

Newsletter n°174 | June 13, 2014

Editor: Paul Fauvet | AIM & CTA Copyrights

AIM, Rua da Radio Moçambique - Maputo www.aim.org.mz | **CTA**, Rua Fernando Ganhão, 120 - Maputo www.cta.org.mz

Emails: aim@aim.org.mz | ctanewsletter@cta.org.mz

ECONOMY

564 MILLION DOLLARS PLEDGED IN PROGRAMME AID

The donors and funding agencies who give direct support to the Mozambique budget announced in Maputo on 12 June that they have promised to disburse 564.3 million US dollars in programme aid in 2015.

Of this sum 274.6 million dollars is provided in budget support and the remaining 289.8 million dollars in sector programme support.

This group is known as the Programme Aid Partners (PAPs). Since there used to be 19 of them, they were also called the G-19. But last year four countries – Holland, Belgium and Spain – stopped giving budget support, and have become associate members of the group.

Outgoing PAP chairperson, Italian ambassador Roberto Vellano, said the figures announced are not definitive and might increase later in the year. That is because two of the partners – Germany and Britain - have been unable to announce how much, if anything, they will be disbursing in programme aid.

There were several reasons for this, Vellano said, but they included “questions raised about the EMATUM operation in the scope of fiscal transparency and the control of public investments”.

Last September the newly formed public company EMATUM (Mozambican Tuna Company) raised 850 million US dollars on the European bond markets, much of which is being spent on purchasing fishing vessels from a shipyard in the French port of Cherbourg. The bond issue was guaranteed by the government.

There was no provision for the EMATUM debt in the 2013 state budget, and the first anyone in Maputo knew about it was from the French financial press, and not from any Mozambican government source. Several of Mozambique’s traditional donors made no secret of their fury at this secretive deal, and some even opted to withhold aid earlier this year. [Read more...](#)

BUDGET SUPPORT IN DECLINE

Donors have sharply cut the support they give to the Mozambican state budget.

The pledges given on 12 June for direct budget support in 2015 amounted to a total of 274,565,200 US dollars – which compares with total pledges for 2014 of 396,341,750 dollars. This is a decline of 30.7 per cent.

There was, however, an increase in the amount pledged to the second component of programme aid, namely sector programme support. This rose from 270,027,500 dollars for 2014 to a promise of 289,763,700 dollars for 2015 – an increase of 7.3 per cent.

But this figure is slightly deceptive – for the increase in sector programme support comes solely from the World Bank, which has pledged by far the largest sum (26.5 million dollars) for the education programme FASE, and 50 million dollars for the agriculture sector programmes. The World Bank is also the only one of the Programme Aid Partners (PAPs) contributing to the government’s agenda for dealing with climate change – it has pledged 50 million dollars for 2015.

The largest slice of budget support still comes from the World Bank, which has promised 135 million dollars for 2015, up from 110 million this year. But the second major source of budget support, the European Union, has cut back its aid drastically – from 76.6 million dollars this year, to 15.9 million pledged for 2015. [Read more...](#)

BRITAIN ENDS DIRECT BUDGET SUPPORT TO MOZAMBIQUE

The British government has stopped giving general budget support to Mozambique, the British High Commissioner in Maputo, Joanna Kuenssberg, confirmed on 13 June.

She told reporters that Britain had donated over a billion US dollars to Mozambique over the past decade, not including contributions via multilateral bodies such as the World Bank and the European Union, but would no longer be making direct contributions to the state budget.

Kuenssberg said that the decision to end budget support did not mean that Britain is “abandoning Mozambique”. There would instead be new forms of aid, tied to indicators on good governance.

A source in the British government’s Department for International Development (DFID) said this was not directly related to last year’s issue of 850 million US dollars worth of bonds issued by the newly formed Mozambican Tuna Company (EMATUM), and guaranteed by the Mozambican government.

Nonetheless, she added, EMATUM “brought to the fore questions of fiscal transparency and how the government takes investment decisions”. [Read more...](#)

GOVERNMENT APPROVES NATIONAL DEVELOPMENT STRATEGY

The Mozambican government on 10 June approved a National Development Strategy (ENDE), which should guide the country’s development over the next 20 years, and is based on such previous documents as the United Nations Millennium Development Goals, the Strategic Indicative Plan of the Southern African Development Community (SADC), and Mozambique’s own Agenda 2025.

Speaking to reporters after the Tuesday session of the Council of Ministers (Cabinet), the Deputy Minister of Planning and Development, Amelia Nakare, said that ENDE is an integrated development approach which will, through a series of pillars and strategies, establish priorities for development.

“Fundamentally, it presents the continuing need for the development of human capital”, she said. “This is an indispensable factor for national development, and so the government will continue to bank on investment in human capital”.

Nakare also stressed the importance of territorial planning and organisation, which will make it possible to outline the priorities for investment, particularly in infrastructures. “We must know very clearly what to build and where and when to build it”, she said. “And for this to happen efficiently, considering that resources are scarce, the government must plan carefully”. [Read more...](#)

MOZAMBIQUE AIRLINES SACKS ITS CHAIRPERSON

An extraordinary general meeting of the shareholder of Mozambique’s publicly owned airline, LAM, on 12 June sacked the chairperson of the board of directors, Carlos Jeque. He is replaced by Silvestre Sechene, who is a former chairperson of the public insurance company, EMOSE. Jeque was at the head of the airline for less than a year. He was appointed in July 2013, because his predecessor, Teodoro Waty, was also a member of the Mozambican parliament, the Assembly of the Republic, and chairperson of its constitutional and legal affairs commission. Holding more than one paid position in the state, or state-owned companies became illegal under the Law on Public Probity, so Waty had to leave either the Assembly or LAM. The choice of Jeque as LAM chairperson was surprising because he has no known business experience. He is best known as a political commentator, and in the first multi-party presidential elections, he stood as an independent candidate. He had the misfortune to be chairperson during a particularly turbulent period for LAM. In November the airline suffered its first ever fatal accident when a LAM Embraer-190, on a scheduled flight from Maputo to Luanda crashed in Namibia. In recent weeks, LAM passengers have protested vociferously at repeated delays and cancellations of flights. What particularly angered passengers were not the delays in themselves, but the lack of information given by LAM. Even Transport Minister Gabriel Muthisse has criticized LAM for its poor communication with its clients. [Read more...](#)

BRITISH COMPANY TO SUPPORT ELECTRICITY GRID

The British company Clarke Energy has announced that it is to supply ten gas turbines for the Kuvaninga Energia project in the town of Chokwe, in the southern Mozambican province of Gaza.

The company Kuvaninga Energia will supply 40 megawatts of electricity to Mozambique's public owned electricity company, EDM, for use in the grid in southern Mozambique.

The gas will come from the Temane field in Inhambane province, operated by the South African petro-chemical giant Sasol. The new power station forms part of the government's strategy to use more of the Temane gas inside Mozambique. Currently the bulk of the gas is exported by pipeline to the Sasol chemical plants in South Africa. [Read more...](#)

MINISTER PROMISES MORE TOLL ROADS

The Mozambican government plans to lease stretches of the country's trunk road network to private operators by the end of the year, the Minister of Public Works, Cadmiel Muthemba, announced on 6 June at the end of a meeting of the Coordinating Council of his Ministry.

So far the country only has one toll road – the Maputo-South Africa motorway, operated by the South African company, Trans Africa Concessions (TRAC).

But if the government has its way, private operators will erect toll bridges on several major roads, including the main north-south highway from Marracuene, just outside Maputo, to Lindela in Inhambane province; from the northern city of Nampula to the port of Nacala; and from Vanduzi to Changara, between Manica and Tete provinces.

Muthemba wanted to develop public-private partnerships, but with the exclusive participation of Mozambican rather than foreign companies, and based on the concept of "user pays" – that is, toll roads. [Read more...](#)

JOB CREATION SHOULD BE MAIN BENEFIT OF MINERAL BOOM

Mozambican Labour Minister Helena Taipo has declared that the main gain from the country's mineral resource boom ought to be job creation – but this remains a major challenge.

Speaking at the annual conference of the International Labour Organisation (ILO) in Geneva, Taipo said "Mozambique has been recording very positive levels of economic growth, stimulated by investments made by multinational companies. But translating this performance into the creation of decent jobs is still an enormous, since these are capital intensive projects which do not create much direct employment".

Taipo stressed that multinational corporations "have added responsibility in the places where they are undertaking their activities, in order to reduce potential social conflicts with the communities, while respecting national laws and living up to their effective social responsibilities".

"We cannot achieve sustainable development if this is not centred on local human capital", she added. "The value of investment lies in the quality of the workers, who should be endowed with the capacity to promote production and productivity". [Read more...](#)

BOLLORE LOGISTICS WINS PRIZE FOR PEMBA FLOATING TERMINAL

The French company Bollore Africa Logistics has won the 2013 Africa Investor Development Project of the Year Award for its floating terminal, for the exclusive use of oil and gas companies, in the northern Mozambican port of Pemba.

Announcing the award at a Maputo press conference on 12 June, the Bollore Managing Director for East and Southern Africa, Tony Stenning, said the floating terminal, construction of which was completed in 2013, is of vital importance for

the companies exploring for oil and gas in the Rovuma Basin, off the coast of Cabo Delgado province. It is the first port installation dedicated entirely to the requirements of investors in Mozambican hydrocarbons. The floating terminal is 300 metres from the on-shore Pemba port facilities. It is an investment of 15 million dollars by Bollere, and was towed from Europe. It can handle four supply vessels at a time. The two consortia that have discovered enormous quantities of natural gas in the Rovuma Basin, headed by the American company Anadarko and by ENI of Italy, send the vessels to Pemba to receive supplies of food, drinking water, pipes, spare parts for the rigs, and everything else that the crews of the offshore rigs may need. [Read more...](#)

LAW AND ORDER

ONE THIEF DEAD IN SHOOT-OUT WITH POLICE

The Mozambican police announced on 9 June that a Maputo police unit clashed the previous Friday with a gang of car thieves in a shoot-out which left one of the thieves dead. At his weekly press briefing, Maputo City police spokesperson Orlando Mudumane said the gang consisted of six people who had stolen cars with the use of false keys, or by threatening the legitimate owners with firearms. He said that one of the gang was severely injured in the clash, and is currently undergoing medical treatment in Maputo Central Hospital. The other four are being held in the cells at the Maputo City Police Command. Mudumane said that two members of the gang were former policemen. He described them as criminals “infiltrated into the police”. [Read more...](#)

SEMINAR HELD ON MARITIME SECURITY

The United States Ambassador to Mozambique, Douglas Griffiths, on 11 June warned of the possibility of piracy in the waters of northern Mozambique, following the discovery of huge natural gas reserves in the Rovuma Basin, off the coast of Cabo Delgado province. Speaking in Maputo at a seminar on maritime security in the Indian Ocean, organised by the Mozambican and US governments, Griffiths noted that, on the other side of the continent, with the increase in offshore oil production in the Gulf of Guinea, “there has been a corresponding increase in acts of piracy and theft, which seriously threaten the flow of trade and fishing in the region”. He feared there was a potential for the development of similar threats in Mozambique. “Fortunately, we have some time to work together to design a plan to protect the natural resources of Mozambique”, he said. Mozambican Defence Minister Agostinho Mondlane guaranteed that the Mozambican authorities are aware of all the possible scenarios arising from the discovery of off-shore hydrocarbon resources. He called for the creation of “a network of potential national and regional partners who, in collaboration, can effectively face the threats, challenges and opportunities arising from the exploitation of energy sources at sea, and draw up measures conducive to maritime security”. [Read more...](#)

HOW TO SUBSCRIBE?

The full AIM news service is available to subscribers at: www.aim.org.mz

For details of how you can subscribe, contact:

Penoca Xirinda (technical dept) or Orlando Biosse (commercial dept) on 21 31 32 25, or send an e-mail to the following addresses:

aim@aim.org.mz / pfauvet@live.com