

# Mozambique News Agency

## AIM Reports

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## Attack on Renamo general secretary condemned

The governing board of the Mozambican parliament on 26 January urged the institutions of the administration of justice to hunt down those responsible for the attempted assassination on 20 January of Manuel Bissopo, general secretary of the largest opposition party Renamo.

The spokesperson for the Assembly of the Republic's Standing Commission, Mateus Katupha, told reporters that the Commission condemned the crime, expressed its solidarity with Bissopo, and urged the authorities to bring those involved in the shooting to justice.

Bissopo is a parliamentary deputy and a member of the Standing Commission. The car he was driving came under fire in the central city of Beira. Bissopo's bodyguard died in the attack, and he suffered serious injuries. He is currently undergoing medical treatment in a clinic in South Africa.

The commission also decided that the next sitting of the Assembly will begin on 17 February, and will continue until 20 July, with an interruption from 6 May to 15 June.

The agenda for the session so far includes 16 points, among them the annual report on the state of justice in the country from Attorney-General Beatriz Buchili, the debate on the General State Accounts, the revision of the Penal Procedural Code, and a proposal from the majority Frelimo Party to set up an ad-hoc commission to draft constitutional amendments.

Meanwhile, the General Commander of the police, Jorge Khalau, on 22 January announced the establishment of a commission of inquiry into the attack on Manuel Bissopo.

Khalau described the attack on Bissopo as "macabre", and said a commission was being sent from Maputo to assist the Beira police in investigating the crime.

However, Khalau warned that the defence and security forces will not tolerate any attempt by Renamo to seize control of parts of northern and central Mozambique. Renamo leader Afonso Dhlakama has repeatedly threatened to install his own government in the six provinces of Manica, Sofala, Tete, Zambezia, Nampula and Niassa.

### Tete government to assess situation of refugees

The government of the western province of Tete plans to send a team to Malawi in the next few days to assess the needs of more than 3,000 Mozambicans who have fled across the border to escape clashes between Renamo gunmen and the Mozambican defence and security forces.

According to the permanent secretary of the provincial government, Lina Portugal, the delegation will include the Tete provincial director of immigration, and officials from Tsanano and Moatize districts.

"Within a matter of days, we shall send a team which will

work with the Malawian government and with our colleagues in the Mozambican consulate, so that we can obtain real information in the accommodation centres, and question people to find out what they need, so that we can support them", she said.

This survey, Portugal added, will also help the team ascertain why the refugees abandoned their homes, and whether the conditions exist for them to return to Mozambique. "As a government, what we want is to gauge the reality on the ground, to see how we can intervene to support the refugees", said Portugal.

Currently the refugees are living in three accommodation centres in southern Malawi, and are said to be desperately short of basic requirements for their survival.

Instability in Tsangano dates back to 2 April 2014, when Renamo gunmen ambushed a unit of the defence forces in Chibaene locality, when they were returning to the district capital after a patrol. From Chibaene, the Renamo militia extended its action to Nkondezi locality in the neighbouring district of Moatize, setting up a military base in Ndande.

In Zambezia province, authorities in Morrumbala district plan to meet in the near future with the local leadership of Renamo in the locality of Sabe.

Sabe is where the Renamo militia set up a new military base last year, which Renamo leader Afonso Dhlakama called a "general staff headquarters". The instability in Sabe led to the interruption of classes in primary schools in the locality last October, and unless a solution is found rapidly about 9,000 pupils may be unable to continue their studies.

Morrumbala district administrator Pedro Sapange told reporters on 23 January in the provincial capital Quelimane that a meeting with Renamo to negotiate the reopening of the schools could happen before the start of the school year.

Sapange plans to meet with State employees who have fled from Sabe in an effort to persuade them to return to their posts, since the military situation is currently calm.

Not all state workers have abandoned Sabe. According to Sapange, the Sabe health centre is continuing to operate. Every day the health workers, who are currently living in Morrumbala town, travel to Sabe, work at the centre, and return to the town in the evening.

The presence of armed Renamo elements has also had a serious impact on the Sabe economy, hitting agricultural production because farmers feel it is not safe to work their fields.

## Central Bank faces added challenges

The governor of the Bank of Mozambique, Ernesto Gove, on 27 January warned that the central bank faces “added challenges” to meet the macro-economic targets laid down for 2016 - namely a real GDP growth rate of seven per cent, an inflation rate of no more than 5.6 per cent, and maintaining “an adequate level of foreign reserves”.

Opening a meeting of the Bank’s Consultative Council in the western city of Tete, Gove warned that these targets were made more difficult, since the year had begun unfavourably with “exogenous shocks”, notably the severe drought in the south of the country and abnormally heavy rains in the north.

Gove said that in 2015 macro-economic stability had come under pressure, in terms of inflation and the exchange rate, and admitted that the “volatility” of the country’s currency, the metical, had dominated the year.

He blamed this volatility on “an adverse international conjuncture, characterized by the strengthening of the US dollar and the generalized fall in commodity prices, particularly the prices of commodities that Mozambique exports”.

Falling world prices for such goods as coal, aluminium and natural gas hit Mozambique’s foreign exchange earnings. “Our balance of payments suffered from the lower volume of export earnings”, said Gove, “while the level of imports remained the same as the previous year”.

In addition, there was a decline in direct budget support from foreign donors, and a fall in direct foreign investment, “in the context of a substantial increase in foreign debt servicing”, the governor added. “These factors, together with others of a psychological nature, weighed heavily on the depreciation of the metical”.

At one point, in mid-November, that depreciation reached 70 per cent, but there was then something of a recovery, and at the end of the year the devaluation of the metical against the US dollar was around 40 per cent.

The pressures arising from the depreciation of the metical, making imported goods more expensive, plus the government’s decision to increase certain prices that are fixed administratively, and had not risen since 2010 (Gove was doubtless thinking of electricity and water), caused inflation to spike in December. As a result inflation for the year stood at 10.6 per cent.

Gove sketched out the measures taken by the central bank to counter inflation and stabilize the currency. Key among these were increases in the bank’s reference interest rates. By the end of December, the Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) had risen to 9.75 per cent, its highest level since October 2012. The Compulsory Reserves Coefficient - the amount of money that the commercial banks must deposit with the Bank of Mozambique - was raised to 10.5 per cent.

“These measures were complemented by strengthening our interventions in the market, both by sterilizing pockets of excess liquidity in meticais, and by making foreign exchange available, within the limits which good international practices recommend”, said Gove.

At the end of the year, the Bank struck against the abuse of credit and debit cards. A limit was set whereby no one person, no matter how many cards he or she holds, can

spend or withdraw the equivalent of more than 700,000 meticais when using Mozambican bank cards abroad. Gove said this measure was justified to end the possibility credit and debit cards might be used to launder money.

Gove believed the Bank of Mozambique can take credit for stabilizing the currency. On the inter-bank exchange market the metical was quoted at 56.06 to the dollar at the end of November. But by 14 January it had risen to 45 meticais to the dollar, and a similar trend was visible in the exchange rates used by the commercial banks.

The Governor said the financial system continued to expand in 2015, and there are now around four million open bank accounts. 42 new bank branches were opened in the year, bringing the total to 614.

There are now bank branches in all provincial capitals, all municipalities and 75 rural districts. This still means that around half the country’s districts still have no formal banking services.

## Drought severely damages agriculture

Agricultural production has been severely hit by the drought in southern and central Mozambique, the government spokesperson, Deputy Health Minister Mouzinho Saide, announced on 26 January.

Speaking to reporters after a meeting of the Council of Ministers (Cabinet), Saide said that so far the drought has cost the lives of 3,500 cattle, and 437,000 hectares of crops are considered lost, which is 8.9 per cent of the total cultivated area.

In a normal year, the harvest begins in March - but this year at least 375,900 people in drought hit areas will have no harvest at all, and will need assistance. That figure assumes the situation does not deteriorate any further. But in a worst case scenario of deepening drought, the number in need of aid could rise to 1.7 million. The current number of people in need of food aid is 176,000.

There has been some rain in southern and central Mozambique, and Saide was optimistic that if these rains continue, the number of people in need of food aid will decline.

Actions to mitigate the impact of the drought, Saide said, include the organization of agricultural fairs, the production of hay to feed cattle, and moving livestock to low lying areas where there is still some moisture. The government is also publicizing measures to save water, by making rational use of what little is available.

Seven new water supply systems have been installed in one of the worst hit provinces, Gaza. Five are now working while finishing touches are being put on the other two. A further 42 small water systems are being built.

In the neighbouring province of Inhambane 15 new water systems have been built and six reservoirs dug.

The north of the country has the opposite problem with electrical storms, high winds and torrential rains. Saide said the rains in the north have affected about 23,700 people. 1,177 houses built of flimsy materials have been destroyed, with a further 3,553 damaged. 256 classrooms and nine health units in the north have also suffered damage.

“Throughout the country actions are continuing to pre-position search and rescue and humanitarian assistance equipment at strategic points, for speedy assistance to those in need”, said the Deputy Minister.

## Tax collection target narrowly missed

The Mozambican Tax Authority (AT) announced on 15 January that it narrowly missed its target for tax collection in 2015.

AT spokesperson Haydn David told a Maputo press conference that the tax target set in the 2015 budget was 160.7 billion meticaís (US\$3.57 at current exchange rates). The amount actually collected was 159.8 billion meticaís – or 99.44 per cent of the target.

The shortfall came from taxes on foreign trade, which are collected by the customs service. 50.4 billion meticaís was collected by customs, which was 95.57 per cent of the target.

Internal taxes, which are the responsibility of the General Tax Directorate, raised 109.4 billion meticaís, which was more than forecast – it was 101.33 per cent of the target.

David said there had been a strong recovery in customs revenue in December, with a collection that was 109.43 per cent of that month's target. "This shows a great recovery of the revenue lost earlier in the year, when one considers the adverse effect of the appreciation of the US dollar, the main reference currency in international trade", he said.

David argued that 2015 had been "an atypical year" because of a series of adversities which affected tax collection. These included the catastrophic flooding in January, hitting the north and centre of the country, particularly Zambezia province. The Zambezia floods cut the normal power supply to much of the province and to all of the three northern provinces (Nampula, Niassa and Cabo Delgado) for about a month.

The economic effect of the floods included a reduction in tax collection. Later in the year many businesses in Maputo were hit by repeated power cuts, following a major breakdown at a key electricity sub-station. This hit their profits, and hence the amount of tax they paid.

Furthermore, the instability in some parts of the country, following the refusal by Renamo to accept the results of the October 2014 general elections, caused delays in investment decisions and affected production levels, and hence tax collection, in the affected areas.

Other unfavourable factors, said David, included the late approval of the 2015 budget, the sharp depreciation in the latter part of the year of the metical against the US dollar and the South African rand, which inhibited imports, and the reduction in the world market prices of several key Mozambican exports.

David also reported that the AT's inspections and seizures of contraband had led to the recovery of state revenue of 713.3 million meticaís.

There had been 420 seizures of imported vehicles and 239 seizures of other merchandise. The offences committed by the importers included undue use of tax exemptions, the duplication of vehicle number plates, and under-invoicing through the use of forged documents.

The 2016 budget, approved on time by the country's parliament, the Assembly of the Republic, in December, sets a total tax collection target of 176.4 billion meticaís. Of this sum, 117.3 billion meticaís is to come from internal taxes, and 59.1 billion from taxes and duties on foreign trade.

## Customs seize container full of raw cashews

The Mozambican customs service has seized 38 containers full of raw cashew nuts that were being smuggled out of the country from the northern port of Nacala without paying the export surtax.

The containers held 589 tonnes of nuts, which were being exported to India. Vicente Marcos, head of the Communication and Image Department in the Mozambique Tax Authority (AT) said the exporters had declared the cargo as beans, which do not pay any export surtax. The fraud was discovered by what he described as routine inspection activities by customs brigades.

The surtax on raw cashews is a measure intended to protect Mozambique's own cashew processing industry. The value of the nuts in the 38 containers was put at just short of 40.58 million meticaís (about US\$891,000 at current exchange rates). Marcos said that surtax of 7.3 million meticaís should have been paid on this.

The case is now with the Customs Tribunal. If tax evasion is proven the exporter will be obliged to pay the surtax owing and the nuts will be forfeit to the state.

At the start of the current cashew marketing campaign, the director of the government's National Cashew Institute (INCAJU), Filomena Muaiope, speaking in the Nampula district of Muecate, stressed that government policy is to process nuts locally, rather than sending the raw nuts to be processed in India.

A substantial number of small and medium sized cashew processing plants have been set up in recent years.

"Today we have many factories that process our cashew nuts", said Muaiope. "So we don't want our cashews exported raw, while we have industries across the country which can process them, and thus create jobs for Mozambican citizens".

## Police arrest car thieves

The Mozambican police on 18 January announced that they have knocked out of action two gangs of car thieves who were operating in Maputo and the neighbouring city of Matola.

Maputo city police spokesperson Orlando Mudumane said that some of the thefts were carried out at gunpoint, but for others the thieves used copies of the vehicles' keys. One of the groups was detained in the neighbourhood of Laulane, shortly after stealing a vehicle in central Maputo.

The police also announced the detention of 36 foreigners who attempted to enter the country via Maputo International Airport with forged entry visas. The group consisted of 16 Ethiopians, 11 Bangladeshis, four Pakistanis, three Nigerians and two Somalis.

The group arrived on two scheduled flights, one of Kenya Airways and the other of Ethiopian Airlines. They will all be sent back to the cities they came from.

The detection of false entry visas used by people travelling on these two airlines has become a regular occurrence at Maputo airport.

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This is a condensed version of the AIM daily news service – for details contact [pfauvet@live.com](mailto:pfauvet@live.com)

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## Frelimo Central Committee to undertake reshuffle

The extraordinary meeting of the Central Committee of Mozambique's ruling Frelimo Party, scheduled for early February, will restructure the Party's secretariat, but will not elect a new general secretary, according to Damiao Jose, the Secretary for Mobilisation and Propaganda.

The agenda of the meeting has just one point, the restructuring of the Secretariat, Jose said. This is necessary in order to implement a directive from the last Central Committee meeting, which determined that no member of the country's parliament, the Assembly of the Republic, or of the provincial assemblies, can also hold office inside the Frelimo structures.

This is regarded as a step in the separation of party and state. The practical result is that the three Secretariat members who currently also sit in parliament will have to stand down from the Secretariat.

They are: Sergio Pantie, Central Committee Secretary for Party Organisation, and deputy head of the Frelimo parliamentary group; Edson Macuacaua, Central Committee for Training and Cadres, and chairperson of the Assembly's Commission for Constitutional and Legal Affairs; and Damiao Jose himself who currently combines his secretariat position with membership of the Assembly.

"It's a fact that all cadres who have positions in the Central Committee and are also parliamentary deputies will have to leave the Secretariat", Jose confirmed.

The Frelimo general secretary, Eliseu Machava, is not a member of the Assembly, and so is not covered by the directive. Replacing him was not on the agenda, Jose declared. Likewise, there was nothing on the agenda about electing new or sacking old members of the Frelimo Political Commission.

But last year, "it's not on the agenda" was the answer given by Jose when reporters asked him if the Central Committee meeting scheduled for February-March 2015 would replace Armando Guebuza with Filipe Nyusi as President of Frelimo. Jose insisted that Guebuza would serve out his full term of office as Party leader, and that did not expire until the next Frelimo Congress, scheduled for 2017.

But the Central Committee changed its agenda, and Guebuza fell, replaced by Nyusi who, as has been normal practice within Frelimo, combined the role of President of the Republic and President of Frelimo in one and the same person.

The Central Committee could do the same thing this time, changing its agenda so as to elect a new General Secretary and a new Political Commission. The independent weekly "Savana" confidently predicted that the meeting will elect a new General Secretary, and even said that the four people in the running to succeed Machava are former prime minister Luisa Diogo, former minister of energy and mineral resources, Castigo Langa, former environment minister Alcinda Abreu, and prominent parliamentarian Ana Rita Sithole.

## Over ten thousand without clean water in Tete city

More than 10,000 people living in the outlying neighbourhoods of the western city of Tete are without clean drinking water. The people affected live outside of the area covered by the piped water system run by the government's Water Supply Investment and Assets Fund (FIPAG).

The problem was raised at a series of meetings addressed by the mayor of Tete, Celestino Checanhanza, the latest of which was held on 11 January. Checanhanza recognized the problem and said citizens had every right to raise it. He said the purpose of his tour of the neighbourhoods was to listen to the concerns of the residents, so that the Municipal Council can solve the problems they face.

There are some boreholes on the periphery of the city, but they are insufficient to meet demand. This obliges citizens to resort to alternative sources, notably the Zambezi River which runs through Tete. Obtaining water from the Zambezi is a risky business due to the ever present threat of attack by crocodiles.

Faced with these complaints, Checanhanza promised that the municipality will open more boreholes, while at the same time working with the FIPAG management to extend the piped water system so that it will benefit more residents of the city.

Checanhanza also visited the Tete markets to check the conditions under which foodstuffs are sold and meals cooked. He noted that in some cases the poor hygiene conditions posed serious public health risks, including possible outbreaks of cholera and other diarrhoeal diseases.

He announced that the municipality is setting up an inspection team to guarantee observance of basic rules of hygiene in the markets.

Last year, a cholera outbreak in Tete claimed the lives of 21 people. "We don't want to face the same disease again this year", the mayor said. "That is why we have set up the inspection team because the focus of cholera and diarrhoeas is badly cooked food".

## Qatar Airways to fly direct to Maputo

Qatar Airways has announced that it is increasing connections between Mozambique and Qatar by introducing, as from March, direct flights between Doha and Maputo.

The current twice weekly Qatar Airways flights between Maputo and Doha stop at Johannesburg in both directions. Cutting out the stop in Johannesburg will reduce travel time by two hours.

The decision reflects confidence that there is enough traffic between the two cities to make the route profitable, without stopping in Johannesburg to pick up more passengers. The new direct flight may also prove attractive to passengers who wish to travel on to other destinations in the Middle East, Europe and Asia. The Maputo-Doha route will use the most modern of large aircraft, a Boeing 787 Dreamliner.

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