

# Mozambique News Agency

## AIM Reports

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## President dismisses danger of land grabbing

President Armando Guebuza on 2 June in Yokohama categorically denied that land grabbing could take place along the Nacala Corridor in the north of Mozambique under the ProSavana project. The President stressed that “we do not want to take land from farmers. On the contrary, the objective is to make available, with title, land for farmers and to make this land more productive for the benefit of the farmers themselves”.

President Guebuza was in Japan to participate in the fifth Tokyo International Conference on African Development (TICAD).

He was reacting to voices claiming to represent Mozambican farmers associations and civil society organisations. In particular, the president of the National Peasants Union (UNAC) alleged at a press conference in Yokohama that there is a “serious and imminent threat of land grabbing and the forced removal of communities”.

ProSavana, a project to transform agricultural production in an area of ten million hectares along the Nacala Corridor, is a tri-lateral project being developed by the Mozambican government in partnership with Brazil and Japan.

The ten year project aims to transform the tropical savannahs into major areas of agricultural production.

President Guebuza was speaking during a seminar entitled “Development Corridors” which was run in parallel with TICAD. He explained the importance of ProSavana for the communities, the country and region as a whole.

He pointed out that the advantages that ProSavana brings to the country are firstly economic as the project will enable peasant farmers to embrace commercial agriculture and access markets. This is currently not possible because of the low level of production and high costs.

ProSavana will provide fundamental services for increasing productivity such as research centres, extension services and improved infrastructure. The President pointed out that this will result in socio-economic development and will raise the standard of living of the peasant farmers.

Minister of Agriculture Jose Pacheco expressed his indignation at the allegation that the project will take land from peasant farmers.

He explained that ProSavana is part of an integrated political strategy for Mozambique’s development, which includes increasing productivity through improved seeds, research to enhance farming methods and new technology.

This will allow farmers to make a quantitative leap to double or quadruple their productivity. Peasants will then no longer be preoccupied with subsistence farming as they will be able to produce a surplus for market.

Transport Minister Paulo Zucula gave the example of the Maputo Development Corridor, which was the first of its type in the Southern African Development Community (SADC). This project registered enormous successes in the areas of agriculture, industry and transport.

Zucula pointed out that in the area covered by the Maputo Development Corridor agricultural production doubled and there were no protests about the expropriation of land – farmers were able to expand the area under cultivation.

He argued that the same success was achieved along the Beira Corridor where small, medium and large scale producers have continued to live in harmony.

Zucula said that “ProSavana is a consolidation of the experiences we have acquired. So this is nothing new for us”.

### President Guebuza visits South Korea

President Armando Guebuza arrived in the South Korean capital city Seoul on 3 June to begin a three day visit.

President Guebuza met with South Korean President Park Geun-hye during which he received a pledge of assistance to boost the economy and fight poverty.

President Guebuza held meetings with Mozambican students studying in South Korea, business figures, and parliamentarians.

He also met with the governor of Gyeongsangbuk-do province, Kim Kwan-Yong; vice-president of Samsung, Steve Fludder; and president of KOGAS, Choo Kang-Soo.

South Korea is the thirteenth largest economy in the world and is cooperating with Mozambique in various areas, particularly in education.

In May the South Korean International Cooperation Agency (KOICA) and Mozambique’s Ministry of Education signed an agreement for a \$6.5 million project to strengthen the Matola Commercial and Industrial Institute.

KOICA is also working in partnership with Pohang Iron and Steel Company to finance the training of Mozambicans in advanced techniques for planting rice and using agricultural machinery through the NGO Food for the Hungry International- Korea (KFHI).

In addition, in June 2012 South Korea pledged a technical package equivalent to \$18 million to finance the construction and equipping of technical and professional schools in the northern provinces of Niassa and Nampula, and in Zambezia in the centre of the country.

In the area of health, the South Korean Exim Bank is lending \$55 million for the construction of the Zambezia Central Hospital in the provincial capital Quelimane. The hospital is being built by a Korean consortium of Sammi Construction and Yul Trading.

## Health strike ends with no agreement

The Mozambican Medical Association (AMM), which represents the country's doctors, and the Commission of United Health Professionals (PSU) on 15 June called off the strike they had embarked upon on 20 May, without achieving any of their demands.

According to a statement from the two organizations, "although we have not achieved any agreement and are thus not satisfied, the AMM and the PSU, out of respect for the pain and suffering of the people who have been in solidarity with us, declare today the suspension of the general strike of health professionals".

The list of demands made by the AMM at the outset of the strike included a 100 per cent rise in the basic wage of doctors. The AMM also demanded that the danger money paid to doctors should rise from the current 10 per cent to 35 per cent. It wanted the various allowances paid for emergency work in the afternoons, nights and at weekends and public holidays to rise by between 167 and 367 per cent.

The AMM also objected to a clause in the draft Statute of Doctors (which the government intends to deposit in the country's parliament, the Assembly of the Republic) which states that any doctor trained in a public institution will be obliged to work exclusively in the national health service for at least as long as his training period. In the period before the Statute is approved, the AMM added, doctors must be guaranteed "decent housing, paid for by the state". If no state-owned houses are available, the doctors should be given a rent allowance in line with current private housing rents.

After 27 days on strike, the AMM achieved none of these goals. Nor were the AMM and the PSU able to mobilise most health professionals to join the strike, which was far from "general". According to Health Ministry spokesperson, Mouzinho Saide, only between 200 and 300 health workers were on strike.

The strike hit health units in Maputo city and province hard, and a considerable number of doctors in the northern city of Nampula were also on strike. But it had little impact in the rest of the country, and in three provinces (Niassa, Cabo Delgado and Tete), nobody at all joined the strike.

The government insisted that it could not go beyond the wage increase announced in early May – which was 15 per cent for doctors and nine per cent for nurses. On 13 June, Finance Minister Manuel Chang told reporters that the government's capacity to offer further increase in public sector wages this year has been exhausted.

Those who joined the strike will now find themselves out of pocket. Regardless of whether the strike was legal (as the AMM claims) or illegal (the government position), the strikers will lose almost a month's worth of wages. Nobody will be paid for days spent on strike, irrespective of the legal status of the strike.

The focus now shifts to disciplinary action against the strikers, who could suffer penalties up to and including dismissal. This would only occur, however in the event of the strike being deemed illegal. The Health Ministry may not regard it as worth pressing this issue, although disciplinary proceedings have already begun against 18 workers at the Xipamanine health centre in Maputo.

The AMM/PSU statement urged the members of the two organisations not to be intimidated by the disciplinary hearings. Insisting that the strike was legal, and simply the exercise of a right enshrined in the Constitution, the statement called for anyone facing intimidation to report it to the AMM or PSU, so that the matter would be dealt with by the organisations' legal departments.

## New date for further government – Renamo talks

The Mozambican government announced on 14 June that it has set 1 July as the new date for a further round of dialogue with the opposition party Renamo.

Initially, the government delegation suggested 27 June, but Renamo said it was not available on that date. Its counter-proposal was 17 June, which was inconvenient for the government side.

The previous round took place on 10 June, and despite meeting for around 20 hours, until about 04.30 the following morning, the sides were deadlocked over the country's electoral legislation.

Renamo is trying to eliminate the amended laws that were passed in December, and wants to impose its own positions which were defeated in parliamentary votes.

The head of the government delegation, Agriculture Minister Jose Pacheco, made it clear that any change in the electoral law had to be made by the body which had passed it, the Assembly of the Republic. But the Renamo delegation, headed by senior parliamentarian Saimone Macuiana, claimed that the two delegations have a mandate to discuss this point and reach consensus on it.

Since consensus had proved impossible in over two years of discussions in a parliamentary commission, in meetings between the leaderships of the parliamentary groups of the political parties, and finally in the Assembly plenary, it is hard to see why any consensus should appear now.

Renamo insists on what it calls "parity" in the composition of the National Elections Commission (CNE) – it wants a CNE consisting exclusively of political party representatives, four from the ruling Frelimo Party, four from Renamo, four from the Mozambique Democratic Movement (MDM) and two from extra-parliamentary parties. In reality, such a formula would achieve, not "parity", but an opposition majority on the CNE.

The law as passed stipulates a CNE of 13 members – eight from the parliamentary parties (five appointed by Frelimo, two by Renamo and one by the MDM), three from civil society organizations, a judge appointed by the Higher Council of the Judicial Magistracy, and an attorney appointed by the Higher Council of the Public Prosecutor's Office.

The CNE is now operational, although Renamo is boycotting it and has not appointed its two members.

Renamo has announced a boycott of all elections until laws to its liking are passed. It has also threatened to disrupt the November municipal elections and the current voter registration. But the registration has been under way for almost a month and there have been no signs of any Renamo disruption.

## Edson Macuacua appointed presidential advisor

President Armando Guebuza on 13 June named Edson Macuacua as his advisor and presidential spokesperson.

Macuacua has been a deputy for the ruling Frelimo Party in the country's parliament, the Assembly of the Republic.

Previously, Edson Macuacua had been the party's spokesperson and the Frelimo Central Committee Secretary for Mobilisation and Propaganda.

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## Vale renovates 576 houses in Cateme

Vale-Mocambique, the local subsidiary of the Brazilian mining giant Vale, has made repairs to 576 out of the 716 houses in the resettlement area of Cateme which were shoddily built.

Cateme is the site where households were resettled away from the area where Vale is now mining coal in Moatize district, in the western province of Tete.

However, there have been serious complaints that the houses were badly built without proper foundations, causing large cracks to appear in the walls.

The poor quality led to demonstrations at the end of 2011 and the beginning of 2012. These led to the intervention of Mozambique's current Prime Minister, Alberto Vaquina, who was governor of Tete province at that time.

According to Vale-Mocambique's Director of Operations, Altiberto Brandao, "we thank all the families for their cooperation which made the work possible, and reaffirm our determination to bring this process to a successful conclusion with the help of all parties".

Vale has had to fix flooring, roof sheeting, wooden frames attacked by termites, drainage, and faulty electrical wiring. The company has also improved the water supply.

The company is now repairing houses in a second resettlement area, the 25th September neighbourhood in the town of Moatize. Last month work began on renovating 39 houses out of a total of 289 homes needing improvements. Building work in the neighbourhood is scheduled to end by March 2014.

All the repairs to the houses have been supervised by the provincial directorate of public works and housing.

## Japan forgives \$83 million of debt

Mozambican Deputy Foreign Minister Eduardo Koloma on 14 June announced that the Japanese government has forgiven \$83.81 million of debt owed by Mozambique.

Speaking in Maputo, Eduardo Koloma said "this debt forgiveness will mean that the Mozambican government can reallocate the savings to priority sectors".

According to Koloma, the Japanese government took the decision to forgive the debt in Yokohama, in Japan, during the fifth Tokyo International Conference on African Development (TICAD) which was held at the beginning of June.

The deputy minister was speaking at a ceremony during which the Japanese ambassador, Eiji Hashimoto, donated 3,805,000,000 yen (about \$38.21 million) for the construction of bridges in the districts of Ile in the central province of Zambezia and Cuamba in the northern province of Niassa.

Building work for the thirteen bridges will begin in February 2014 and should be completed in 2016.

Koloma added out that "these bridges will raise the standard of living of our people".

He pointed out that during the TICAD conference Japan pledged to promote development in the areas of infrastructure, energy, trade, education, health, the environment, investment and training.

The deputy minister stated that his government is convinced that in the medium term, with the assistance of Japan, Mozambique can reduce social disparities and enhance its strategic role in the process of regional integration.

Ambassador Hashimoto commented that "these thirteen bridges will strongly contribute to the future economic prosperity in the region through improved access roads".

## Ernst & Young predicts 6.88 per cent growth

The consultancy company Ernst & Young has predicted that Mozambique's average annual growth in Gross Domestic Product (GDP) between 2012 and 2017 will be 6.88 per cent.

In its report "Ernst and Young's Attractiveness Survey – Africa 2013" the company states that Mozambique will register the continent's second highest growth. This puts it ahead of Angola and Rwanda (6.5 per cent growth) and just behind Malawi (7 per cent per year).

According to the study, Mozambique has the continent's seventh highest number of infrastructure projects under construction (31 projects valued at over \$32 billion). The largest number of projects is in South Africa, where 134 projects are under construction, valued at \$130 billion.

Ernst & Young describes Mozambique as one of the continent's "economic success stories" which is "among the star performers attracting growing numbers of projects" funded by Foreign Direct Investment.

The report is highly confident about Africa's economic future. It states that "Africa's rise over the past decade has been very real. While sceptics still abound, and there are people who still seek to debate the point, the evidence of the continent's clear progress over the past decade is irrefutable".

It adds that "over this period, a critical mass of African economies have grown at high and sustained rates; so much so that, despite the impact of the on-going global economic situation, the size of the African economy has more than tripled since 2000".

## EU to fund three new projects

The European Commission has announced that it will fund three new development projects in Mozambique which will provide 50,000 people with access to clean water; increase trade by improving an international transport corridor; and support the construction of two hospitals.

The European Union will provide €93 million (about \$123 million) to fund the three projects.

The first project is to provide access to clean water and sanitation for 50,000 people, and work is due to begin before the end of the year. The project has a budget of €11 million, with the EU providing €9 million, the Mozambican government spending €1 million and UNICEF donating the remaining €1 million.

The second project is to improve 111km of national road and over 100km of rural roads. The aim of the €81 million project is to improve roads linking neighbouring Malawi with Mozambique's ports, supporting regional integration and increasing trade opportunities for several agricultural areas.

The third project, budgeted at €3 million, will finance the completion of the construction of Gile District Hospital in Zambezia province, and building work at the Manhica malaria research centre in Maputo province.

Between 2008 and 2013 the EU spent €746 million in Mozambique, focussing on rural development, transport infrastructure and regional economic integration, as well as support for the overall economy (macro-economic stability). It has also supported health, governance, energy, water and the private sector, as well as trade related assistance.

The EU estimates that its assistance to Mozambique over the last decade has resulted in 230,000 people receiving food security social transfers, 500,000 pupils attending primary school, 100,000 people receiving anti-retroviral combination therapy to treat HIV/AIDS, over a million people being connected to improved drinking water supply systems, and 1.8 million people being connected to sanitation facilities.

## Sweden cuts support to Niassa Foundation

The Swedish International Development Agency (SIDA) has withdrawn its support for the Malonda Foundation, a private Mozambican body set up to develop the northernmost province of Niassa, because of financial irregularities, reports the weekly newspaper "Savana".

The Foundation was created in 2005 to implement the Malonda programme, which resulted from a cooperation agreement between the Mozambican and Swedish governments. The main role of the Foundation was to attract foreign investment to Niassa, and in the forestry sector it was successful with five major forestry companies created. This boosted employment in several Niassa rural districts (Chimbonila, Lago, Sanga, Majune and Muembe). Some 3,000 jobs were created, earning more than the statutory minimum wage.

The Malonda Foundation also supported a micro-credit programme and wild life conservation. In 2010, the Foundation began to implement a Strategic Plan, budgeted at \$9 million and supported by SIDA. So far SIDA has disbursed about half this sum but, according to "Savana", the results from the plan are "not very visible", although it has revived the Matama agricultural complex, where private companies are now cultivating soya.

But the future for Malonda now looks bleak, following the disappearance of funds, detected both by SIDA itself in late 2012, and by an audit undertaken by the consultancy company KPMG in February this year.

Cheques had allegedly been falsified by officials in the Malonda accounts department and one of these officials was arrested in January on the orders of the Niassa Provincial Attorney's Office.

The sum involved was \$32,000, of which \$7,000 was subsequently recovered. This was enough for SIDA to end its support for Malonda.

The Swedish Ambassador, Ulla Andren, confirmed that there would be no more SIDA funding for Malonda. She told the paper "the forensic audit has confirmed that, although there have been some improvements in the Malonda Foundation's internal financial controls, there is still a series of weaknesses, which constitute a risk. In line with our agreement and with the results of the forensic audit, SIDA has decided that it will not continue to disburse funds to the Malonda Foundation".

Andren added that Malonda had broken with the principles of transparency. Swedish aid, she said, was intended to reduce poverty, not to facilitate illicit enrichment.

"I recognize the importance of Malonda in the development of Niassa", she continued, "but we cannot continue to invest where agreements are not taken seriously, and where our objectives are not achieved. This decision was not taken light-heartedly. It comes from Stockholm".

The government's holding in Malonda is run by IGEPE (Institute for the Management of State Holdings). Its chairperson, Apolinario Panguene, confirmed the theft at Malonda, but added that the Foundation would continue operating until the end of June.

The future of Malonda after that date was uncertain, but Panguene declared optimistically "we are negotiating with the Swedish Embassy in search of consensus and continued funding". But if SIDA did not reconsider its position, IGEPE would have to seek other partners, or simply ask for money for Malonda from the Mozambican state budget.

Andren stressed that Sweden remains committed to Niassa, and will support the province in other ways.

## ADB to fund Massingir Dam rehabilitation

The African Development Bank (AfDB) is to provide a loan of \$33 million to the Mozambican government for the emergency rehabilitation of the country's Massingir Dam on the Elephants River in the southern province of Gaza.

The emergency repair work will protect the dam from the threat of collapse in the event of a heavy downpour.

When completed and fully operational, the upgraded dam will also contribute to poverty reduction in the region by supplying water for irrigation to towns and villages.

Rehabilitation of the dam will also increase its hydroelectric power generation.

The loan agreement was signed on 28 May by AfDB's Aly Abou-Sabaa and Mozambique's Minister of Planning and Development, Aiuba Cuereneia.

Aly Abou-Sabaa explained that the rehabilitation of the dam falls within the Bank's strategy to support Africa's development through the funding of sustainable energy infrastructure. He added that the project was a milestone in the collaboration between Mozambique and the AfDB.

The AfDB will also provide a credit line of \$50 million for the construction of infrastructure in northern Mozambique.

The funds will finance the third phase of the Nacala Development Corridor project, including asphaltting the EN13 highway between the towns of Cuamba and Lichinga in Niassa province.

The Nacala Corridor project's third phase will also be financed by the Japanese International Cooperation Agency and the Mozambican government.

## BADEA to finance rural electrification

The Arab Bank for Economic Development in Africa (BADEA) and the Mozambican government on 29 May in the Moroccan city of Marrakesh signed an agreement under which the bank will provide credit to finance a rural electrification project in the Mozambican provinces of Niassa and Zambezia.

According to the Mozambican Ministry of Finance, the \$10 million credit will fund the construction of power transmission lines in the districts of Cuamba, Marrupa, Lugela and Mecula.

The project will cost a total of \$55 million, and will also receive funding from the Saudi Fund (\$15 million), Islamic Development Bank (\$8 million), Kuwait Fund (\$10 million), OPEC (\$10 million) and the Mozambican government (\$2 million).

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