuel Rodrigues. Nampula is the jewel in the opposition's crown since Renamo won five out of the seven municipalities in the province when elections were held in 2018. Rodrigues will contest the October election against the current Renamo mayor of Nampula City, Paulo Vahanle.

Meanwhile, the National Elections Commission (CNE) has announced that 22 political parties, coalitions and citizens' groups have applied to contest the municipal elections. They include the three parliamentary parties (Frelimo, Renamo, and the MDM, who have announced that they will contest all 65 municipalities) and 19 minor organisations which have no representation in parliament, or in any of the municipal and provincial assemblies. Most of the minor parties have no publications or even websites, and the chances of them winning any seats in October must be regarded as minimal.

The CNE is now checking the documentation submitted by the parties to ensure that it does not violate the electoral legislation. The parties that pass this hurdle must submit the nomination papers for their candidates between 20 July and 11 August.

Mozambican sentenced to 22 years for poaching

The Skukuza Regional Court in South Africa on 4 July sentenced a 31-year-old Mozambican, named Enock Ngobeni, to 22 years imprisonment, for poaching offences.

According to the South African media, Ngobeni was found in possession of fresh horns matching the DNA of two rhino carcasses at Skukuza in the Kruger National Park.

"Ngobeni pleaded guilty to the crimes and was subsequently convicted of trespassing in Kruger National Park, contravention of the Immigration Act, two counts of killing rhinos, conspiracy to commit an offence, and possession of a dangerous weapon", says the local media.

According to Monica Nyuswa, of the regional Prosecuting Authority (NPA), on 17 April, rangers of the Tshokwane Section in Skukuza were patrolling and found two rhino carcasses. "They followed footprints and found Ngobeni and his unknown accomplice in possession of a firearm and two fresh rhino horns", she said, adding that "Ngobeni was arrested, and his accomplice escaped and is still on the run".

In court, Ngobeni pleaded guilty to the crime. The regional prosecutor, Lot Mgiba, introduced DNA evidence from the rhino horns that were found in the possession of the poachers, and it matched the two carcasses that were found dead in Tshokwane Section.

"This accused was sentenced accordingly", Nyuswa said, adding that the NPA was pleased with the speedy finalisation of the matter.

WHO director-general calls on Mozambique to prioritise primary health care

The Director-General of the World Health Organisation (WHO), Tedros Ghebreyesus, has urged the Mozambican authorities to invest in strong health systems, prioritising primary health care.

Addressing a conference on Health Infrastructure Investment in Maputo on 13 July, Ghebreyesus said the government must boost the fight against public health threats as well as combat outbreaks of disease at an early stage through comprehensive and accessible care.

The conference is being held in the context of the initiative "One District, One Hospital", launched by President Filipe Nyusi.

"Mozambique must invest in strong systems, focusing on primary health care, using scientific evidence to detect epidemics", said Ghebreyesus. "There is a need to intensify investments in resilient health infrastructure and quality training of human resources as a guarantee for the provision of quality health services to the population, especially in rural areas where fragilities and vulnerabilities are more pronounced".

WHO, according to Ghebreyesus, advocates building quality health infrastructure and investing in people who work in the health sector "because investment in people is not expenditure, human resources are key to the success of the health sector."

Ghebreyesus pledged to assist low-income countries, including Mozambique, in mobilising resources to improve health systems. He urged the health sector to invest in bringing facilities closer to communities, praising the presidential initiative "One District, One Hospital" as an innovation in the health sector in Africa. He called on Mozambicans to cherish and support the initiative, given its impact on access to health and improvement of the quality of services provided.

President Nyusi lauds progress in the health system

Addressing the conference, President Filipe Nyusi stated that the National Health System (SNS) has recorded progress over the past seven years, as the number of health facilities increased by 16 per cent, from 1,534 in 2015 to 1,779 in 2022.

President Nyusi added that 33 per cent of the 154 districts in the country now have a district hospital, a significant development towards achieving the goal of universal health access by 2030, in line with the United Nations Sustainable Development Goals.

"From 2015 to 2022, at a time of greater fiscal crisis, we managed to increase the number of health facilities by 16 per cent, which shows the enormous challenge facing the government", he said. The initiative "One District, One Hospital" had accelerated the construction of infrastructure, "but the goal is to reach 60 district hospitals, covering about 40 per cent of the districts, by the end of 2024", the President said.

The President highlighted the reduction in morbidity from parasitic and infectious diseases, such as malaria, cholera and HIV/AIDS. In the same period, there has

been an increase in access to safe drinking water from 38.9 per cent to 56 per cent of the population in rural areas, and from 80 per cent to 83 per cent in urban areas.

President Nyusi added that the country currently has 1,779 health facilities, 18,579 nurses and 2,892 doctors, 24 per cent of whom work in health facilities in rural areas, where the majority of the population lives. "The ratio of health professionals has improved from 9.9 to 12.9 per thousand inhabitants. Mozambique also belongs to the list of 10 countries that have significantly reduced maternal and child mortality", he said.

Despite the progress made, the President recognised that the country, in many indicators, continues to have ratios below those recommended by the World Health Organisation (WHO).

Health services coverage below 50 per cent

The level of effective coverage of essential health services is 47 per cent according to statistics presented on 12 July by Health Minister Armindo Tiago.

The Minister added that the percentage of households who spend more than 10 per cent of their income or consumption on health is only 1.6 per cent. Speaking in Maputo during the opening of a National Dialogue on Health for Universal Coverage, Tiago said these figures, although below the global average, mean that Mozambique is performing better than other countries in the southern African region. He stressed that this positive performance is due to universal access to the National Health Service and the low costs for users.

Tiago said that currently, Mozambique is suffering from a triple burden of disease, characterised by the high incidence of infectious diseases, non-transmissible chronic diseases, and of trauma. "The epidemiological transition underway, population growth and rapid urbanisation demand the expansion of the health system, and an increase in the complexity of the services", he stressed, adding that the chronic nature of cardiovascular diseases, cancer and of diabetes implies high costs for the system.

Tiago warned that an "increase in the coverage and technical capacity of the health services requires urgent investment". With the national dialogue on health financing, Tiago said the government intends to share strategies for increasing domestic resources for health. "We also want to involve the main stakeholders to mobilise sustainable financing for health, with a view to achieving universal coverage", he declared.

Mozambique currently spends US\$30 per capita annually on health expenditure, according to the international non-government organisation ThinkWell. Research unveiled by the organisation on 12 July in Maputo during a High Level Panel on Health Financing for Universal Coverage shows that Mozambique is in a better position than countries such as Angola, which spends US\$100 per capita on health care.

"In Mozambique, you don't have to pay large sums to access healthcare, something that is no longer the case in countries like Angola" said Salomao Lourenco, ThinkWell's executive director.

Government promises to meet most demands of striking doctors

Health Minister Armindo Tiago on 12 July said that by November the government would solve 11 of the 15 demands made by striking doctors.

One of the points in dispute is seniority payments. Speaking at a Maputo press conference, Tiago said doctors benefit from seniority payments at four moments in their career - unlike other employees of the public administration who only receive these payments twice. "The doctors receive seniority payments after completing three, seven, 12, and 18 years of service while other public servants only receive them after 24 and 30 years", he said.

During the Health Ministry's investigations, it found that, out of the 136 doctors claiming seniority payments, only 38 are not yet benefitting from them. In some cases, said Tiago, they do not meet the requirements – including doctors who have only been working for two years.

The strikers also want immediate payment for overtime. Some of the overtime payments have been owing for more than three years. Tiago promised that payment for overtime worked before 2020 will be paid this month. Overtime payments referring to 2022 and 2023 will be paid as of August, he added.

Tiago warned that the formulas for calculating seniority payments and overtime cannot be altered because there are no legal grounds for doing so. He admitted there have been problems in including doctors in the new Unified Wage Table (TSU) for the public administration, but promised these would be corrected.

As for claims that doctors had received a wage cut in May, Tiago said that those affected should have complained immediately. Furthermore, the new wage system "sometimes makes mistakes". In any case, the wage arrears for these doctors would be paid in July.

Some of the claims made by the Mozambique Medical Association (AMM) were found to be fictitious. Thus, the AMM claimed the government is not paying doctors their "location allowance". The Ministry ran a check and found that all those entitled to this allowance are receiving it.

The AMM also protested that the government had changed its team negotiating with the doctors. But Tiago retorted that the government had every right to put whoever it liked in charge of the negotiations. But it was only the political leaders on the team who changed – the technical staff remained the same. "What is important is that the technical staff don't change", said the Minister. "What is intended in the negotiations is to maintain the institutional memory".

Tiago urged the AMM to call off the strike. The government is prepared to carry on talking with the AMM, he said.

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

ExxonMobil to take LNG FID in 2025

The Rovuma Liquefied Natural Gas (LNG) project in the northern province of Cabo Delgado, led by ExxonMobil, is on track to take its final investment decision in 2025 according to Bloomberg news agency.

An ExxonMobil senior vice president, Peter Clarke, speaking on 12 July at a conference in Vancouver, said "It very much depends on the security situation, which has been very well managed". He added, "The government is doing a good job and we expect to see more positive news in that regard later in the year".

This is the first time ExxonMobil has laid out a clear timeline for the project, including reviving plans to build the onshore liquefaction plant halted in 2020 when the security situation worsened in the region due to Islamist terrorism that has been plaguing Cabo Delgado since 2017.

An approval by 2025 would put the project on track to start LNG production by the end of the decade.

Initially conceived as a plant to produce 15.2 million tonnes of LNG per year, ExxonMobil now envisions a plant that will produce up to 18 million tonnes.

"ExxonMobil aims to nearly double its Liquefied Natural Gas (LNG) portfolio, which currently stands at 24 million tonnes per year worldwide, by 2030 through new projects, joint ventures or third-party purchase agreements", Clarke said.

Clarke added that a Papua New Guinea LNG project has advanced to the front-end engineering and design phase. "A final investment decision could be made for the six million tonnes a year plant in early 2024 and it could start production in 2028", he said.

Beira owes over 350 million meticaïs to INSS

Various institutions in the central city of Beira owe over 350 million meticaïs (US\$5.5 million) to Mozambique's National Social Security Institute (INSS).

According to the INSS delegate in Beira, Jaime Chicamisse, cited in the Maputo daily "Noticias" on 13 July, this amount is an accumulated debt over several years. "For the current year, we established a goal of recovering 98 million meticaïs but we only have about 75 million so far. Much of this amount is the result of extra-judicial collections or pay by instalment agreements", he said.

Chicamisse said that any debt is dynamic, "subjected to increase or decrease, and charged in a peaceful way through awareness campaigns or through coercive charges through the bodies of the administration of justice".

Therefore, he said, the INSS is carrying out actions to make the managers of various institutions aware of the need to pay their debts. They are effectively stealing the money from their workers since social security contributions are discounted from wages, but the managers do not channel the money to the INSS.

He added that "20 companies have to face the courts and, because of that, they have been paying their debts".

Printing industry wants to be prioritised in schoolbook production

The Mozambican Association of Printing Industries (AIGM) wants the Ministry of Education to grant it priority in the production of school textbooks through favourable public tenders instead of privileging foreign companies. According to the AIGM chairperson, Belmaro Quive, cited in the Maputo daily “Noticias” on 14 July, the national tax scenario has been prioritising foreign companies, leaving the national printing industry behind.

In February, the government announced that it would exercise control over the content of textbooks to avoid any repetition of the 2022 scandal when books printed in Portugal were found to contain gross geographical and even mathematical errors.

Quive said that the recent international tender launched for the 2024 schoolbook production violates previous promises, which claimed to create a platform focused on prioritising Mozambican companies. “Calling all the companies in the world to express their interest in book production is the same as drastically reducing the chances of Mozambican printers to win the tender”, said Quive.

Quive accused the Education Ministry of breaking its promises, since “it was envisaged that the tender would be restricted to national companies, but suddenly an international tender was announced.”

“The international companies have more chance of winning the tender which means that the books will continuously be produced abroad over the next five years”, he added.

Each year, the source said, the government prints 20 million books. “If there was an agreement with the national companies, we could design a measure to allow the printing in Mozambique of all or some of the books in the medium and long term”, claimed Quive.

The AIGM has existed since 1999 and it consists of 22 printing companies.

Deflation for second consecutive month

The average level of prices in Mozambique fell by 0.58 per cent in June, according to the latest figures from the National Statistics Institute (INE). This was the second consecutive month of deflation, rather than inflation.

Accumulated inflation in the first six months of 2023 was 2.57 per cent. This relatively low inflation will raise hopes that inflation by the end of the year will be much less than ten per cent, perhaps less than five per cent.

The main contributors to inflation in the first half of the year were foodstuffs, transport, hotels, restaurants, and similar enterprises. Goods which fell sharply in price in June included cabbage (down by 12.9 per cent), lettuce (11.9 per cent), tomatoes (8.1 per cent), coconuts (5.3 per cent), and dried fish (2.3 per cent).

However, some key products increased in price during the month, including fixed and mobile telecommunications (up by 10.3 per cent), firewood (8.4 per cent), onions (4.2 per cent), and diesel (2.6 per cent).

Inflation over the past year (1 July 2022 to 30 June 2023) was 6.81 per cent – the lowest annual inflation rate so far this year.

Prices in June fell in all the urban centres where the INE collects its statistics. The sharpest price falls were in Inhambane (down by 1.66 per cent), Quelimane (1.24 per cent), Chimoio (0.71 per cent), and Maputo (0.42 per cent).

Mining companies declare less production to reduce taxes

The Mozambican government claims that mining companies are declaring less than their real production to pay “very low” taxes. According to a government document, cited by the Portuguese news agency LUSA, the authorities consider that “half of the exports that occur in Mozambique come from mining. However, this level of exports is not reflected in taxation, which is very low”.

Recently, a Mozambican NGO, the Centre for Democracy and Development (CDD), claimed that double taxation agreements in the extractive sector penalise the country. According to the research, in 2021 alone Mozambique lost US\$315 million in double taxation agreements with two tax havens, namely Mauritius and the United Arab Emirates, an amount equivalent to 7.4 per cent of the country's tax revenue.

“Government representatives relied on the latest report by the Extractive Industries Transparency Initiative (EITI), an international mechanism that measures transparency in the sector, to point out disparate results between the ores produced and those declared, disparity in sales prices between the different mining companies in Mozambique and sales prices practised in the country with what is charged on the international market”, says the note.

On the other hand, there are different models for declaring production and non-compliance with the Mining Law, the text reads.

The executive noted the need to study mechanisms for processing minerals produced in Mozambique, such as graphite, heavy sands and coal. The processing of mineral products in the country would allow the creation of jobs and would contribute to industrialisation. “In short, the Government demands valuation of all minerals produced in the country”, the document says.

For their part, the companies advocated the involvement of the Chamber of Mines in the elaboration of regulatory instruments for the sector, for the construction of infrastructure for the flow of production and the supply of stable and reliable electricity to the industry. They also advocated greater coordination between the various government stakeholders in the export sector, to avoid contradictions in the interpretation of the rules governing the area.

Operators also called for an end to export restrictions caused by the absence of a reference price at points of sale and purchase and for product quality testing to be required at the export stage rather than at the production stage.

President Nyusi accuses developed countries of violating environmental agreements

President Filipe Nyusi on 4 July accused industrialised countries of failing to abide by their commitments under international environmental agreements.

The President was speaking in Maputo at the opening of an International Conference on Environmental Education of the Community of Portuguese Speaking Countries (CPLP), a four-day event held under the theme “Environmental Education as the Key to Sustainability”.

President Nyusi said the developed countries bear most of the blame for the climate change that threatens humanity. “At COP 21, held in Paris in 2015, world leaders pledged to keep the average global temperature at less than two degrees centigrade higher than pre-industrial levels”, he recalled. “We are concerned at the non-compliance with the agreements reached, above all by the most industrialised countries which are the countries that most contribute to climate change”.

The preferred target for average global temperature increase is not two degrees, but 1.5 degrees centigrade. The President cited a 2021 report which said that to keep warming to 1.5 degrees, “emissions of carbon dioxide should be reduced by 45 per cent by 2030, which will be difficult due to the reluctance of the most industrialised countries to comply with the Paris Agreement”.

He insisted on the inclusion of local communities since they play a crucial role in environmental conservation. “Our vision is that environmental education should not just go in one direction, because there are many positive aspects that local communities can transmit for the preservation of the environment”.

“Our environmental policies, apart from being aligned with the international conventions, should take into consideration so-called indigenous knowledge, good local practices, and the conservation of the ecosystems of biodiversity”, the President added.

He noted that the solution to environmental problems is centred on three levels – namely urban centres, rural areas and the marine and coastal environment. Some of the central measures for environmental education in these zones are the prevention of coastal erosion, the fight against poaching, and halting of uncontrolled mining and bush clearance.

IMF approves disbursement of US\$60.6 million

The Executive Board of the International Monetary Fund (IMF) on 7 July completed the second review under the Extended Credit Facility (ECF) arrangement for Mozambique, which provides the country with access to 45.44 million Special Drawing Rights (US\$60.6 million).

According to an IMF press release, this money is immediately available for budget support and brings Mozambique’s total disbursements under the ECF arrangement to slightly more than US\$212 million. It says, “The three-year ECF arrangement aims to support Mozambique’s economic recovery, reduce public debt

and financing vulnerabilities while fostering higher and more inclusive growth through structural reforms”.

The release praises the Mozambican authorities for taking “substantive actions to resolutely address macroeconomic challenges and keep the programme on track, especially to reduce the wage bill and keep the fiscal outlook aligned with program targets”.

The IMF also declares its support for the Bank of Mozambique’s “tight monetary policy”, which has infuriated Mozambican businesses. The IMF claims restrictive monetary measures are “appropriate to contain inflation pressures”.

The IMF also “approved waivers of non-observance for two performance criteria”. It explained that “the end-December 2022 performance criterion on domestic primary budget balance was missed due to overruns in the implementation of the wage bill reform and revenue shortfalls”. As for the second waiver, “the continuous performance criterion on non-accumulation of public and publicly-guaranteed external arrears was missed due to delays in debt service repayment by a state company”. The IMF did not say which company was involved.

It added, “Waivers of non-observance were approved based on remedial actions taken by the authorities”.

The IMF said that economic growth “is projected to increase in 2023, driven by increasing liquefied natural gas (LNG) production, agriculture, and services activities”.

Inflation, it added, “has returned to single digits, due to proactive monetary policy and favourable import prices for fuel and food”. But “fiscal performance in 2022 was worse than expected, mainly due to slippage in the wage bill reform and revenue underperformance”.

“Programme performance has been broadly favourable, though with notable slippages in the fiscal area, while important programme commitments in the areas of fiscal governance and anti-corruption were completed”, the release said.

A statement from Bo Li, the IMF Deputy Managing Director, declared “Economic recovery in Mozambique is strengthening, supported by the LNG projects and rebound in various sectors. The economy has shown resilience to Cyclone Freddy which hit Mozambique in early 2023”. But he warned that “significant risks remain, mainly due to adverse climate events and a fragile security situation” (a reference to conflict waged by Islamist terrorists in northern Cabo Delgado).

Bo Li said the Mozambican authorities “are undertaking corrective measures to ensure fiscal discipline in 2023 and continued fiscal consolidation efforts are also warranted over the medium term”. He expressed the usual IMF call for cutting the state wages bill, stating that “reducing the wage bill in line with regional peers will help create fiscal space for high-priority spending”.

The IMF release added, “Continued progress is also needed across the governance, anti-corruption, and fiscal structural agenda, including submitting to Parliament the Sovereign Wealth Fund law which aims to develop a transparent, accountable, and efficient framework for managing LNG receipts”.

Electricity arrives at Mawayela

President Filipe Nyusi on 7 July inaugurated a photovoltaic power station in the Mawayela administrative post, in Panda district, in the southern province of Inhambane. The power plant can provide electricity for about 400 households. 350 have already been made, and a distribution network running for 15 kilometres has been established throughout the administrative post. The power plant cost about 100 million meticaais (US\$1.6 million).

At the inauguration ceremony, President Nyusi stressed that the electricity is not just for lighting but will also bring financial gain. "Electricity doesn't solve all our problems, particularly if we continue using it just as a source of lighting", said the President. "Electricity should be used to generate income".

As an example, he cited small shops in Mawayela which could now invest in refrigeration. Previously shops used cooking gas to power freezers. But that entailed a journey of 50 kilometres to the town of Manjacaze in the neighbouring province of Gaza to buy the gas. One local shopkeeper, interviewed by the television station STV, said he was spending about 4,000 meticaais a month on gas.

Electrifying Mawayela is part of the drive by the electricity company, EDM, to electrify every administrative post in the country. In Inhambane, there are only two administrative posts that do not yet have electricity (Tome in Funhalouro district, and Bazaruto in Inhassoro). President Nyusi announced that work is currently underway to bring electricity to these two posts.

Electricity supply connected to Mavodze

EDM announced on 3 July that it has connected the Mavodze administrative post, in Massingir district, in the southern province of Gaza, to the national grid.

According to an EDM press release, extending the grid to Mavodze cost 54 million meticaais (US\$844,000), entirely financed out of the Mozambican state budget.

The work consisted of building 32 kilometres of 33 kv medium voltage transmission line from Massingir town to Mavodze. Four 100 kVa transformer posts were installed, and 90 lampposts for public lighting. This ensured that, in the initial phase, 500 consumers were immediately connected to the grid.

With the electrification of Mavodze, said an EDM press release, the number of administrative posts in Gaza that have access to electricity has risen to 41. There are just four more administrative posts in Gaza to be connected to the grid.

So far this year, five administrative posts have been electrified across the country. EDM expects that shortly all 135 administrative posts will be electrified.

With the new connections, the rate of domestic access of the population to electricity has risen to 49.5 per cent (including households connected to the grid, and those relying on off-grid systems).

Water company owed 100 million meticaais

The Maputo Metropolitan Water Company says that its clients owe debts of over 100 million meticaais (US\$1.6 million). Interviewed by the television station STV, the chairperson of the company, Alvaro Cossa, said both public and private companies are consuming water and not paying for it. The largest debtors are the Ministries of Defence, Health, and Education.

Cossa's company is one of several commercial water boards set up by the Mozambican state and they are all chasing debts of many millions of meticaais. In extreme cases, this has resulted in disconnecting clients – thus a few weeks ago, the Central Regional Water Board cut off the water supply to Quelimane Central Hospital. The only reason this did not plunge the hospital into crisis was that its water tanks were already full.

Cossa said negotiations are underway to pay off the debts to avoid disconnecting consumers. "There's permanent negotiation", he stressed. "We have reached agreements to pay in instalments so that the institutions pay off their debts and we keep the water flowing".

Cossa pointed out that to provide water "we use pumps which need electricity to work. This water has to be treated with chemicals and this involves costs. We have a network of pipes that runs for 4,000 km which has to be maintained. Hence we are selling the water supply and this ought to be paid for".

Cossa insisted that the water consumed in the Maputo metropolitan region is of good quality. Studies that claim otherwise, he stated, did not take samples of water from the public network.

He argued that the best solution would be full privatisation which would "decentralise the service and speed up public access to drinking water in a sustainable manner". In this model, the role of the state would be to inspect the water companies and to fix "fair tariffs" for the entire chain of water supply.

Over 200 deaths due to human-wildlife conflict

At least 200 people have died as a result of human-wildlife conflict since 2019, according to the Minister of Land and Environment, Ivete Maibaze.

The minister was speaking on 8 July in Maputo during the First National Meeting on Human-Wildlife Conflict (CHFB). She pointed out that "this often happens in riverbeds, which is where communities have access to water. The largest number of cases of loss of human life results from this conflict of territory between animals and the activities of people", she said.

Maibaze added that the figures are also linked to the country's socio-economic development, characterised by an increase in population and, at the same time, in the number of wild animals.

As a solution to the problem, the Minister said, the government has ongoing actions to mitigate the impacts of this conflict, among them, the allocation of resources to the National Administration of Conservation Areas (ANAC).

Public administration recruitment suspended

The Mozambican government is suspending all new admissions of staff to the public administration, as of this month, because of the pressure on the public accounts supposedly caused by the implementation of the new Single Wage Table (TSU), reports the newsheet “Carta de Mocambique” on 5 July.

This measure is operationalised in the Medium Term Fiscal Scenario (CFMP), approved by the government in June, which states “faced with the pressure of wages on the State Budget, and the need for fiscal adjustment to bring this budget line to sustainable levels, the Government will suspend new admissions in all sectors in the second half of 2023”.

In the period 2024-2026, it adds, “exceptional new hiring will be allowed of about 3,200 staff a year. For the newly contracted staff, an annual budget of 700 million meticaís (US\$11 million) will be allocated, which on average represents about 0.06 per cent of the Gross Domestic Product per year”.

The CFMP guarantees that “minimum levels of hiring” will be maintained in priority sectors, to ensure improvements in the provision of public services.

The government is adopting additional measures, including auditing wages sheets, auditing the inclusion of staff in the TSU, and the obligatory retirement of about 25,200 staff who are past retirement age.

Implementing the TSU has proved much more expensive than forecast. The annual impact of the wage reform should have been 19.2 billion meticaís a year, but the real cost has proved to be 28.4 billion meticaís. The measures taken by the government are intended to bring the costs of the TSU down to 20 billion meticaís a year.

The problems with the TSU have also hit teachers by delaying payment of the overtime pay owed to them since October 2022. This delay led angry teachers to stop giving night classes during the first quarter of 2023.

Education Minister Carmelita Namashalua told reporters on 4 July that the overtime will only be paid after the inclusion of teachers’ wages in the TSU has been corrected, but she had no idea how long that would take. “The overtime must be paid”, she said. “What we are doing is working with the Ministry of Economy and Finance. The Ministry of Economy and Finance knows about this matter, and is managing the problem”.

“Right now, the justification we have is that the window for paying overtime is closed, while work is done to clarify all questions concerning the management of the TSU”, Namashalua added. “After these questions have been clarified, the window will be re-opened”.

“I can’t say whether it’s a financial difficulty”, said the Minister. “Only the Ministry of Economy and Finance can explain whether the difficulty is financial or not. What they have told us is that there are placements within the TSU that must be adjusted, and after this situation is solved, the overtime will be paid”.

Namashalua added that the Ministry’s National Directorate of Human Resources “has told our colleagues to remain calm, and to do their jobs, teaching our children, and one day this overtime will be paid”.

New post for precious metals and gems

The Minister of Mineral Resources and Energy, Carlos Zacarias, on 3 July inaugurated a trading post in the central city of Chimoio that deals in diamonds, precious metals and gems. This was set up in response to the Kimberley certification process, which promotes the implantation of official trading hubs, seeks to improve the regulatory framework, and combats the contraband in precious minerals.

According to Zacarias, the undertaking will create decent jobs and increase foreign exchange earnings for the Mozambican state. The new trading post, he said, results from the government’s efforts to standardise the exploitation of gems and precious metals and to improve their management and control, thereby obtaining more revenue for the State.

“We would like to believe that this trading post will undoubtedly stimulate the extractive industry in Manica province, and in the country in general”, he added. “This will be the obligatory point for the certification of mineral products before they are exported”.

Zacarias recalled that Mozambique joined the Kimberley process in 2021, and this has facilitated the implementation of measures to improve the conditions for fighting against contraband and tax evasion by those who are exploiting the country’s mineral resources. He said that technical and administrative procedures have been established for the screening, security, and internal controls of diamonds as well as for the marketing of precious metals and gems through the use of packaging which includes the certificate of origin.

“These measures are guaranteeing improvements in the collection of revenue for the State”, continued Zacarias. “Because of them, in 2022 Manica province registered the production of about 400 kilos of gold of which 45 kilos were exported. By the end of the first half of this year (2023), the province registered a production of 305 kilos of gold of which 99 kilos were exported”.

“These numbers”, he said, “are encouraging us to improve the measures for screening and inspecting the production and export of precious metals and gems”.

The Minister urged the use of the facilities provided. “Technical brigades will be present at this post, including experts who will be available to help users”, he said. At the Chimoio post mineral products will be valued and weighed, certificates of origin will be issued, and exports will be authorised.

“Because of the geostrategic location of Manica province, and the quantity of mineral resources that it contains, this post is an asset to drive adding value and making these mineral resources a vector of the development of the national economy”, he declared.

Available data shows that Manica province has 22 mining associations and five cooperatives. In Manica district alone, it is estimated that at least 7,000 people (including children) are involved in mining.

This is the second trading post for precious metals and gems. The first was set up in Maputo. It cost the Mozambican government about 17 million meticaís (US\$266,000).

Mozambican and South African forces tackle terrorist bases

The Mozambican and South African armed forces, with the assistance of the local militias, have been dismantling terrorist bases set up in the triangle formed by the districts of Muidumbe, Mocimboa da Praia, and Macomia according to a report in the newsheet “Carta de Mocambique” on 12 July.

Some reports from Macomia indicate that jihadist groups are continuing to circulate in villages in the Mucojo and Quiterajo administrative posts, despite the actions of the Mozambican forces and their allies. Local sources told the paper that on 9 July two terrorist groups passed through Ilala village, in Quiterajo, but did not attack or threaten the local people. Instead, they told the people they met that their fight is only against the defence and security forces.

These events follow the statement made by Rwandan President Paul Kagame that the terrorism threat in Cabo Delgado is nearly 80 per cent resolved, and a large majority of the internally displaced people who fled the affected areas should now return to their places of origin.

Addressing a press conference in the Rwandan capital, Kigali, President Kagame said that the fight against terrorism has yielded encouraging outcomes since the arrival of the Rwandan forces back in 2021. “As far as Mozambique’s security and stability is concerned, within the areas where we have been working shoulder to shoulder with Mozambicans to bring back safety, especially in Cabo Delgado province, I can resolutely assure you that a greater part of the problem has been solved. There is meaningful progress and the threat is about 80 per cent overcome,” he declared.

The Rwandan leader admitted that there are some minor challenges to be overcome, but full collaboration among the several forces on the ground with the local army will fast-track the desired results.

Police detain two alleged kidnapers

The Mozambican police have detained two South African nationals in Maputo accused of attempting to kidnap a businessman of Asian origin on 5 July.

According to a report in the daily newspaper “O Pais”, the two South Africans were part of a gang of five members. The other three are still at large. The five men attempted to seize the businessman at his shop on Karl Marx Avenue in central Maputo, but the kidnapping went wrong when local people reacted angrily to the criminals. Police then appeared on the scene and arrested two of the gang.

“We caught them red-handed when the individuals were trying to kidnap a Mozambican of Asian origin”, police spokesperson Leonel Muchina told reporters. “The situation happened when the victim was going to his place of work, and one of the accused tried to drag

him to their vehicle which the criminals had parked nearby to make their getaway”.

The two men detained deny the accusations and say they were on the street merely waiting for an acquaintance.

The police say they are now working to neutralise the other three members of the gang.

Maputo Port handles half of South Africa’s chrome

Maputo port handles about half of all the chrome produced in South Africa, which represents 70 per cent of the world market.

The general manager of the Maputo Port Development Company (MPDC), Osorio Lucas, announced this information on 5 July during the inauguration of two new mobile cranes in the port, which marks a significant step in improving its operational efficiency.

“If we look at chrome, which is currently the most important cargo for Maputo port, we have a market share of about 50 per cent of all the chrome produced in South Africa”, said Lucas.

But the MPDC manager warned of the need to remove some hindrances to the efficient operation of the Mozambique/South Africa border at Ressano Garcia, as a condition for the port continuing to grow. This was why work is beginning this week at Pessene, along the Maputo-South Africa motorway, building a traffic management park and increasing the capacity to receive cargo in the port.

Once this aim has been achieved, the next objective for the port is to start penetrating other markets, such as Zimbabwe. This could bring advantages since, unlike South Africa, there is no road linking Maputo port to Zimbabwe. All traffic would go by rail, in line with the integrated master plan of the Mozambican Ports and Rail Company, CFM.

The MPDC points to logistical problems as a main challenge to port operations. The question, said Lucas, is how to guarantee a continual flow of traffic into the port. The current congestion, with huge queues of trucks on the South African side of the border, waiting to enter Mozambique, is a major constraint which forces ships to stay at anchor while waiting for the cargo held up on the road.

“The question of mobility along the N4 motorway is the immediate challenge”, said Lucas. “The second challenge is the training of support staff for the effective handling of the machines”.

The new mobile Liebherr LHM 550 cranes, which cost US\$25 million, can each handle 144 tonnes. They increase the port’s capacity from four to six mobile cranes, which will greatly boost the capacity to handle general and bulk cargo.