

# Mozambique News Agency

## AIM Reports

Report no.568, 13<sup>th</sup> June 2018



## President Nyusi hopes to sign peace deal in Gorongosa

President Filipe Nyusi declared on 7 June that he would like to sign the definitive peace agreement with the opposition party Renamo in the central district of Gorongosa.

Speaking in Maputo at a gala dinner at the end of the first day of an International Conference on Nature-based Tourism, President Nyusi said “one of my dreams was to sign the peace agreement in Gorongosa”.

The current coordinator of Renamo, Ossufo Momade, is living in a Renamo military base in Gorongosa – the same base where the late leader, Afonso Dhlakama, died of diabetes on 3 May. The base is not far from the jewel in Mozambique’s conservation crown, the Gorongosa National Park.

The President declared that Mozambicans need nature, and so the country’s conservation areas must be properly maintained and conserved. To this end, he witnessed four agreements, signed by the Minister of Land, Environment and Rural Development, Celso Correia, under which US\$550 million will be made available for conservation projects.

The largest sum, \$500 million comes from the Farquhar Group, represented by its managing director, Paul Milton. Much of this money is intended to build a scientific centre in the southern province of Inhambane for the protection of dugongs. Mozambique has one of the largest surviving populations in the world of this endangered marine mammal. This grant will also go towards the fight against poaching in the Limpopo National Park, in the neighbouring province of Gaza, and financing tourist accommodation with 1,500 beds.

The other \$50 million takes the form of a line of credit from the country’s largest commercial bank, the Millennium-BIM (International Bank of Mozambique). Mozambican businesses wishing to invest in nature-based tourism may apply for funds from this line of credit. The Minister stressed the government’s interest in “involving the Mozambican private sector in these projects so that it can accompany the foreign investment”.

In addition, Correia signed an agreement with Werner Myburgh, director of the South Africa-based Peace Parks Foundation, for the construction of a conference centre in the Maputo Special Reserve which lies on the road from Maputo to the South African province of KwaZulu-Natal.

The final agreement, with the United States Carr Foundation, which co-manages the Gorongosa National Park, envisages an increase of more than 50 per cent in the Foundation’s social responsibility work in the communities in the vicinity of the park.

## President inaugurates medical stores

President Filipe Nyusi on 6 June inaugurated the municipal medical stores in Maputo city, a facility which cost the municipality 71 million meticaís (US\$1.18 million).

President Nyusi said he was aware of the constraints in the normal flow of the logistics and management chain, such as the theft of medicines from the national health service and their illegal sale. He also called for improvements in the management of stocks and in conserving medicines and medical articles, through greater accountability of those who participate in the supply chain, and greater involvement by the communities.

The new Maputo medical stores cover a hectare of land and construction took 18 months. The facility includes rooms to assess the quality of medicines, security for specific medicines, cold stores for those products which should be conserved at low temperatures, and an area where large volumes of medicines can be stored.

The stores also include a warehouse for the vaccines needed for Mozambique’s expanded vaccination programme, equipped with four cold storage units. The stores also have a borehole for water supply and an autonomous transformer for electricity.

## First ship over 100,000 tonnes leaves Maputo

The port of Maputo on 5 June handled the first ship weighing over 100,000 tonnes. According to the Maputo Port Development Company (MPDC), the ship, the “MV Magali”, left the port laden with 100,674 tonnes of chrome destined for China. Such a large ship could only use Maputo because dredging concluded last year deepened the access channel from 11 to 14.2 metres.

The MPDC adds that the rehabilitation of quays 6, 7, 8 and 9 will begin this quarter, allowing Maputo to receive and load very large vessels on a regular basis.

MPDC is a consortium between Mozambique’s publicly-owned ports and rail company, CFM, which holds 49 per cent of the shares, and Portus Indico, with 51 per cent. The latter is a partnership between DP World of Dubai (with 48.5 per cent), Grindrod of South Africa (also 48.5 per cent) and the Mozambican private company, Mocambique Gestores (three per cent).

## China pledges \$100 million

The Chinese government has pledged donations amounting to US\$100 million for the implementation of four projects in Mozambique, under agreements signed on 4 June, during the sixth meeting of the Joint Cooperation Commission between the two countries.

One of the projects is for a new airport just outside Xai-Xai, capital of the southern province of Gaza. The Chinese grant will cover the construction of the runway, the terminal, the auxiliary installations and the access road.

Xai-Xai is the only provincial capital that has no airport. The government's justification for the airport is that it will boost the local economy, particularly in tourism. Gaza has both beach resorts, and wildlife in the Limpopo and Banhine National Parks.

Although the release from the Joint Commission did not break down the \$100 million by project, last year the government stated that the Chinese grant for the airport would be \$60 million. It is by far the largest of the four projects.

A second project is the construction of a technical and professional institute in the town of Gorongosa, in the central province of Sofala. The design covers lecture rooms, workshops, a canteen, dormitories for the students and accommodation for the teachers. It will have a capacity for 740 students, and will teach courses on agriculture and livestock, including agro-processing.

China will also send engineers for the maintenance of the National Stadium in the outlying Maputo neighbourhood of Zimpeto. The stadium, completed in 2011, was built with \$70 million from the Chinese government. Under the new agreement the Chinese engineers will provide assistance to the stadium's operations for three years, including the electrical systems, the ventilation, heating, water supply and drainage. Spare parts and equipment will also be supplied.

Finally, China will send high-level agricultural specialists to Mozambique for three years. They will be involved in research, technical demonstrations and training in such areas as agronomy, agro-processing, and veterinary science. China will also supply some agricultural equipment, and there will be opportunities for Mozambique agricultural technicians to train in China.

Speaking at the close of the Commission meeting, Deputy Foreign Minister Maria Lucas said the agreements reached indicate the success of the work the two sides have been undertaking since the last meeting in 2015. "The decisions we have just taken lead us to conclude that we have attained our goals", she said. "The proof of this is the conclusion and signing of the cooperation agreements".

Lucas hoped that cooperation with China would continue, expressed in growing volumes of trade and business, including the involvement of private Chinese businesses in areas ranging from transport and manufacturing to banking and tourism.

The head of the Chinese delegation, Deputy Trade Minister Qian Keming, said his government remains willing to offer development aid aimed at priority projects that will boost the welfare of the Mozambican people.

On trade, he pledged that China will "take positive measure to increase its imports of Mozambican products, to improve the structure and quality of bilateral trade".

## Ruby auction raises record \$72 million

London-based mining company Gemfields on 11 June announced that its auction in Singapore of rough rubies from its mine in the northern Mozambican district of Montepuez raised a company record of US\$71.8 million. Of the 86 parcels of rubies available at the auction, 82 were sold – fetching an average price of \$122 per carat.

This was the tenth auction of rubies from Montepuez Ruby Mining Ltd (MRM) held since June 2014. In total, they have generated \$407 million. According to the company, "the consistency of supply and the reliability of the Gemfields' grading system continues to be well received by buyers given that it reduces risk, improves manufacturing efficiencies and aids their ability to meet the demand for larger orders".

According to the company's chief executive, Sean Gilbertson, "MRM has been the largest taxpayer in Mozambique's Cabo Delgado province for the last three years, and this auction puts us on track to repeat that achievement in the 2018 calendar year, and to expand our community and conservation initiatives". He added, "as always, we thank our Mozambican partners, Mwiriti Limitada, and our host government – the Republic of Mozambique – for their vision and support in building and internationalising the Mozambican gemstone sector by promoting transparent and globally -competitive practices".

Gemfields stressed that "the proceeds of this auction will be fully repatriated to MRM in Mozambique, with the production tax due to the Government of Mozambique being paid on the full sales price achieved at the auction".

Gemfields holds a 75 per cent stake in Montepuez Ruby Mining Ltd. The other 25 per cent is owned by Mwiriti. Gemfields is entirely owned by the private equity company Pallinghurst Resources following a successful takeover bid last July.

## Twenty districts at risk of food insecurity

Twenty districts in four provinces (Inhambane and Gaza in the south, and Sofala and Tete in the centre of the country) are at risk of food insecurity because irregular rainfall and insect pests have reduced this year's harvests.

A multi-sector group assessed the food security situation in the country in April and May, and submitted a report to the government, warning that over forty per cent of the population in the affected districts could face food shortages.

The group concluded that the fall armyworm (which strikes particularly at maize) and the cassava mosaic virus (transmitted by whiteflies), plus poor rains, have damaged crops, resulting in lower harvests than initially forecast.

Dino Buene, national official for vulnerability assessment in the Food and Nutritional Security Technical Secretariat (SETSAN) said that household food reserves in the affected districts are likely to run out in the next three months. As from September, he warned, humanitarian food aid would become urgent to ensure that vulnerable households would have enough to eat.

The worst situation is in Tete and Gaza. In each of these provinces seven districts are affected. Three districts are at risk in Inhambane, and three in Sofala.

## Four dead in terrorist attack in Nangade

Unknown assailants, believed to be Islamic fundamentalists, murdered four people on 11 June in Nangade district, in the northern province of Cabo Delgado, reports the newssheet “Mediafax”. The raiders struck the village of Changa at around midnight, brandishing machetes and firearms. According to an unnamed local source, the terrorists also burnt down seven houses before melting into the night.

This is the second time the jihadists have struck in Nangade. The last attack reported was much further south, in Quissanga district on 6 June. Given the distances involved, it is unlikely that the same group was responsible for both the Quissanga and the Nangade attacks.

The United States oil and gas company Anadarko confirmed to “Mediafax” that it has been evacuating staff by helicopter from its camp on the Afungi peninsula, in Palma district. Anadarko is the operator for Area One of the Rovuma Basin, off the Cabo Delgado coast, where huge reserves of natural gas have been discovered. The consortium headed by Anadarko intends to build natural gas liquefaction plans at Afungi.

The Monjane and 25th June villages in Palma, south of Afungi, were the scene of particularly gruesome attacks on 27 May, when a terrorist group beheaded ten people.

The security situation has also hit the Canadian company Wentworth which was obliged to seek an extension of its licence because of what it described as a “challenging” security situation. Wentworth is exploring for gas and oil in the Tembo onshore block in Mocimboa da Praia district. But the terrorist activities in Mocimboa da Praia “have prevented safe access to the area for Wentworth staff and contractors”, said a Wentworth release.

Meanwhile, Interior Minister Basilio Monteiro announced the arrest on 8 June of three members of the terrorist group: two on Ibo Island, and a third in Olumbi in Palma district. Monteiro also announced the setting up an “operational command”, headed by high ranking officers, to take control of the situation in Quissanga and the neighbouring district of Macomia.

## Tollgates for Beira – Zimbabwe highway

The Mozambican government on 5 June authorised the country’s Road Fund to set up three toll gates along the Beira - Zimbabwe highway, which crosses the central provinces of Sofala and Manica.

This road, which runs for 287 kilometres, used to be in a shockingly poor condition, but has been undergoing thorough rehabilitation since April 2015 by the Chinese company AFECC (Anhui Foreign Economic Construction Company).

It has long been stated government policy that vehicle owners (particularly large trucks) should help pay for the upkeep of roads. Yet to date the only major road that has tolls is the Maputo-South Africa motorway, operated by the South African company TRAC (Trans-Africa Concessions).

Two of the toll gates on the Beira-Zimbabwe road, at Nhamatanda, and at the Vanduzi crossroads, are ready to open. The third will be in Dondo district on a 17-kilometre stretch where the rehabilitation is not yet complete.

According to the chairperson of the Road Fund, Angelo Macuacua, the tariffs will be fixed in a joint diploma from the Ministers of Public Works and of Finance.

A meeting of the Council of Ministers (Cabinet) also agreed to spend 31.5 million meticaís (about US\$530,000) on the reconstruction of the protective wall around Mozambique Island, off the coast of the northern province of Nampula. Rising sea levels threaten the very existence of Mozambique Island, which was the first colonial capital of Mozambique. Because of its unique mix of African, European and Arab cultures, UNESCO in 1991 declared the Island a World Heritage Site.

The government spokesperson, Deputy Education Minister Armindo Ngunga, said the money will come from the National Sustainable Development Fund, run by the Ministry of Land, Environment and Rural Development. The money will be allocated to the Mozambique Island Municipal Council.

## Anti-corruption office investigating Nampula council

The Central Office for the Fight against Corruption (GCCC) is investigating the alleged theft of funds from the municipality of Nampula before and after the murder of the city’s mayor, Mahamudo Amurane, last October.

While Amurane was still alive several municipal staff were detained, accused of diverting funds. This was a case that the Municipal Council, under Amurane, had denounced to the Nampula provincial anti-corruption office.

After Amurane’s murder, Manuel Tocova, previously chairperson of the Municipal Assembly, became interim mayor. His period in office was brief and stormy, since he was in constant conflict with the city councillors appointed by Amurane. It was suspected that money disappeared during this turbulent period.

Tocova was arrested for the illegal possession of a firearm, for which he was eventually sentenced to ten months imprisonment, converted into a fine, and Americo Iemenle took over as interim mayor.

The desperate financial situation of the municipality became evident after the mayoral by-election, won by the candidate of the main opposition party Renamo, Paulo Vahanle. He soon discovered that the coffers were empty, and announced in April that the municipality had an accumulated debt of 41 million meticaís (US\$683,000).

However, Vahanle is now discovering that the real debt is much higher. He told the daily newspaper “Noticias” that “we have been receiving individuals, representatives of financial institutions, and business people, all demanding the payment of debts”.

Some of the debts date back to the period when Castro Numuaca was mayor – and his term of office ended in 2013. Others were incurred during Amurane’s term of office, and still others when Tocova and Iemenle held the post of interim mayor.

Vahanle admitted that the municipality does not yet know how large its debts are. He said a team of staff from the municipal accounts department is working to draw a full list of the debtors, and he feared the final result will be considerably higher than the 41 million meticaís announced in April.

## Prime Minister pledges resources for municipal development

Prime Minister Carlos Agostinho do Rosario declared on 31 May that the government is mobilising resources to ensure the implementation of major structural projects in Beira and other municipalities.

Rosario was speaking at the opening of a two-day International Investment Conference in the city, organised by the Beira Municipal Council. He praised the Council for hosting an event that brings together the municipality, the government, businesses and cooperation partners “to seek together solutions for the development of this city and the country in general”.

“We encourage and support this type of initiative since it strengthens our conviction that municipalisation allows the organisation and participation of citizens in the management and development of their towns and cities. We want municipal development to contribute to improving the services provided”.

The Prime Minister called for a focus on improving living conditions through job creation and generating increased income. “In the specific case of Beira”, he added, “the government has been prioritising water supply and sanitation, the expansion of the electricity grid, and mitigating the effects of climate change”.

Rosario called for better use of facilities along the Beira Development Corridor (the road and rail network linking the port of Beira to landlocked counties such as Zimbabwe, Zambia and Malawi). He also wanted to see increased efficiency in the Beira port and rail system to attract more traffic from the neighbouring countries.

Of particular concern is the sharp decline in traffic along the Sena line, from Beira to the Moatize coal basin in Tete province. The main user used to be the Brazilian company Vale, which sent the coal from its open cast mine in Moatize to Beira along this railway. But Vale has switched all its coal exports away from Beira to the new deep-water mineral port at Nacala-a-Velha on the northern coast. The coal reaches Nacala-a-Velha along a railway from Moatize across southern Malawi which Vale financed.

“One of the ways of capitalising on the Sena line is by promoting greater synergies between the initiatives underway in the Beira Development Corridor and in the Zambezi Valley, thus banking on an integrated development perspective”, said the Prime Minister. He encouraged businesses to increase their investments to increase the levels of production and the use of the Beira Corridor rail and port facilities.

He called for an increase in agriculture and fisheries production to capitalise on the potential of the Beira Corridor. “We should bank on the value chains of maize, rice, vegetables, beans, fisheries produce, chickens and eggs, in order to guarantee food and nutritional security, substitute imports and promote exports.”, Rosario urged.

A further attraction of the Beira Development Corridor

is the Gorongosa National Park, regarded as the crown in Mozambique wildlife conservation efforts, and within easy reach of Beira.

Gorongosa, the Marromeu National Reserve, on the south bank of the Zambezi, and the Chimanimani National Reserve in the neighbouring province of Manica, “offer rich potential for tourism products”, said Rosario.

To ensure that the initiatives underway in transport logistics, agriculture and tourism have the desired impact on improving living conditions, the Prime Minister stressed it is imperative that small and medium enterprises should be better integrated into the supply chain of goods and services in the Beira Corridor.

This conference, Rosario said, “is taking place at a time when the country is making progress in the search for effective peace, which is a fundamental condition for promoting, attracting and retaining the investments needed for economic and social development”.

He cited the recent approval by the Mozambican parliament, the Assembly of the Republic, of constitutional amendments paving the way for greater decentralisation as evidence for this progress.

Alongside these advances went a continual improvement in the macroeconomic indicators, said Rosario, including a sharp reduction in inflation, and a stabilisation of the exchange rate of the Mozambican currency, the metical.

He noted that in April the annual inflation rate was only 2.3 per cent, whereas in November 2016 it had reached 26.4 per cent. In the first quarter of this year, Mozambican exports grew by 19.7 per cent, when compared with the first quarter of 2017. “Currently, the country’s international reserves are more than US\$3.2 billion, which is enough to cover 7.2 months of imports of goods and services essential for the functioning of our economy”, he added.

The mayor of Beira, Daviz Simango, urged participants at the conference to unite to provide the people of Beira with a decent life, and to build a city resilient against climate change. “The presence of the Prime Minister here is further witness that when we work together we will go far, making our country more productive and competitive, and leaving a legacy for future generations”, declared Simango.

Dutch ambassador Pascalle Grotenhuis promised that her country will continue to support the implementation of the Beira Master Plan. “If we work together as donors, as investors, as financing agencies, and as interested parties, we can ensure that Beira is a real success story”, she said.

Holland is financing an initiative by the Municipal Council to build 25,000 houses in the Beira neighbourhood of Maraza. To ensure facilities for this social housing, the Council has already signed contracts for electricity and water supply.

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

Mozambique News Agency, c/o 26 Withdean Crescent, Brighton BN1 6WH, UK. Tel: +44 (0) 7941890630 - mozambique-news@geo2.poptel.org.uk

| Subscription Rates (20 issues) | Individuals | Institutions |
|--------------------------------|-------------|--------------|
| UK                             | £15.00      | £25.00       |
| Europe                         | £25.00      | £40.00       |
| Rest of the World              | £30.00      | £50.00       |

Overseas subscribers are requested to pay in sterling. If payment is made in another currency, add the equivalent of £6.00 to cover bank charges.