



Nov 2013

Mozambique Risk Review: Nov 2013



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Country Profile

Area: 799,380 km²
Population: 23.5 million (2012 estimate)
Capital: Maputo (pop 1.5 mill. 2012 estimate)
People: Indigenous ethnic groups and small minorities of European and Asian descent.
Languages: Portuguese (official), 16 African languages and dialects
Religion(s): Roman Catholic (30.3%), other Christian (including independent African churches 36%), Muslim (18%). Elements of indigenous religion are widespread.
Currency: Metical (MT) = 100 centavos.
 Exchange rate £1 = 47.3083Mtn (Jan 2013)



Figure 1: Mozambique

Major political parties:

Democratic Movement of Mozambique (Movimento Democrático de Moçambique) or MDM [Daviz SIMANGO]; Front for the Liberation of Mozambique (Frente de Libertação de Moçambique) or FRELIMO [Armando Emilio GUEBUZA]; Mozambique National Resistance (Resistência Nacional Moçambicana) or RENAMO [Afonso DHLAKAMA]

Government: Republic

Independence: 25 June 1975

Administrative Divisions: 10 provinces (provincias, singular - provincia), 1 city (cidade)*; Cabo Delgado, Gaza, Inhambane, Manica, Maputo, Cidade de Maputo*, Nampula, Niassa, Sofala, Tete, Zambezia.

President: President Armando Emílio Guebuza (since 2 Feb 2005)

Prime Minister: Alberto Clementino António Vaquina

Finance Minister: Manuel Chang

Defence Minister: Felipe Jacinto Nyusi

Interior Minister: Alberto Ricardo Mondlane

Foreign Affairs and Cooperation Minister: Oldemiro Marques Júlio Baloí

Mineral Resources Minister: Esperança Laurinda Francisco Nhiumane Bias

Energy Minister: Salvador Namburete

Legislature:

Unicameral Assembly of the Republic or Assembleia da República (250 seats; members directly elected by popular vote to serve five-year terms)

Elections: last held on 28 October 2009 (next to be held in 2014)

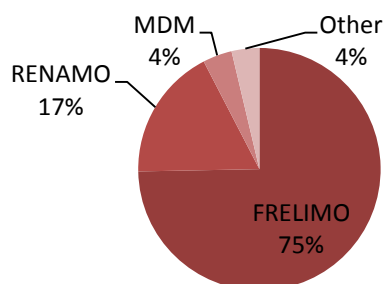


Figure 2: Election Results 2009

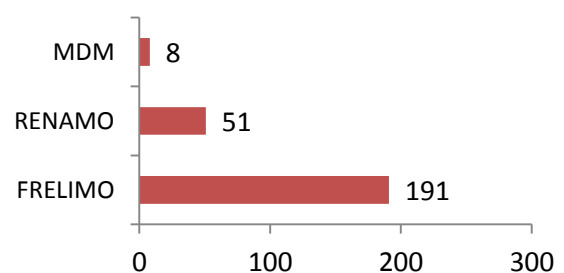


Figure 3: Seats by Party



Map

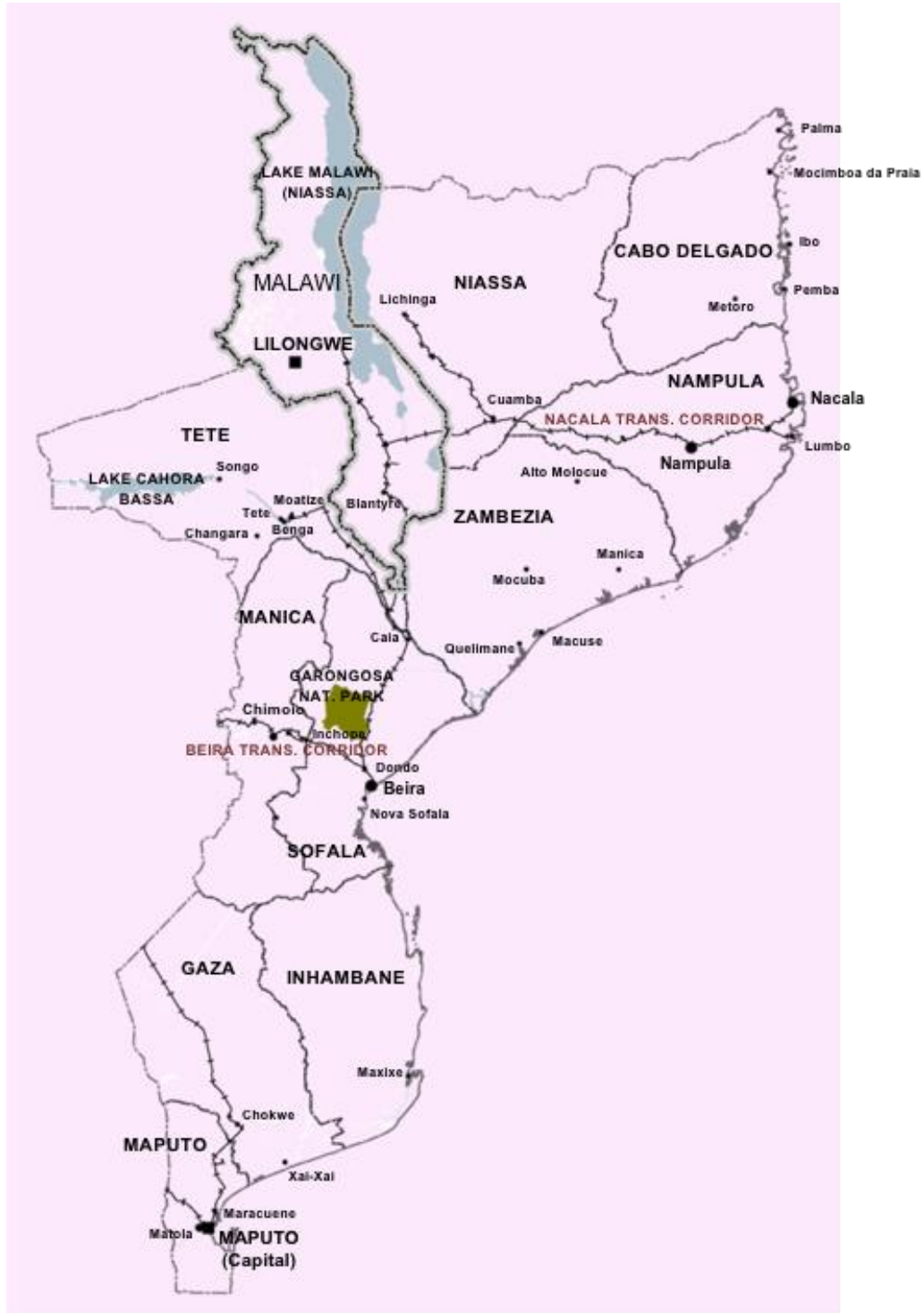


Figure 2: Mozambique Administrative Regions



Executive Summary

Political – Risk Level: 3; Classification: Substantial; Trend: Deteriorating

On 20 November municipal elections were held across 53 municipalities, with voters choosing mayors and representatives in local assemblies. As was already known, only MDM and Frelimo contested in all 53 municipalities and Renamo boycotted the elections entirely. The final weeks of campaigning were generally peaceful even though there were ongoing clashes between security forces and Renamo militants, and between supporters of opposing parties. Dhlakama even urged Renamo supporters not to interfere with voters in exercising their right to choose municipal representatives.

The preliminary results confirmed that Frelimo is still the dominant political force. Nevertheless, MDM did consolidate its hold on its existing municipal seats in Beira and Quelimane and made some gains vis-à-vis Frelimo. The most significant gains for MDM were in Maputo and Matola where the opposition party substantially reduced Frelimo's margin of victory in both the mayoral and assembly contests. In Matola, for example, Frelimo's mayoral candidate, Calisto Cossa, won 79,975 votes (56.5 percent), while MDM's Silverio Ronguane won 59,679 (42.4 percent). A third candidate, Joao Massango, of the Ecologist Party took 1,561 votes (1.1 percent). In the Matola municipal assembly elections, Frelimo won 74,069 votes against 60,672 for the MDM. The results were similar in Maputo. Therefore, MDM will have more representation in these municipal assemblies when the results are officially verified by the National Elections Commission (CNE) and subsequently announced by the Constitutional Council. The official results should be announced by 6 December.

MDM has challenged the results in 10 locations, making allegations of 'irregularities'. The affected municipalities are Maputo, Matola, Beira, Quelimane, Chimoio, Gorongosa, Marromeu, Mocuba, Gurue and Milange. MDM is claiming that its own parallel vote count indicates that it should have won in Chimoio, Gorongosa, Mocuba, Milange and Gurue.

The Nampula mayoral and assembly election was annulled by the CNE. The mayoral contest was annulled due to the omission of a registered candidate on the ballot paper and the assembly election was annulled over the provincial CNE's failure to follow procedure and only move the ballot boxes while in the presence of representatives of the political parties. The re-run will be held on the second Sunday after the original polling day, that is, on 1 December. Frelimo appears to have won in all of the other mayoral races and to have received the vast majority of seats in the municipal assemblies.

In the ongoing dispute between Frelimo and Renamo another round of dialogue was scheduled for 25 November. However, Renamo failed to participate as Frelimo is refusing its request to allow foreign observers to attend the talks. The government announced in mid-November that it would only accept Mozambican observers. For some analysts, Renamo's request is not unreasonable and Frelimo's intransigence in this regard is actually hindering the chance at breaking the deadlock and getting a substantive dialogue underway. A joint heads of state summit between the Southern African Development Community (SADC) and the International Conference on the Great Lakes Region (ICGLR), held in Pretoria on 4 November condemned "the recent acts of violence" perpetrated by Renamo, thus providing diplomatic support to the Frelimo government.



Lastly, rumours have circulated that Afonso Dhlakama was injured or killed during the military's attack on Satunjira on 21 October. *AIM* reported that the General Secretary of Mozambique's former rebel movement Renamo, Manuel Bissopo, declared in Maputo on 25 November that Dhlakama is 'alive and well'.

Both the risk classification and trend remain unchanged this month at substantial and deteriorating.

Operational – Risk Level 4; Severe; Improving

Given the extent of coverage focused upon the municipal elections and insecurity, there was a relative paucity of operational developments during the reporting period.

The Ministry for the Coordination of Environmental Action (MICOA) has approved Ncondezi Energy's Environmental and Social Impact Assessment (ESIA) for its proposed power station, but an ESIA still needs to be submitted for the transmission lines. The public consultation process for the latter will take place over Q1 next year. The 300MW thermal coal plant will generate electricity solely to meet domestic demand. Subsequently, Ncondezi also announced that it has pre-selected seven companies to bid for the contract to construct the power plant and that a winner should emerge in the first quarter of 2014. The plant is expected to start generating power by the end of 2017.

According to the November 2013 Africa Corruption Barometer (Afrobarometer), between 2011 and 2013 Mozambique had a 44 percent rating of government effectively handling the fight against corruption. According to the same Afrobarometer survey, 22 percent of people in Mozambique perceive the police to be "totally corrupt". Mozambique is among the most improved countries on a global basis in the Corruption Risk Index (CRI) that is produced by Maplecroft, the risk analytics company. On the CRI, Mozambique has shown the most progress amongst 197 surveyed nations, moving from 51st to 71st (a lower number signifies a higher risk of corruption).

The Chinese government on 4 November pledged to provide \$46 million in grants and loans to be used in improving health infrastructures in Mozambique. Half the sum is a grant of \$23 million to build a paediatric ward in Beira Central Hospital. The other \$23 million is a soft loan, on which no interest will be charged, for the construction of residence for the 12 Chinese doctors who are currently working in Maputo.

Mozambique is now entering its rainy season which lasts from November until April. This is usually accompanied by widespread flooding around river basins, especially in Zambezi. In addition, cyclones usually afflict coastal zones. The period during which the most severe weather events occur is between January and March.

The risk classification and trend remain unchanged this month at severe and improving. Although the overall level and trend has not changed, it is important to note the classification and trend for natural hazards have now been altered to substantial and deteriorating in order to recognise the increased risk of flooding throughout the rainy season. The Southern Regional Water Board (ARA-Sul) has intensified its monitoring of the main rivers in the south of the country in preparation for the critical period of the rainy season between January and March.



Security – Risk Level 3; Substantial; Deteriorating

Although Renamo did not disrupt the municipal elections, there have been a number of incidents between security forces and Renamo militants over the past month. The main targets continue to be the military and convoys/vehicles travelling along the EN1 in Sofala and, to a lesser extent, on the EN8 in Nampula. There were two attacks on 4 November. The first was against a truck under military escort and the second was against a military vehicle. 2 people were left seriously wounded. On 5 November, Renamo ambushed military forces in Sofala province, killing four soldiers from the Armed Forces for the Defence of Mozambique (FADM). On 18 November, riot police and alleged supporters of Renamo clashed in Beira, resulting in injuries to over 20 people. There were two reported attacks on 22 November in Sofala. First, alleged Renamo gunmen attacked a vehicle about 10 kilometres from of Maringue. The attack caused the death of two passengers in the vehicle and one passenger was seriously wounded. Second, Renamo opened fire on another truck close to the first incident, but the driver managed to escape. In mid-November, a warning was issued by *Control Risks* to avoid overland travel between Nampula city and Namina in Nampula Province as a result of roadside attacks.

Until the political deadlock is broken such attacks will continue. As such, the Frelimo executive needs to address the tension between its own hawks and doves as to the most appropriate way to deal with Renamo such that the dispute can return to the political stage rather than being carried out through violent confrontations. The security services basically know that the Renamo threat could be eradicated, most likely with the covert assistance of Zimbabwean forces. However, the risks of uncertain political and economic ramifications resulting from such an escalation are great. These unintended consequences are likely to mean that the status quo will remain for some time - that is, a stalled official political process, regular but low-level clashes/attacks, mutual accusations of bad-faith, and behind the scenes 'negotiations' that seek to marginalise Renamo's militant elements while elevating its more 'moderate' leadership.

The spate of kidnappings continued this month with between 5 and 9 new incidents. NOTE: there are conflicting reports about the actual number. Pressure is mounting on the Minister of Interior, Alberto Mondlane, to resign and the Minister removed the Director of Criminal Investigations, Januario Cumbana. Meanwhile, four kidnappers were sentenced to prison terms ranging from 13 to 17 years for two abductions and the possession of illegal weapons. Reports continue to circulate that police officers, some senior, are involved in the current wave of kidnappings, and on 7 November four police officers were accused of kidnapping the owner of Basra Motors in Maputo. One particularly disturbing incident was the killing of a 13 year-old child, Abdul Raxid, by his abductors in Sofala. The boy's family is accusing the police of complicity.

When police complicity/involvement is combined with the fact that some victims' families do not report abductions, choosing to negotiate the ransom themselves, it is highly likely that the extent of the problem is underreported. The risk to expatriates is still considered moderate, given that appropriate security guidance is followed.

The Confederation of Mozambican Economic Associations (CTA) has been particularly vocal this month in expressing its dissatisfaction with insecurity caused by attacks on vehicles and by the incessant series of abductions. With respect to the latter, the CTA said [t]hese kidnappings, which initially targeted business people operating in Mozambique, are today



spreading to peaceful citizens of the national middle class. This situation is unsustainable! Several colleagues from the business sector have found themselves obliged to leave the country, the relatives of workers on the large projects are abandoning the country. This climate is not healthy for attracting investment, and hence for creating much desired jobs in the country! The losses to the business community could degenerate into a serious economic crisis since”.

The insecurity also led to a large public protest in a number of cities across Mozambique in late October. Approximately 30,000 people marched in the capital Maputo and two other cities to protest against the threat of armed conflict and the spate of kidnappings by criminal gangs, according to South Africa's *News 24*. Carrying signs reading "We want peace", and "Stop the kidnappings", the protesters criticised President Armando Guebuza's government for not doing enough to protect citizens as it confronts attacks by armed guerrillas of the Renamo opposition movement in the centre and north.

There were two politically related deaths in Quelimane after the municipal elections. On 21 November, police shot and killed a local musician, Ed Azevedo, who was taking part in a parade celebrating Manuel de Araujo's victory on behalf of the Mozambique Democratic Movement (MDM). According *Mediafax*, Azevedo was killed by a policeman guarding the residence of Zambezia Provincial Governor, Joaquim Verissimo. Further details of the shooting have not been forthcoming.

Beira witnessed public protests over rumours that the FADM was forcefully recruiting young men into the army. *AIM* reported that the Mozambican defence ministry and FADM categorically denied that there is any forced recruitment. The rumours led to youth setting up barricades and burning tyres along the main streets in Beira. Police used live ammunition and tear gas to disperse the protesters. In the disorder, there were reports that one child and two other people had been killed. But Fernando Conforme, the head of the army's Provincial Recruitment and Mobilisation Centre (CPRM), told *AIM* he knew nothing about any plan to pressgang Beira youths and that what was happening was the normal and orderly incorporation into the army of people recruited through the usual, legal methods.

At the final MDM rally in Beira on 17 November, reports emerged that at least twenty riot police interrupted the event by shooting live ammunition and dispersing tear gas among the crowd. Allegedly three people were killed and several injured at the rally for Daviz Simango, the MDM incumbent. Beira witnessed violent clashes between supporters of MDM, Frelimo and the riot police (FIR) in which dozens of people were purportedly injured. It appears that the clashes were triggered when a vehicle holding a Frelimo flag - escorted by an FIR vehicle – ran into with a young MDM supporter, consequently causing the crowd to react violently.

The risk classification has been held at substantial and the trend is deteriorating. If Renamo militants were to revert to civil war tactics and start undertaking more concerted attacks against railways and begin to disrupt the work of oil and gas companies in building the necessary infrastructure for storing and exporting LNG, then this would undoubtedly undermine investor sentiment. However, given the almost universally negative assessment of Renamo's capability to undertake anything other than low intensity attacks, it is the potential for kidnappers to start targeting foreign nationals that is causing the most uncertainty among international businesses and investors. It must be noted, however, that there has been no indication that Renamo is planning to target oil and gas companies and, to our best knowledge, the kidnap risk for foreign nationals has not increased.



Economic – Risk Level 2; Moderate; Stable

An International Monetary Fund (IMF) team, led by Doris Ross, visited Mozambique during October 16-30, 2013, to hold discussions towards the first review under the three-year Policy Support Instrument (PSI) approved in June 2013. In a press release by Ms Ross after the visit she maintained that Mozambique's economy is forecast to grow by "7 percent this year and to accelerate to 8.3 percent in 2014, supported by high levels of activity in extractive industries, financial services, transport and communications." She also stated that the current account deficit would be 43 percent of GDP in 2013 and that government operations will be balanced during this year but revert to a deficit in 2014.

According to the consumer price index for the three major cities (Maputo, Beira and Nampula), inflation rose by 0.24 percent in September. This was exactly the same figure as in October, and followed four successive months of falling prices. Inflation since January now stands at 2.24 per cent, while inflation over the past year (November 2012 to October 2013) is 4 percent.

On 14 November, the Bank of Mozambique announced that it was maintaining its current interest rates unchanged for the next month. The Bank's Monetary Policy Committee (MPC) decided to keep the Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) at 8.25 percent and the Standing Deposit Facility (the rate paid by the central bank to the commercial banks on money they deposit with it) at 1.5 percent. Despite 11 reductions in the Standing Lending Facility over the past two and a half years, commercial rates are usually in excess of 20 percent and sometimes as high as 25 percent.

Mozambique's net foreign reserves grew by 62 million dollars, bringing Mozambique's total reserves to 2.919 billion dollars, enough to cover imports of goods and services for about five months.

The value of the metical against the US dollar was virtually unchanged over the month. On the last day of October, the metical was quoted at 29.87 to the dollar on the Inter-Bank Exchange Market. On the last day of September the figure had been 29.86 meticaïs to the dollar. Against the South African rand, the metical was quoted at 2.99 - a very slight depreciation of the metical, since the figure at the end of September was 2.98 meticaïs. However, since January the metical has gained in value by 13.83 per cent against the rand.

This month witnessed controversy over the \$850m state-guaranteed bond that was recently issued to finance the purchase of 'fishing infrastructure'. The controversy arose after some investors realised that among the flotilla are anti-pirate patrol boats that are capable of being fitted with 20mm cannons and of carrying military drones. After a meeting between the government and the G19 group of donors, it appears likely that some funding will be retained until reassurances are made as to the true purpose of the bond. Credit Suisse Group loaned \$500m and VTB Capital provided \$350, after which the debt was sold on to some investors as notes. Most investors went into the deal with the knowledge that the underlying assets were for fishing trawlers only.

The Credit Suisse and VTB Capital prospectuses promoting the notes said that Empresa Moçambicana de Atum (EMATUM), or Mozambican Tuna, would use the money for "fishing infrastructure... [and] general corporate purposes". The VTB prospectus also said that some




of the equipment would be used for protecting the fishing boats. It is also unclear how all of the money will be spent. EMATUM is paying €200m to French firm, Constructions Mécaniques de Normandie (CMN) according to French foreign trade ministry spokeswoman Perrine Duglet. This leaves a vast amount to pay for 'general purposes'. The controversy even entered into the press release by the IMF. Ms Ross "advised that possible non-commercial activities associated with a recently established public sector company for tuna fishing (EMATUM), which issued an \$850 million Eurobond in September, be included in the 2014 budget and transparently reflected in the fiscal accounts."

Both Triton Minerals and Syrah Resources made positive announcements this month. First, Triton issued a statement saying that it will acquire a 60 percent stake in its two graphite projects in Cabo Delgado, thereby increasing its holding in the Balama and Anucabe projects from its current 49 percent stake. Second, Syrah Resources announced that a scoping study on its Balama West graphite project in Cabo Delgado indicates an enormous profit margin that it could see the mining company recoup its costs in less than six months. In less encouraging news, the British company Ncondezi Energy has announced that it is "on track" to reach financial close for its coal mine and power plant project in the western Mozambican province of Tete by the end of 2014.

The risk classification for this factor remains moderate and the trend is stable.



Political

Risk Factor	Level	Trend
Political	Substantial	Deteriorating 

November Headlines

- 27 Nov - The Mozambican government has confirmed that the re-run of the municipal elections in the northern city of Nampula will take place on Sunday 1 December.
- 21 Nov - Ms Joanna Kuenssberg has been appointed British High Commissioner to Mozambique. She will succeed Mr Shaun Cleary. Ms Kuenssberg will take up her appointment during April 2014.
- 19 Nov - The general director of the Electoral Administration Technical Secretariat (STAE), Felisberto Naife, denied claims by MDM that all the staff at the polling stations Beira have been recruited from the ruling Frelimo Party.

Event	Date
Petroleum Legislation	End 2013
Municipal Elections re-run	1 Dec
Verified election results	6 Dec
Parliamentary & Presidential Elections	2014
Progress of Electoral & Constitutional Reform	Ongoing
Master Plan	2013
General Elections	15 Oct 2014

Table 1: Key Dates - Politics

Political Stability

Municipal Elections

On 20 November municipal elections were held across 53 municipalities, with voters choosing mayors and representatives in local assemblies. As was already known, only MDM and Frelimo contested in all 53 municipalities and Renamo boycotted the elections entirely. The final weeks of campaigning were generally peaceful even though there were ongoing clashes between security forces and Renamo militants, Despite previous promises by Renamo that it would disrupt polling day, the elections themselves were not affected by insecurity. In fact, prior to polling day Dhlakama announced that Renamo would not interfere with voters in exercising their right to choose municipal representatives.

The preliminary results confirmed that Frelimo is still the dominant political force. Nevertheless, MDM did consolidate its hold on its existing municipal seats in Beira and Quelimane and made some gains vis-à-vis Frelimo. Therefore, MDM will have more



representatives in local assemblies when the results are officially verified by the National Elections Commission (CNE) and subsequently announced by the Constitutional Council.

MDM has challenged the results in 10 locations, making various allegations of 'irregularities'. The affected municipalities are Maputo, Matola, Beira, Quelimane, Chimoio, Gorongosa, Marromeu, Mocuba, Gurue and Milange. MDM is claiming that its own parallel vote count indicates that it should have won in Chimoio, Gorongosa, Mocuba, Milange and Gurue.

According to an AIM press release covering the preliminary results, the result in Gurue was the closest possible with just one vote separating the Frelimo and MDM mayoral candidates. The Frelimo candidate for mayor, Jahangir Hussen Jussub, won 6,626 votes, while his MDM opponent, Orlando Janeiro, won 6,625 votes, on a low turnout of 39 per cent.

The rest of the press release reads as follows. All will now hinge on the votes declared invalid at the polling stations. There are 316 of these, and the CNE must look at all of them and decide whether the polling station staff made the right call. In Milange, the parallel count found that Frelimo did indeed win. However, so far there are no such independent counts for Gorongosa, Chimoio, Marromeu or Mocuba.

The Tete provincial elections commission on 24 November declared that Frelimo mayoral candidate Celestino Checanhanza won 31,033 votes (65.9 per cent), while his MDM rival Ricardo Tomas won 16,109 (34.1 per cent). In the municipal assembly, Frelimo won 30,689 votes (65.4 per cent). MDM took 16,232 votes (34.6 per cent).

MDM will be encouraged because it greatly improved on the opposition's performance at the last local elections, in 2008. The main opposition force then was Renamo, which won 12.2 per cent in the mayoral election and 12.5 per cent in the assembly election. The MDM has thus significantly reduced the Frelimo majority in Tete, and will have many more deputies than the five Renamo gained in 2008. Renamo refused to take part in the elections. It will therefore not be represented in any of the municipalities.

The CNE has annulled the municipal elections in the northern city of Nampula. The mayoral election was annulled because of a blunder on the ballot paper. The name of one candidate, Filomena Mutoropa, of the Mozambique Humanitarian Party (PAHUMO), had been left off. Since the CNE had accepted her as a candidate, it had no option but to annul the election. There was also a serious problem with the ballot paper for the municipal assembly. However, this was not the reason given by the CNE for annulling the assembly election.

The assembly election did take place. However, in its ruling on the mayoral election, the CNE ordered that the vote for the Municipal Assembly remained valid, but that the ballot papers had to be kept and not counted until both sets of ballots were counted together.

The CNE instructed the Nampula Provincial Elections Commission that any movement of the ballot boxes be accompanied by representatives of the political parties. The provincial commission ignored these instructions, and the ballot boxes were transported to a warehouse without outside supervision. Thus there could be no guarantee that in the interim the ballot boxes had not been tampered with.

As a result, the CNE decided to cancel the municipal assembly election, and run both elections again. By law, the new election date must be the second Sunday after the original polling day. That will be 1 December. The CNE blamed the printing company in South Africa



for the mistakes on both ballot papers. Everything had been done correctly in Maputo, where both the CNE and representatives of the political parties had approved the proofs of the ballot papers. Somehow, these proofs were not used in South Africa, and the printing company perhaps used an earlier, and incorrect, draft of the ballot papers.

The Quelimane elections caused some controversy over the loss of official results sheets for the mayoral elections in 39 polling stations and for the municipal assembly elections in 25 stations. The Electoral Administration Technical Secretariat (STAE) blamed the disappearance of the results sheets on “vandalism” during the initial count at the polling stations, referring to the confrontations on the evening of polling day between the police and crowds of MDM supporters.

However, the number of polling stations affected by these clashes was not as many as 39. The law envisages a simple solution in such cases. The copies of the results sheets given to the polling station monitors from the political parties should be used. At every polling station, the staff are under an obligation to give the accredited monitors signed and stamped copies of the results, precisely so that they can be used in the event of any dispute.

The law states very clearly that if any sheets are stolen, destroyed or disappear, the signed and stamped copies “are sufficient proof for solving election disputes”. Furthermore, when results sheets go missing the relevant elections commission must activate the measures necessary to fill the gaps within 24 hours – that is, it must obtain the copies from the political parties.

Frelimo appears to have won in all of the other mayoral races and to have received the vast majority of seats in the municipal assemblies.

NOTE: the remainder of AIM press release covering the preliminary results is included as an annex to this review.

Speculation about Afonso Dhlakama

Rumours have emerged that Afonso Dhlakama was injured or killed during the military’s attack on Satunjira on 21 October. AIM reported that the General Secretary of Mozambique’s former rebel movement Renamo, Manuel Bissopo, declared in Maputo on 25 November that Dhlakama is ‘alive and well’. Addressing a press conference, Bissopo said that he had been with Dhlakama when the armed forces (FADM) occupied the Renamo bush headquarters at Satunjira, in the central district of Gorongosa, on 21 October. Dhlakama had left Satunjira on foot, he added.

Bissopo said the last time he spoke to Dhlakama was on 18 November. He did not reveal Dhlakama’s whereabouts, but said the Renamo leader had not left the country. He added that Dhlakama “will shortly speak to the people” through the media. Bissopo raised the usual Renamo demand to amend the electoral legislation. The current laws were approved by the country’s parliament, the Assembly of the Republic, last December, with Frelimo and the Mozambique Democratic Movement (MDM) voting in favour and Renamo voting against. Since then, Renamo has insisted that this vote should be overturned.



Bissopo demanded “parity” between the political parties in appointing the National Elections Commission (CNE) and its executive body, the Electoral Administration Technical Secretariat (STAE), and even the staff at the polling stations.

Government Effectiveness

There were no significant developments during the reporting period.

Institutional Functioning/Balance

Observers note irregularities in some municipalities

Mozambique's largest group of election observers, the Electoral Observatory, has noted serious irregularities in several northern and central towns and cities in the municipal elections, according to *AIM*.

In seven municipalities - Gurue, Mozambique Island, Mocimboa da Praia, Monapo, Nacala, Nampula and Quelimane - the Observatory noted “in 16 percent of the polling stations observed, our observers recorded cases of voters who voted without identifying themselves”.

In seven percent of the polling stations in these same municipalities, the observers noted cases of people voting whose fingers were already stained with indelible ink - a sure sign of multiple voting. In six percent of the stations, there were cases of voters who did not dip their finger in the indelible ink before voting.

The vast majority of these two types of illegal voting happened in just one municipality, Mozambique Island, leading the Observatory to conclude “there must have been many case[s] of multiple voting on the Island”.

In the country's second city, Beira, the Observatory found that by the time polls opened at 07.00 only four of its 350 observers had received their credentials. Without credentials, the observers cannot enter the polling stations. The excuse given by the Beira City elections commission was that it had run out of plastic to make the credentials. The National Elections Commission (CNE) then ordered that paper credentials be issued, but the city commission continued to drag its feet. By 13.00 the situation had improved somewhat, but still only 110 of the observers had been accredited.

In 16 percent of the stations, voters were turned away without voting - but in most cases this was simply because they had presented themselves at the wrong polling station (each polling centre - generally a school - contains several polling stations).

The Observatory noted that voting began on time in 95 percent of the polling stations in these municipalities, and that all the necessary voting materials had arrived in 99 percent of the stations.



Police detain then release senior journalists

On 19 November, the police detained one of the country's most experienced journalists, Fernando Lima, in the municipality of Mocuba, in the central province of Zambezia. According to AIM, Lima is chairperson of the board of the media company Mediacoop, which owns the independent weekly "Savana" and the daily newsheet "Mediafax". For ten years in the 1980s he was chief news editor at AIM.

Lima says he was accused of campaigning for the opposition Mozambique Democratic Movement (MDM) outside of the legal election campaign period, which ended on Sunday. No campaigning is permitted in the last two days before the election, and on the election day itself. According to Lima, the only evidence cited against him was the last three issues of "Savana", which were all published before the end of the campaign period. "Savana" is still on sale in Maputo, and so it is hard to imagine why possessing or distributing it in Mocuba should be considered a crime.

Lima was travelling to the municipality of Gurue in the company of Antonio Munaita, a journalist from the on-line paper "Diario de Zambezia". Both are duly accredited by the Electoral Administration Technical Secretariat (STAE) to cover the municipal elections.

The two journalists were held between 16.30 and 20.30 and then conditionally released. They completed their journey to Gurue later in the night.

Expropriation


No significant events occurred for this section during the reporting period.

Contract Frustration

There were no significant developments during the reporting period.



Operational

Risk Factor	Level	Trend
Operation	Severe	Improving 

November Headlines

- 12 Nov - The transport of coal from the Moatize coal basin in the central Mozambican province of Tete to the port of Beira, along the Sena rail line, has earned the Mozambique port and railways company, CFM, over \$53 million so far this year, according to a report on *Radio Mozambique*
- 10 Nov – Seventy per cent of the water consumed in Mozambique is used in agriculture, which makes measures to improve the efficiency of water use crucial for economic growth, sustainability and poverty reduction, according to officials in the Ministry of Agriculture.
- 8 Nov - Long distance freight and bus companies have warned that they might halt their activities, if the security situation in the centre of the country does not improve.

Event	Date
Rainy season	Nov-Apr
Delivery of Infrastructure Projects, especially for transport and processing of natural gas and coal.	Ongoing
Management of Artisanal Miners	Ongoing
Operationalisation of the independent railway regulator	Ongoing
Gas exploration licence bidding round	2013

Table 2: Key Dates - Operational

Infrastructure

Oil & Gas

According to Zimbabwe's *Herald*, Mining Oil and Gas Services (MOGS), a South African-based company, intends to construct a multibillion-dollar fuel pipeline linking Beira and three Southern African countries through Zimbabwe, industry sources said.

MOGS is a black-owned BEE accredited company that focuses on providing various products and services to the mining, oil and gas services industry in South Africa and neighbouring countries. MOGS delivers the products and services through its specialist subsidiaries. The group also offered to inject US\$20 million in Trust Bank in exchange for a significant shareholding.



The proposed pipeline will start in Beira and run through Zimbabwe in Harare and Bulawayo. From Bulawayo, it will run south-west to Botswana and run north through Zambia to the Democratic Republic of Congo. Sources said MOGS was purely an infrastructure company and does not itself trade in products such as fuel. The pipeline will be available for use by any trader so approved by the various governments.

The project would be implemented in phases, with the first stage involving the construction of Beira-Harare section at an estimated cost of US\$1 billion. The pipeline will run parallel with the Feruka oil pipeline linking Beira and Msasa fuel depot in Harare and will have capacity to move 500 million litres of fuel per month. The Feruka oil pipeline currently has a capacity to move 150 million litres per month.

Market sources say, MOGS, a diversified resource company, has already been given access in Mozambique and Zambia and the company is now seeking approval to construct the giant facility through Zimbabwe from the Government. It is understood that once approvals are obtained from the Government, the construction of the section between Harare and Beira is estimated to take between 18 and 24 months. MOGS is also seeking approvals to use Zimbabwe's fuel handling facilities in Msasa and if necessary

Power

The London-based company Ncondezi Energy on 4 November announced that Mozambique's Ministry for the Coordination of Environmental Action (MICOA) has approved the Environmental and Social Impact Assessment for its proposed power station. The 300 megawatt power station will be located in Moatize district, in Mozambique's western province of Tete. The company still needs to submit an Environmental and Social Impact Assessment for its proposed transmission lines. It is expecting to submit this to MICOA and public consultation in the first three months of 2014. Unlike neighbouring coal projects, Ncondezi will devote itself to meeting Mozambican demand for electricity, using its thermal coal.

Subsequently, Ncondezi also announced that it has pre-selected seven companies to bid for the contract to construct the power plant. *AIM* carried an article stating that in June, Ncondezi received 16 non-binding proposals for the engineering, procurement and construction contract (EPC). From these proposals, Ncondezi has selected a short list of seven construction companies who can now tender for the final, binding proposal process.

According to Ncondezi, these companies must submit "a binding, fixed price lump sum turnkey contract for the engineering, procurement, construction and commissioning of two 150 megawatt power plant boiler units". The company expects to select the successful construction company in the first quarter of 2014, which will pave the way for a purchasing power agreement with Mozambique's publicly owned electricity company, EDM.

Ncondezi's mine will be an open cast operation with a target output of 1.3 million tonnes per annum. This should be commissioned in the second half of 2016 and begin stockpiling for the power plant, which is due to open in the second half of 2017. The company plans to expand the power plant in stages up to 1,800 megawatts.



Rail

There were no significant developments during the reporting period.

Roads

No significant developments occurred during the reporting period.

Water

No significant developments occurred during the reporting period.

Telecomms

There were no significant developments during the reporting period.

Natural Hazards

During the rainy season (November to April) there is widespread flooding around river basins, especially the Zambezi. Monitor local reports and check your routes before travelling. Coastal areas have a risk of cyclones during the rainy season. Monitor local and international weather updates from the

Corruption/Fraud/Embezzlement

According to the November 2013 Africa Corruption Barometer (Afrobarometer), between 2011 and 2013 Mozambique had a 44 percent rating of government effectively handling the fight against corruption. According to the same Afrobarometer survey, 22 percent of people in Mozambique perceive the police to be “totally corrupt”. Also, on a scale of one to four, the perception of corruption in Mozambique was measured at 1.54 according.

In the past year, 40 percent of the respondents participating in the Afrobarometer’s survey said they had to pay at least one bribe to an official, with experiences of bribing to get documents and permits on the rise. The Mozambican police are understaffed, undertrained, and riddled with corrupt elements. Complaints about the police are commonplace, and expatriates from Western countries often find situations that arise in dealing with the police ‘farcical’.

This results in requests for logistic, material or financial support when seeking police assistance and getting members of the police to either attend a scene or pursue a complaint or suspect. With the festive season approaching, it is expected that extortion will show a marked increase. Traffic police and police will be out in full force, and road users can be expected to be stopped and fined for minor infringements.

NOTE: It should be noted that only traffic police, wearing black and white uniforms, are mandated to issue fines, while the police, dressed in grey uniforms, cannot issue fines.



Mozambique is among the most improved countries globally in the Corruption Risk Index (CRI) produced by Maplecroft, the risk analytics company. The country has shown the most progress amongst 197 surveyed nations, moving from 51st to 71st place in the CRI (where a lower number rank indicates higher risk of corruption) and from 'extreme' to 'high risk'. The report says Mozambique's improvement can be explained by the passage in November 2012 of a public probity law, which increases the scrutiny of potentially improper personal connections of politicians and civil servants, as well as the possible use of public office for self-benefit. It also requires a declaration of assets, as well as the disclosure of financial relationships and the receipt of gifts and gratuities.

Health

The Chinese government on 4 November pledged to provide \$46 million in grants and loans to be used in improving health infrastructures in Mozambique, according to AIM. The agreements to this effect were signed by Mozambican Foreign Minister Oldemiro Baloi and Chinese Trade Minister Gao Hucheng, who were both attending the fourth edition of the Macau Forum.

The purpose of the Forum is to encourage economic relations and cooperation between Portuguese speaking countries and China

Half the sum is a grant of \$23 million to build a paediatric ward in Beira Central Hospital. The other \$23 million is a soft loan, on which no interest will be charged, for the construction of residence for the 12 Chinese doctors who are currently working in Maputo.

Speaking after the signing ceremony, Baloi expressed satisfaction at the growing level of multi-sector cooperation between Mozambique and China, which the Macau Forum has helped to consolidate. Gao Hucheng said that the agreement was a clear example of the success of the Forum, and "consolidates the conviction of joint development".

Bureaucracy

There were no significant developments during the reporting period.

Reputation

There were no significant developments during the reporting period.

Labour Militancy


There were no significant developments during the reporting period.

Environmental Legislation/Activism

There were no significant developments during the reporting period.



Security

Risk Factor	Level	Trend
Economics	Substantial	Deteriorating 

November Headlines

- 21 Nov - The threats by the Resistência Nacional Moçambicana (Renamo) to revive a civil war that killed up to a million people and displaced five million others is causing fear and suspicion residents in Garongosa.
- 20 Nov - The Mozambican police shot dead two armed robbers in an exchange of shots at Campoane, in Boane district, about 30 kilometres west of Maputo.
- 19 Nov - The Africa Forum of former heads of state and government has urged Renamo to opt for “dialogue and not violence”.
- 19 Nov – Renamo promises not to disrupt municipal elections. Renamo national spokesperson, Fernando Mazanga, said “Renamo has not planned any physical action or anything which perturbs law and order”.
- 14 Nov - Mozambican Defence Minister Filpe Nyussi met with military attaches from the various embassies in Maputo, and assured them that that the country is not sliding back into war.
- 11 Nov - Gunmen of the former rebel movement Renamo, some of them in uniform, allegedly attacked a farm in Rapale district, in Nampula, shortly before dawn. The farm, in the village of Locone, belongs to a local businessman and cattle breeder, Antonio Manuel. The raiders tied up Manuel, and struck him with a machete four times on the head according to reports.
- 10 Nov - the Mozambican defence and security forces shot dead a Renamo gunman in a clash in the central district of Gorongosa. This followed an attack by Renamo on Canda, in the Nhamadzi administrative post.
- 10 Nov - The Mozambican defence and security forces shot dead a Renamo gunman in a clash on Sunday morning, in the central district of Gorongosa.
- 9 Nov - Police have confirmed that two Portuguese citizens who were kidnapped by armed gangs in Maputo and Matola, were released. One of the released victims is a man kidnapped two weeks ago in Maputo. The second is a woman, who works as the financial manager of a company in Matola, and who was snatched on the company premises on 7 November.
- 8 Nov – Zimbabwe has increased its military presence along its borders with Mozambique. Zimbabwe’s Minister of Defence Sydney Sekeramayi said "Our main concern is the security of our railway and pipe lines."
- 7 Nov – The Central Office for the Fight Against Corruption (GCC) announced that 13 of the 22 people accused of major thefts in the Ministry of Education will shortly face trial. The GCCC spokesperson, Bernardo Duce, told a press conference that the amount of money stolen from the Ministry is now put at 33 million meticais (about 1.1 million US dollars).
- 7 Nov - Four members of the Mozambican police have been accused of the attempted kidnapping of the owner of Basra Motors.



- 6 Nov - The South African High Commissioner to Mozambique, Charles Nqakula, stressed that Mozambique is safe for holidaymakers wanting to travel to Maputo or to the country's beaches.

Event	Date
Renamo attacks on rail and road routes	Ongoing
Kidnap risk to expats and police involvement in abductions	Ongoing

Table 3: Key Events - Security

Terrorism

There is currently no significant terrorist threat to Mozambique.

Insurgency

Although Renamo did not disrupt the municipal elections, there have been a number of incidents between security forces and Renamo militants over the past month. The main targets continue to be the military and convoys/vehicles travelling along the EN1 in Sofala and, to a lesser extent, on the EN8 in Nampula. Mozambique's armed forces (FADM) have been providing military escorts for the most dangerous part of the road, the 100 kilometre stretch between the Save river and the small town of Muxungue. On 4 November, Renamo militants undertook two attacks against the convoys leaving 5 people injured, two of whom were describe as 'serious'. The first of Monday's attacks occurred in the Zove region, six kilometres from Muxungue, and the target was a truck. The second attack was against a military vehicle. On 5 November, Renamo ambushed military forces in Sofala province, killing four soldiers from the Armed Forces for the Defence of Mozambique (FADM). On 18 November, riot police and alleged supporters of Renamo clashed in Beira, resulting in injuries to over 20 people. In mid-November, a warning was issued by *Control Risks* to avoid overland travel between Nampula city and Namina in Nampula Province as a result of roadside attacks.

AIM reported that there were two reported attacks on 22 November in Sofala. First, alleged Renamo gunmen attacked a vehicle about 10 kilometres from of Maringue. The attack caused the death of two passengers in the vehicle and one passenger was seriously wounded. Second, Renamo opened fire on another truck close to the first incident, but the diver managed to escape. However, because of Renamo attacks in the region, the health professionals, like most residents of the town, have fled, and the health centre has effectively been abandoned. Staff at the Maringue district administration, however, helped transfer the victims across the provincial boundary, to a health centre in Macossa, in Manica province. In a second attack nearby, Renamo opened fire on another truck, but the diver managed to escape. The gunmen looted the truck of the foodstuffs it was carrying, and then set it on fire.

According to the chairperson of the Mozambican Association of Interprovincial and International Transporters (AMOTRANS), Vasco Flor Matavele, "one or more attacks happen every day" along the EN1.



Public Order

Political Violence

There were two politically related deaths in Quelimane after the municipal elections. On 21 November, police shot and killed a local musician, Ed Azevedo, who was taking part in a parade celebrating Manuel de Araujo's victory on behalf of the Mozambique Democratic Movement (MDM). According *Mediafax*, Azevedo was killed by a policeman guarding the residence of Zambezia Provincial Governor, Joaquim Verissimo. Further details of the shooting have not been forthcoming.

Public Protest

Approximately 30,000 people protested against insecurity during late-October. The demonstrators expressed their concern with the security services' inability to deal with the spate of abductions and over the escalation in tensions between Frelimo and Renamo.

On 28 November, *AIM* reported that the Mozambican defence ministry and armed forces (FADM) have categorically denied that there is any forced recruitment of young men into the army under way on the streets of the central city of Beira. Reports of such illicit recruitment had been circulating for three days, and 27 November, crowds of angry youth, believing that they were about to be pressganged into the army, set up barricades of garbage containers and burning tyres in the main Beira thoroughfares. The city was gripped by panic, and clouds of black smoke poured into the skies. Shops and markets closed, and the minibuses that provide much of Beira's passenger transport stayed off the streets.

Journalists tried to find out if there really was any forced recruitment happening. The independent television station STV interviewed several youths, all of whom believed the story but were unable to present any evidence. They had just heard that many other young people were being forcibly dragged into the army.

No doubt the panic was fed by memories in the older generation of the 1980s when there really was forced recruitment, when pressgangs did snatch young people from public places, in what became known as "tira camisa" ("take off your shirt") operations.

Police fired tear gas and warning shots to disperse the crowds and clear the barricades. In the chaos, one child was killed and there are reports of two other deaths.

But Fernando Conforme, the head of the army's Provincial Recruitment and Mobilisation Centre (CPRM), told *AIM* he knew nothing about any plan to pressgang Beira youths. Instead, what was happening was the normal and orderly incorporation into the army of people recruited through the usual, legal methods. These methods involve the registration of all young Mozambicans for military service in January and February of the year of their 18th birthday. The army then notifies those it wishes to recruit, and they are submitted to medical tests. They are normally taken to military training centres in the year of their 19th birthday.

Conforme said that the third group of recruits from Beira and the rest of Sofala province, have concluded their medical inspection. There are 223 of them and they are being sent to



training centres in Manhica, in Maputo province, and Montepuez, in the northern province of Cabo Delgado.

There was no question of forced recruitment - indeed, in addition to the annual intake of conscripts, the army could not cope with the number of young people volunteering for military service. "There are lots of young people who are volunteering to join the army", said Conforme, "but they can't all be recruited".

This year, the first group of recruits from Sofala numbered 144, and the second 136. Conforme admitted there are difficulties with the third group, but not in Beira. Because of the current instability in areas such as Maringue and Muxungue, affected by the clashes between gunmen of the former rebel movement Renamo and the defence and security forces, the call-up notices may not have reached recruits in these areas.

In Maputo, the director of human resources in the Defence Ministry, Edgar Cossa, said that the story of forced recruitment was a rumour spread maliciously in order to cause disturbances. "We don't know who's been recruited, where or how, In particular, we don't know what barracks these supposed recruits are in", said Cossa at a Wednesday press conference. "These are questions that have no answer. So we're sure it's a rumour".

He urged all Mozambicans, but particularly the residents of Beira, to keep calm, be vigilant and denounce those who are spreading the rumour.

On 28 November, in the Mozambican parliament one Renamo deputy claimed that a cousin of his had been pressganged the previous day, thrown into a military truck and taken to a barracks in Dondo, 30 kilometres from Beira. But Prime Minister Alberto Vaquina insisted that the story was nothing but a rumour and declared "those who spread the rumours are responsible for the deaths".

Crime

Kidnapping

On 23 October, an individual with dual Mozambique and Portuguese citizenship was kidnapped in Maputo. Shortly after the protests against insecurity in late October, there were five more abductions. Pressure is mounting on the Minister of Interior, Alberto Mondlane, to resign and the Minister removed the Director of Criminal Investigations, Januario Cumbana. Then, on 9 November, two Portuguese nationals were abducted in Maputo and Matola.

Four kidnapers have been sentenced to prison terms ranging from 13 to 17 years for two abductions and the possession of illegal weapons. The sentences were handed down at the Maputo City Court with the judgement ordering the defendants to pay compensation to both victims. The defendants were also ordered to pay the first victim compensation of 19,800,000 meticaís (\$660,000) and the second victim 500,000 meticaís (\$16,666), according to AIM. Those convicted were Arlindo Timana, Manoa Valoi, Inacio Mirasse and Alfeu Penicela. The first three had already been sentenced to lengthy prison terms in a separate kidnapping case that was heard by a court in the neighbouring city of Matola.

Both kidnappings took place in the Mozambican capital - the first in the street and the second in the car park of the building where the victim lived on Josina Machel Avenue. The



wave of kidnappings, targeting mainly business people of Asian origin, began in Maputo and the neighbouring city of Matola in late 2011, and subsequently spread to the city of Beira.

Reports continue to circulate that police officers, some senior, are involved in the current wave of kidnappings. In a recent court case, for example, three of the six men sentenced were police officers and one was a member of the Presidential Guard. The number of incidents is also underreported because some of them are resolved directly between the kidnapers and the victim's family.

One particularly disturbing incident was the killing of a 13 year-old child, Abdul Raxid, by his abductors in Sofala. The boy's family is accusing the police of complicity. According to *AIM*, Abdul was kidnapped in Beira on 22 October, and his body was found in the town of Dondo, about 30 kilometres west of Beira. The body bore marks of severe torture. The state of the body was so shocking that the TV station TIM (Independent Television of Mozambique) decided not to transmit images of it. A second independent television station, STV, took a different decision and carried brief shots from the gruesome footage on its Tuesday lunchtime news. According to Abdul's mother, speaking at a press conference in Beira reported by STV, the kidnapers contacted the family with a demand for a ransom of a million US dollars.

The parents, who own a small shop in Beira, told the gang that they did not have that kind of money. So the ransom demand dropped to 10 million meticaís (about 33,500 dollars), then five million, and finally one million. The kidnapers sent the parents a video of Abdul tied to a chair and pleading for his life, and saying "Dad, mum, give them what they want, I can't stay here any more, I don't have anything to drink, please".

But they also informed the head of operations of the Sofala Provincial Criminal Investigation Police (PIC). The next contact with the kidnapers was a phone call telling the parents that, since they had brought the police in, they would never see their son again. Abdul's mother had no doubt that somebody in the police had contacted the kidnap gang, informing them of her contact with the head of operations. She therefore blamed the government for the death of her son. The police have repeatedly complained that the families of kidnap victims refuse to cooperate with them.

External Threats

No significant developments occurred during the reporting period.

Security Services

At least twenty riot police interrupted the final rally of the campaign of opposition party MDM in Beira with shooting and tear gas grenades according to *@Verdade*

There are reports of three people killed and several injured in the unrest that began at the campaign rally of the incumbent mayor of the capital city of the province of Sofala, Daviz Simango this Saturday, November 16.

In the second to last day of the electoral campaign for municipal elections scheduled for November 20, the main opposition party MDM (Mozambique Democratic Movement) was

preparing to make a final appeal for the re-election of Simango with pomp and celebration in Munhava neighborhood, when thousands of supporters of the party saw two cars with officers from the Rapid Intervention Force (FIR) - branch of the Police of the Republic of Mozambique (PRM) - arriving at the scene.

While the police tried to drive through the crowd, for reasons that remain unclear they started shooting bullets to the air and, as the hostility among the crowd increased, they started shooting tear gas bombs trying to disperse men, women with babies, youngsters and children who were there to support MDM's candidate.

On 7 November, it was alleged that FADM soldiers savagely attacked two reporters of the independent television station, TIM, in Malhampsene, a neighbourhood in the southern city of Matola. The article in *CanalMoz*, states that the two reporters were cruelly beaten, and one of them, the TIM Chief News Editor, Alexandre Rosa, was knocked unconscious. He was taken, still unconscious, to the Sommerschild private clinic in Maputo, where he is receiving emergency medical treatment. TIM cameraman Claudio Timana was placed under illegal detention at the FADM barracks in Malhampsene.

The attack on the reporters arose out of a land dispute in Malhampsene, where soldiers were said to be threatening the local population. Local residents contacted TIM which sent Rosa and Timana to investigate. The TIM management has submitted a complaint against the soldiers to the police station in the nearby neighbourhood of Mussumbuluko. Photos were taken of the unconscious Rosa as he arrived at the clinic and are now circulating on the Internet.

Risk Zones

The UK Foreign & Commonwealth Office issues regular travel advice to British nationals. The following information and recommendations are excerpts that are **current as of 28 November**. The 'new' information is highlighted in italics.



Figure 3: UK FCO Risk Zones

The Foreign and Commonwealth Office (FCO) advise against all but essential travel to Sofala Province, with the exception of the provincial capital, Beira.

The Government of Mozambique has confirmed that a military operation, targeting the Renamo opposition party's Santunjira base camp in Sofala Province, took place on 21 October.

The situation in Sofala Province remains tense. On 22 October, 12 November and 15 November there were reports of armed attacks in the region, including against vehicles travelling on the EN1 road, which resulted in at least 5 fatalities. Further attacks can't be ruled out.

There have also been reports of violent clashes between government forces and Renamo in Manica and Nampula provinces, and an armed attack on a



civilian vehicle travelling along the E8 road between Nampula and Malema. Take extra care when travelling by road outside urban areas in the affected provinces

Following an armed assault on an army barracks near Dondo in Sofala Province on 17 June in which several soldiers were killed, the opposition party Renamo has threatened to block the main N1 road between Save and Muxungue in Sofala Province, the Sena rail line between Moatize in Tete Province and the port of Beira.

On 21 June, there was a fatal attack on the N1 road between Muxungue and Save involving several (civilian) vehicles. While there have been no further deaths since 21 June, there remains a threat of further targeted attacks. The situation remains tense and on 6 July Mozambican security forces conducted a military operation in Matchele, Sofala Province. If you intend to travel in Sofala Province you should exercise a high degree of caution.


There has been an increase in reports of carjacking, particularly in Maputo. Keep your car doors locked while driving. Be particularly vigilant when arriving at or leaving residential properties after dark. There have been several reported incidents of car-jackings between Boane and the Swaziland border crossing points of Namaacha and Goba. Reports indicate the carjackers are wearing military style camouflage uniforms and stop vehicles on deserted stretches of road. Be extra vigilant if you're travelling by road to Swaziland.

All Mozambican airlines have been refused permission to operate services to the EU. The EU ban was imposed because the Mozambican regulatory authority was unable to verify that these airlines comply with international safety standards.

You should avoid flying with Mozambican certified carriers subject to the EU operating ban. British government employees are advised to use carriers that are not subject to the operating ban unless this is unavoidable.



Economics

Risk Factor	Level	Trend
Economics	Moderate	Stable 

November Headlines

- 27 Nov - The 3rd AU Conference of Ministers Responsible for Mineral Resources Development will be held in Maputo, from 13-17 December on the theme: Leveraging the Africa Mining Vision for Africa's Renaissance towards broader ownership.
- 22 Nov – Guebuza opens the first solar panel factory in Mozambique.
- 19 Nov - Mozambique may overtake Zimbabwe as Southern Africa's second largest coal producer, but coal mining firms in the region continue operating at sub-optimal levels due to power shortages, a report by a consultancy firm, Frost and Sullivan.
- 14 Nov - The Mozambican government on appealed to the donors and funding agencies who provide direct support to the state budget to disburse their contributions within the agreed time frame.
- 14 Nov - According to the Centre for Public Integrity (CIP), revenue From Inhambane natural gas is 'Insignificant'. Mozambique has been exporting natural gas by pipeline to South Africa since 2004.
- 4 Nov - The Guernsey registered company Agriterro reported a record output in its beef operations in Manica. According to the company, revenue from beef operations more than doubled during the year to \$2.2 million. The company slaughtered 2,145 animals and opened three retail butchers.
-

Event	Date
Government's National Development Strategy (ENDE)	End 2013
Donor disbursement of funds	Prior to new budget

Table 4: Key Events - Economics

General Condition

An International Monetary Fund (IMF) team, led by Doris Ross, visited Mozambique during October 16-30, 2013, to hold discussions towards the first review under the three-year Policy Support Instrument (PSI) approved in June 2013 (see Press Release 13/231).

The team met with the Prime Minister, Hon. Alberto Vaquina, and held policy discussions with the Minister of Finance, Hon. Manuel Chang; the Minister of Planning and Development, Hon. Aiuba Cuereneia; the Governor of the Bank of Mozambique, Hon. Ernesto Gouveia Gove, several line ministers and other senior government officials.



It also met with the President of the parliamentary Budget Commission, Hon. Eneas Comiche, as well as representatives from the private sector, civil society, and development partners.

The mission also met with the Governor of the Nampula Province, Hon. Cidália Manuel Chaúque, to understand the development challenges affecting the region, and visited the Nacala Special Economic Zone to better understand the challenges of implementing large infrastructure projects and the progress in attracting private companies that can boost economic growth and employment in the region.

Ms. Ross issued the following statement in Maputo at the conclusion of the visit:

"Mozambique's economy remains buoyant and recovered quickly from the severe floods in early 2013. Growth is projected to reach 7 percent this year and to accelerate to 8.3 percent in 2014, supported by high levels of activity in extractive industries, financial services, transport and communications.

Following an acceleration of inflation in the first quarter of the year, inflationary pressures abated due to the recovery of domestic agricultural production after the floods and the appreciation of the metical vis-à-vis the Rand. As a result, end-year inflation is likely to remain below the Central Bank's medium-term target of 5-6 percent.

The external current account deficit is projected to reach 43 percent of GDP in 2013 due to the sustained increase in imports associated with the large investment projects, and will be financed mostly by foreign direct investment (FDI). Regarding government operations, domestic primary operations are projected to balance in 2013, supported by windfall capital gains tax receipts of over 4 percent of GDP, but are projected to turn into a deficit in 2014.

"With respect to program objectives, performance through end-June remains broadly satisfactory. Most quantitative targets for end-June 2013 were met, and all end-September indicative targets are likely to have been met.

Progress on key structural reforms has continued, but with some delays. The team discussed recent work to improve the public investment management system and suggested that greater efforts will be needed to align and link public investment projects and foreign borrowing with declared policy priorities, the government budget document, and the underlying debt sustainability analysis.

"Mozambique is likely to remain one of the most dynamic economies in Sub-Saharan Africa, in part thanks to the expected natural resource boom. Within this context, it will be important to continue the focus on policies that attract investment in other sectors of the economy, including in particular agriculture, where 80 percent of the Mozambican population makes a living.

This will help to ensure greater economic diversification and to share the benefits of growth more broadly, in line with the authorities' development priorities and poverty reduction strategy.

Efforts to strengthen the fiscal framework well ahead of the inflow of natural resource revenues (tentatively expected for the end of the decade) will also be important. In this regard, the team advised that revenue windfalls be reserved to build buffers to help smooth



spending on investment in infrastructure, health and education (within implementation capacity constraints), and for debt reduction.

"Regarding economic policies and the draft budget for 2014, the team supported the authorities' objective to enhance revenue collections and increase investment in infrastructure and social sectors further, while stepping up efforts to ensure the efficiency of the high level of public investment.

Furthermore, the team advised against financing increases in current spending (especially wages and salaries) with one-off receipts, and suggested prudence in expanding public spending on goods and services.

The team welcomed the authorities' plans to clear the backlog of VAT refund requests and reduce delays in VAT reimbursements which serve as a constraint on private sector activity.

"The team recommended the inclusion of government guarantees and other sources of fiscal risk in the budget document, the investment planning instruments and the debt management framework, in line with international best practices.

It advised that possible non-commercial activities associated with a recently established public sector company for tuna fishing (EMATUM), which issued an \$850 million Eurobond in September, be included in the 2014 budget and transparently reflected in the fiscal accounts.

"The team supported the Bank of Mozambique's continued efforts to create room for private sector credit, contain inflation, and improve inflation forecasting and monetary policy transmission mechanisms.

Going forward, it will be important to dampen the rise of monetary aggregates, and closely monitor inflation developments given the relatively expansionary fiscal stance. It will also be important to reduce structural impediments to bank lending, particularly to small and medium-size enterprises, including the creditworthiness of such enterprises, the use of collateral and judicial reforms.

"The team also urged the authorities to continue to improve the business climate to allow the private sector to create employment opportunities for the large number of new entrants to the labor force each year.

"The mission would like to thank the authorities for the constructive policy discussions and outstanding hospitality."

Monetary Aspects

Inflation

According to the consumer price index for the three major cities (Maputo, Beira and Nampula), inflation rose by 0.24 percent in September. This was exactly the same figure as in October, and followed four successive months of price falls (deflation). Inflation since January now stands at 2.24 per cent, while inflation over the past year (November 2012 to October 2013) is four per cent. The Bank attributes low inflation to favourable conditions for



the production of foodstuffs such as fruit, vegetables and pulses, and the stability of the metical.

Interest rates

On 14 November, the Bank of Mozambique has announced that it is keeping its current interest rates unchanged for the next month. At its monthly meeting the Bank's Monetary Policy Committee decided to keep the Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) at 8.25 per cent.

The Standing Deposit Facility (the rate paid by the central bank to the commercial banks on money they deposit with it) remains at 1.5 percent, and the Compulsory Reserves Coefficient - the amount of money that the commercial banks must deposit with the Bank of Mozambique - is also unchanged at eight per cent.

The Committee also decided that the central bank would intervene in the inter-bank markets in order to ensure that the monetary base does not exceed 45.893 billion meticaais (about 1.53 billion US dollars) by the end of November. The monetary base at the end of October was 43.225 billion meticaais - well below the target figure set by the monetary policy committee of 44.729 billion meticaais. There was a reduction in notes and coins in circulation of 347 million meticaais, while bank reserves increased by 137 million meticaais.

Over the last two and a half years the Bank has reduced its Standing Lending Facility (the interest rate paid by commercial banks to the central bank for money borrowed on the Interbank Money Market) 11 times. Nevertheless, commercial rates are often in excess of 20 percent and sometimes over 25 percent. The Bank has made various statements attempting to influence the commercial banks to reduce their rates but these have had little effect.

Exchange rates

The value of the metical against the US dollar was virtually unchanged over the month. On the last day of October, the metical was quoted at 29.87 to the dollar on the Inter-Bank Exchange Market. On the last day of September the figure had been 29.86 meticaais to the dollar, while on the last day of August, there had been 29.85 meticaais to the dollar.

Against the South African currency, the metical was quoted at 2.99 to the rand - a very slight depreciation of the metical, since the figure at the end of September was 2.98 meticaais to the rand. However, since January the metical has gained in value by 13.83 per cent against the rand.

Fiscal Aspects

Uncertainty over the purpose of state-backed bond

On 26 November, *Business Day* reported that Mozambique scrambled to reassure angry donors and investors on that the \$850m state-backed bond issue that was earmarked to pay for tuna trawlers is not being used to buy military equipment. Amid threats of a freeze in foreign aid, officials huddled with ambassadors from the so-called "G-19" group of donors in Maputo to deny that the government had misled international investors about the reason



for the loan. The bonds were issued ostensibly to pay for a flotilla of 27 vessels in a deal facilitated by Credit Suisse and Russia's VTB Bank. After Wednesday's meeting, diplomatic sources told *AFP* it seemed likely that some donor cash would be withheld until questions about the deal had been cleared up. Donor funding accounts for around one third of Mozambique's state budget.

The government has guaranteed the bonds which will have a final yield of 8.5 percent. 24 fishing vessels (a mixture of trawlers and longliners) and six patrol boats are being built in a shipyard in Cherbourg, France. The total cost is put at \$270m and it is not yet clear for what the other \$580m have been allocated.

Foreign reserves

The MPC statement said that the country's net foreign reserves grew by 62 million dollars by the end of October, bringing Mozambique's total reserves to 2.919 billion dollars, enough to cover imports of goods and services for about five months.

Trade

A major investment conference was staged in London on November 6-7. According to reports, at the conference Nuno Maposse, spokesperson for the government's Investment Promotion Centre (CPI), said that more than 400 investment projects for Mozambique have been approved so far this year and interest has remained strong. The conference focussed on investing in Mozambique, and, according to the conference director, Harry Chapman, 150 delegates registered for the two day meeting which was organised by Resourceful Events.

In an article by *AIM* it was stated that among the attendees were representatives of institutional investors, private investors, family offices and international financial institutions. There were also delegates from Portuguese banks including Banco Espirito Santo (BES) and Caixa Geral de Depositos (CGD). CGD is the main shareholder in Mozambique's second largest commercial bank. The BCI (Commercial and Investment Bank), while BES holds shares in one of the country's smaller banks, MozaBanco.

Chapman said that, after holding successful investor conferences on Mongolia and Myanmar, his company has now turned to Mozambique given its "good economic outlook". After the success of this conference, the company intends to make it an annual event. Much of the focus was on building Mozambique's infrastructure and the need for improved transport links.

Sector

This section includes the most significant sector-specific events or news stories during the current month.

Mining

The Australian company **Triton Minerals** announced on 22 November that it is to take a 60 percent stake in its two graphite projects in Cabo Delgado. Triton will thus increase its



holding in the Balama and Anucabe projects from its current 49 percent stake. The decision follows discussions with its joint venture partner Grafex Limited.

To increase its stake, the company will make a number of payments to Grafex over the next 18 months totalling US\$550,000. It will also hand over five million shares to the current Grafex shareholders.

Once the Definitive Feasibility Study begins, Triton will take a 75 per cent equity interest in Grafex. Finally, the will obtain an 80 per cent equity interest in Grafex if the project moves into production. The Triton licence area is near the high-grade graphite deposits already discovered by a second Australian company, Syrah Resources.

The Australian mining company **Syrah Resources** announced in mid-November that a scoping study on its Balama West graphite project, in the northern Mozambican province of Cabo Delgado, shows such an enormous profit margin that it could recoup its costs in less than six months. According to *AIM*, the study puts the average mine gate cost of producing graphite at Balama at 101.58 US dollars a tonne. As for freight costs, the FOB at the port of Pemba, capital of Cabo Delgado, is put at 198.01 dollars a tonne.

Since the assumed selling price is 1,500 dollars a tonne, Syrah is looking at enormous potential profits. (In fact, graphite prices vary wildly depending on type and quality - what is known as "amorphous graphite" has a current selling price of around 550 dollars a tonne, while the price of "large flake graphite" can go to over 2,500 dollars a tonne). The report also puts "peak development cost funding requirement" at 69 million dollars, and predicts a "payback period of within six months of commission".

The company that carried out the study, Snowden Mining Industry Consultants, says there is a potential to reduce project costs further, since the study is based on conservative parameters.

After discussions with graphite buyers and traders, Syrah believes it can sell 220,000 tonnes of graphite in the first year of production. In following years, production could increase, depending on the state of the market. The study believes that demand for graphite will increase "particularly with new emerging uses such as lithium ion batteries for electric and hybrid cars and fuel cells".

The study does not take into account the second mineral found at Balama West, which is vanadium. Other studies have pointed to the possibility of readily producing a saleable vanadium concentrate, which would add significantly to the project's cash flow.

Risk Assessment

Baseline risk levels have been garnered from a variety of publically available, methodologically rigorous indices. These are the World Bank Governance Indicators, Transparency International’s Corruptions Perception Index, and Doing Business 2012. In order to generate a full range of sub-risk factors it has also been necessary to select a number of other data/knowledge sources. In this respect, the following sources have also been utilised: International Crisis Group, Human Rights Watch, Amnesty International, the United Kingdom Foreign & Commonwealth Office, the United States Department of State, the CIA. While these sources have been used to determine the baseline for each of the risk factors and sub-factors, changes to risk levels thereafter, that is on a monthly basis, will be based on the research, knowledge and expertise of KCCL analysts.

Approach

There are multiple approaches to identifying, capturing and representing risks. The complexity and detail tend to derive around the number of risk levels in any given approach and according to the area of application – for example, whether the risk assessment will be used in construction, health, education, natural hazard response, and so on.

All approaches use the same conventional ‘calculation’ in making a judgement on the level of risk. The calculation is: ‘likelihood x impact/consequences = level of risk (risk score)’. Likelihood is defined as the chance of a risk happening and impact as the amount/scale of loss or damage if the risk happened. Figure 6 is a 3 x 3 matrix that provides 9 cells, but only 3 levels of risk. It is designed to provide a non-numerical risk level such as ‘likely/minor’ or ‘possible/minor’. Therefore, this approach has been modified to include a numerical value so that comparisons can be made across risk factors and across countries. It is very important to note that strict comparisons across the levels should be used with caution as the nature and level of risk within each country will be unique, even though the general factors are the same. Therefore, it is necessary to be cognizant of the detailed context that is provided for each section in each monthly report.

Likelihood	Consequences		
	Minor	Moderate	Major
Likely	Yellow	Red	Red
Possible	Green	Yellow	Red
Unlikely	Green	Green	Yellow

Risk Treatment Key

Intolerable Risk Level. Immediate action required
Tolerable Risk Level. Risks must be reduced so far as is practicable.
Broadly Acceptable Risk Level. Monitor and further reduce where practicable.

Figure 4: 3 x 3 Risk Matrix

In designing the risk assessment was crucial that the approach be both rigorous and, just as importantly, that the output be of practical utility. Therefore, KCCL combined a form of risk matrix that incorporates likelihood and impact, but represents this on a linear numerical scale ranging from 1 to 5. It has been necessary to include both aspects as the former is more effective in differentiating between different consequences and in providing more rigour, validity and reliability in capturing and reporting risk, while the simple numerical and colour-coded scale provides an intuitive, ‘at-a-glance’ understanding of the level of risk involved with a particular factor or country.

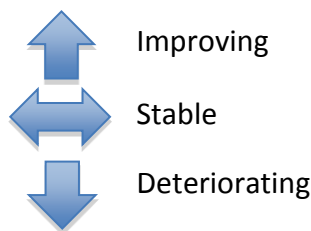


Figure 6 is the output that has been constructed for this purpose and which is included at the beginning of each section and, at a consolidated level, in the executive summary. The complete risk database, including all sub-factors, has been constructed in a stand-alone Excel file, the data from which can provide inputs to various forms of analysis and graphical representation such as tables, graphs, and pie charts. All tables are a shortened form of figure 6, which includes the following columns: a numerical risk level; a colour-coded risk level combined with a simple descriptor; a trend indicator (see Trend Key below); and a definition that details a concise explication of the likelihood of a specific risk impacting upon operations (defined as personnel and assets) and the level of response required.

Figure 5: Risk Levels Explanation

Risk Level	Descriptor	Trend	Definition
1	Low		Factor not present. Generally acceptable level of risk. Assessed to be unlikely to affect operations (personnel and assets). Requires minimal monitoring activity and reduction activity where feasible.
2	Moderate		Factor is present. Generally acceptable level of risk. Assessed to be possible but unlikely to affect operations. Requires monitoring and reduction where feasible.
3	Substantial		Tolerable level of risk. Assessed to pose a strong possibility of affecting operations. Requires more rigorous impact assessment and mitigation activity .
4	Severe		Intolerable level of risk. Assessed to pose high possibility of affecting operations. Requires immediate mitigation activity .
5	Critical		Intolerable level of risk. Assessed to have an imminent affect on operations. Requires immediate and full mitigation of activity .

Trend Key





Annexure

AIM Press Release on the Preliminary Election Results

Mozambique News Agency AIM Reports

Report no.475, 26th November 2013



Municipal elections – preliminary results

On 20 November, elections were held in 53 municipalities to elect mayors and local assemblies. We are publishing the preliminary results, which are not yet definitive. They still have to be verified by the National Elections Commission (CNE) and finally validated and proclaimed by the Constitutional Council.

Overall, the ruling Frelimo Party has won the vast majority of seats. However, the main opposition, the Mozambique Democratic Movement (MDM), has won in the cities of Quelimane and Beira and made a strong showing in areas once regarded as Frelimo strongholds.

In addition, MDM is protesting against the preliminary results in ten municipalities - Maputo, Matola, Beira, Quelimane, Chimoio, Gorongosa, Marroneu, Mocuba, Gurue and Milange.

Although MDM won overwhelming victories in both Beira and Quelimane, it is contesting the results, because it believes its margin of victory should have been even larger.

In Chimoio, Gorongosa, Mocuba, Milange and Gurue, the MDM says that the parallel count from its own polling station monitors indicate that it won.

Certainly, in Gurue the result was very close – almost a dead heat with just one vote separating the Frelimo and MDM mayoral candidates. The Frelimo candidate for mayor, Jahangir Hussen Jussub, won 6,626 votes, while his MDM opponent, Orlando Janeiro, won 6,625 votes, on a low turnout of 39 per cent.

All will now hinge on the votes declared invalid at the polling stations. There are 316 of these, and the CNE must look at all of them and decide whether the polling station staff made the right call.

In Milange, the parallel count found that Frelimo did indeed win. However, so far there are no such independent counts for Gorongosa, Chimoio, Marroneu or Mocuba.

The Tete provincial elections commission on 24 November declared that Frelimo mayoral candidate Celestino Checanhanza won 31,033 votes (65.9 per cent), while his MDM rival Ricardo Tomas won 16,109 (34.1 per cent).

In the municipal assembly, Frelimo won 30,689 votes (65.4 per cent). MDM took 16,232 votes (34.6 per cent).

MDM will be encouraged because it greatly improved on the opposition's performance at the last local elections, in 2008. The main opposition force then was Renamo, which won 12.2 per cent in the mayoral election and 12.5 per cent in the assembly election. The MDM has thus significantly reduced the Frelimo majority in Tete, and will have many more deputies than the five Renamo gained in 2008.

Renamo refused to take part in the elections. It will therefore not be represented in any of the municipalities.

Nampula elections annulled

The CNE has annulled the municipal elections in the northern city of Nampula.

The mayoral election was annulled because of a blunder on the ballot paper. The name of one candidate, Filomena Mutoropa, of the Mozambique Humanitarian Party (PAHUMO), had been left off. Since the CNE had accepted her as a candidate, it had no option but to annul the election.

There was also a serious problem with the ballot paper for the municipal assembly. However, this was not the reason given by the CNE for annulling the assembly election.

The assembly election did take place. However, in its ruling on the mayoral election, the CNE ordered that the vote for the Municipal Assembly remained valid, but that the ballot papers had to be kept and not counted until both sets of ballots were counted together.

The CNE instructed the Nampula Provincial Elections Commission that any movement of the ballot boxes be accompanied by representatives of the political parties. The provincial commission ignored these instructions, and the ballot boxes were transported to a warehouse without outside supervision. Thus there could be no guarantee that in the interim the ballot boxes had not been tampered with.

As a result, the CNE decided to cancel the municipal assembly election, and run both elections again. By law, the new election date must be the second Sunday after the original polling day. That will be 1 December.

The CNE blamed the printing company in South Africa for the mistakes on both ballot papers. Everything had been done correctly in Maputo, where both the CNE and representatives of the political parties had approved the proofs of the ballot papers. Somehow, these proofs were not used in South Africa, and the printing company perhaps used an earlier, and incorrect, draft of the ballot papers.

The CNE said that tight security meant nobody in Mozambique could see the ballot papers until they were opened in the polling stations on the day of the election. He said that the printer seals the ballot papers in plastic and in such a way that the front of the ballot paper cannot be seen and copied. There was thus no way to check the ballot paper until the plastic wrap was broken in the polling station.

**Comfortable victory for Frelimo in Gaza**

Frelimo looks set for comfortable victories in the municipal elections in the southern province of Gaza.

Three parties took part in the elections: Frelimo, MDM and ASTROGAZA.

According to the Electoral Administration Technical Secretariat (STAE), in the six municipalities the results were as follows:

*Xai-Xai**Mayoral election*

Ernesto Chambisse (Frelimo)	28,132
Judite Siteo (MDM)	7,012

Municipal Assembly election

Frelimo	27,446
MDM	8,694

*Macia**Mayoral election*

Reginaldo Mariquele (Frelimo)	9,873
Joao Machelewe (MDM)	657
Jose Macuacua (ASTROGAZA)	893

Municipal Assembly election

Frelimo	10,488
MDM	798

*Praia de Bilene**Mayoral election*

Mufundisse Chilengue (Frelimo)	3,355
Silvestre Chipanga (MDM)	307

Municipal Assembly election

Frelimo	3,346
MDM	307

*Chibuto**Mayoral election*

Francisco Mandlate (Frelimo)	14,699
Tornado Praia (MDM)	1,570

Municipal Assembly election

Frelimo	13,925
MDM	1,450

*Chokwe**Mayoral election*

Lidia Cossa Camela (Frelimo)	15,230
Eleuterio Maswanganhe (MDM)	2,890

Municipal Assembly election

Frelimo	15,171
MDM	2,624

*Manjakaze**Mayoral election*

Maria Helena Langa (Frelimo)	6,367
Arnaldo Manhique (MDM)	495

Municipal Assembly election

Frelimo	6,303
MDM	506

All these results are provisional and will only become official when they are validated by the National Elections Commission (CNE).

MDM wins Quelimane

The Zambezia Provincial Elections Commission on 23 November announced the "intermediate results" of the municipal elections in the provincial capital, Quelimane, showing an overwhelming victory for the MDM.

In the mayoral election, the incumbent, MDM candidate Manuel de Araujo won 29,286 votes (69.6 per cent), while his opponent from the ruling Frelimo Party, Abel Henriques won 13,789 (30.34 per cent).

In the election for the members of the municipal assembly, the MDM won 27,792 votes (65.2 per cent) to 14,146 (33.2 per cent) for Frelimo. A minor party, PARENA (National Reconciliation Party), picked up 686 votes (1.6 per cent).

These results will give the MDM a substantial majority in the municipal assembly, giving Araujo the backing he has lacked since his election in a mayoral by-election of December 2011. Since then he has been hamstrung by an assembly dominated by his political opponents in Frelimo.

The Quelimane results are incomplete. The Electoral Administration Technical Secretariat (STAE) has admitted that the official results sheets ("editais") for the mayoral election went missing from 39 polling stations, and for the assembly election from 25 stations. Announcing the results, the electoral commission blamed the disappearance of the results sheets on "vandalism" during the initial count at the polling stations.

This refers to the confrontations on the evening of polling day between the police and crowds of MDM supporters. However, the number of polling stations affected by these clashes was not as many as 39.

The law envisages a simple solution in such cases. The copies of the results sheets given to the polling station monitors from the political parties should be used. At every polling station, the staff are under an obligation to give the accredited monitors signed and stamped copies of the results, precisely so that they can be used in the event of any dispute.

The law states very clearly that if any sheets are stolen, destroyed or disappear, the signed and stamped copies "are sufficient proof for solving election disputes". Furthermore, when results sheets go missing the relevant elections commission must activate the measures necessary to fill the gaps within 24 hours – that is, it must obtain the copies from the political parties.

The MDM says it has its copies from all the polling stations. If the local STAE or the City Commission thinks the MDM has forged signatures and official stamps, then it could compare the MDM's copies with those that were given to Frelimo. Should Frelimo fail to cooperate, then a handwriting expert could be called in to verify the signatures. The problem is not insoluble.

A further headache for STAE is the payment of the allowances owing to the polling station staff. When the money was only being paid out very slowly, dozens of angry members of staff took to the streets and demonstrated outside the STAE offices in Quelimane and Nampula.



Frelimo ahead in Marromeu

The Sofala Provincial Elections Commission on 25 November announced the results of the intermediate count showing that Frelimo only has a narrow lead in the town of Marromeu, on the south bank of the Zambezi.

However, the huge number of invalid votes cast in Marromeu suggests that serious fraud has taken place.

The chairperson of the provincial elections commission, Samuel Malate, declared that the Frelimo candidate for mayor of Marromeu, Palmerim Rubino, won 4,518 votes (51.6 per cent), while his sole opponent, Joao Agostinho, of MDM took 4,235 votes (48.4 per cent).

In the election to the municipal assembly, Frelimo won 4,774 votes (55.7 per cent), and MDM 3,606 votes (42.07 per cent). A third party, the PDD (Party for Peace, Democracy and Development), obtained 191 votes (2.23 per cent).

In both elections, a huge number of votes were classified as invalid at the polling stations. For the mayoral election, there were 1,119 invalid votes, and for the assembly election 1,285 invalid votes. So invalid votes accounted for 10.9 per cent of all votes cast for mayor, and 12.6 per cent in the assembly election.

Such extraordinarily high levels of invalid votes only occur when dishonest members of the polling station staff add an ink mark to the ballot paper to make it look as if the voter has tried to vote for more than one candidate. This fraud is well known from previous Mozambican elections and was condemned in the 2009 general elections by the National Elections Commission (CNE) and by the Constitutional Council, but nobody was ever prosecuted.

In the last municipal elections, in 2008, only 4.9 and 3.3 per cent of the votes in the Marromeu mayoral and assembly elections were classified as invalid at the polling stations.

No other municipality in Sofala comes near this level of invalid votes. In Gorongosa, two per cent of votes cast for mayor and 2.3 per cent of votes for the assembly were classified as invalid.

In Nhamatanda, the figures were 7.4 and 6.4 per cent, and in Dondo, they were 6.4 and seven per cent. Although not approaching the scandalous Marromeu percentages, the Nhamatanda and Dondo figures should also be regarded with suspicion. Unlike the Marromeu case, the number of invalid votes could not affect the Frelimo victories in Nhamatanda and Dondo.

The normal figure for invalid votes is anywhere between one and four per cent. Anything above five per cent suggests vote tampering.

The ball is now in the court of the CNE, which must review all votes declared invalid at the polling stations.

Daviz Simango winner in Beira

The Beira City Elections Commission on 23 November officially proclaimed MDM and its president Daviz Simango as the winners of the municipal elections.

Announcing the "intermediate count", the chairperson of the elections commission, Domingos Coimbra, said that Simango had won 68,503 votes (68.6 per cent of all valid votes), while opponent, Jaime Neto of Frelimo, won 31,300 votes (31.4 per cent).

As for the election of members of the Beira municipal assembly, MDM took 70,077 votes (67.8 per cent), while Frelimo won 32,568 per cent (31.5 per cent). Just one minor party contested the assembly election, PARENA (National Reconciliation Party), and won 772 votes (0.75 per cent).

There was a turnout of 55 per cent (113,615 registered voters). In both elections, five per cent of the ballots cast were classified as invalid.

This will be Simango's third five year term of office as mayor of Beira. He was first elected in 2003 as a candidate for Renamo. In 2008 Renamo leader Afonso Dhlakama refused to run Simango for a second term. So he ran as an independent, easily defeating both the Frelimo and Renamo candidates. The following year he set up the MDM.

Simango ran into difficulties in his second term, because he had to work with a municipal assembly dominated by Frelimo and Renamo. But after these results, the mayor and the assembly are likely to speak with one voice.

Frelimo victory in Matola

The Maputo Provincial Elections Commission on 23 November confirmed that Calisto Cossa, the Frelimo candidate, has won the mayoral election in the southern city of Matola, but with Silverio Ronguane, the MDM candidate making a very strong showing.

Cossa won 79,975 votes (56.5 per cent), to 59,679 (42.4 per cent) for Ronguane. A third candidate, Joao Massango, of the Ecologist Party, took 1,561 votes (1.1 per cent).

In the election for the members of the Matola municipal assembly, Frelimo won 74,069 votes against 60,672 for the MDM. Seven minor parties were running for seats in the assembly but none of them won as many as a thousand votes.

Speaking to reporters after the announcement, Cossa said that his victory meant he now had "an added responsibility to serve better" the citizens of the city.

"During the campaign we spoke with the municipal citizens and we said that we were committed to Matola and the residents of Matola", he said. "We feel that with these results there was a full acceptance of the message we transmitted". The great winner of the elections, he added was Matola and the people who live there.

This victory is Frelimo's worst showing ever in Matola. In the 2008 municipal elections, Frelimo coasted to factory with almost 90 per cent of the vote.

Ronguane looked on his result as something of a triumph, pointing out that it was the best result an opposition party had ever obtained in the south of the country.

In the outgoing municipal assembly, the opposition (in the shape of Renamo), held just five seats "but, thanks to the work of the MDM, the opposition will now have more than 20 seats", he declared.

Frelimo declared winner in Chimoio

The Elections Commission in the central city of Chimoio on 22 November confirmed that the incumbent mayor, Raul Conde, of the ruling Frelimo Party, was re-elected for a further five year term of office.

Pereira Gama, the chairperson of the city elections commission simply confirmed the preliminary results announced the previous day by the Electoral Administration Technical Secretariat (STAE).

These were that Conde obtained 27,733 votes (53 per cent) while his MDM opponent, Joao Ferrao won 24,502 votes (47 per cent). For the election of members of the Municipal Assembly, Frelimo took 27,761 votes (53.4 per cent) and the MDM 24,267 (46.6 per cent).

Pereira made his announcement at a ceremony attended by Conde, but not by Ferrao. MDM is contesting the results and saying that it secured a narrow victory in the elections.



Renamo attacks continue

Gunmen of Mozambique’s former rebel movement Renamo on 22 November attacked a vehicle about 10 kilometres from the small town of Maringue, in the central province of Sofala.

The vehicle was carrying seven people in the back. Two of them were killed and two were injured, one seriously. The driver drove through the ambush, and sought assistance for the injured at the Maringue health centre.

However, because of Renamo attacks in the region, the health professionals, like most residents of the town, have fled, and the health centre has effectively been abandoned. Staff at the Maringue district administration, however, helped transfer the victims across the provincial boundary, to a health centre in Macossa, in Manica province.

In a second attack nearby, Renamo opened fire on another truck, but the driver managed to escape. The gunmen looted the truck of the foodstuffs it was carrying, and then set it on fire.

Renamo boycotts talks

The head of the Mozambican government’s delegation to the talks with Renamo, Agriculture Minister Jose Pacheco, on 25 November accused Renamo of showing no interest in a serious dialogue that could lead to a solution to the grievances it had raised.

Once again, Pacheco and the other members of the government team took their places in Maputo’s Joaquim Chissano Conference Centre and waited for the Renamo delegation to appear. Once again, Renamo boycotted the talks – even though it was Renamo that had requested the talks in the first place.

The Renamo boycott came as no surprise. Renamo has been demanding the presence at the dialogue table of national and foreign mediators and observers, and threatened that it would not take part in any more meetings unless these observers were present.

Last week the government said that, while it was prepared to admit Mozambican observers to the talks, it had no intention of extending that invitation to foreign organisations.

“We were here for a further round of dialogue, taking into account the exchange of regular correspondence through the appropriate channels, but Renamo has not appeared”, Pacheco said. The reasons for Renamo’s absence had not been communicated officially to the government.

As for Renamo’s demand that third parties should be invited, Pacheco said the government is willing to discuss with Renamo the mechanisms leading to the participation of the Mozambican observers whom Renamo wants.

“The government and Renamo should review what could be the role of national observers in the dialogue”, he said.

Despite Renamo’s repeated boycotts, the government says that it remains open to continuing the dialogue.

Meetings between the two delegations have taken place since May, with an agenda provided by Renamo. But 24 rounds later the two sides have not advanced beyond the first

point on the agenda, which is Renamo’s demand for sweeping changes in the electoral legislation.

Kidnappers jailed for between 13 and 17 years

The Maputo City Court has sentenced four people to prison terms ranging from 13 to 17 years for two cases of kidnapping and the possession of illegal weapons.

The defendants were also ordered to pay the first victim compensation of 19,800,000 meticais (\$660,000) and the second victim 500,000 meticais (\$16,666).

The larger sum was compensation for the ransom paid for the release of the victim, whilst the smaller amount was recompense for the theft of the other victim’s car during the kidnapping.

The four men on trial were Arlindo Timana, Manoa Valoi, Inacio Mirasse and Alfeu Penicela. The first three had already been sentenced to lengthy prison terms in a separate kidnapping case that was heard by a court in the neighbouring city of Matola.

Both kidnappings took place in the Mozambican capital - the first in the street and the second in the car park of the building where the victim lived on Josina Machel Avenue.

The wave of kidnappings, targeting mainly business people of Asian origin, began in Maputo and the neighbouring city of Matola in late 2011, and subsequently spread to the city of Beira.

President Guebuza opens solar panel factory

President Armando Guebuza has stressed that the opening of the first solar panel factory in Mozambique will lead to a further increase in the number of families with access to electricity.

The President pointed out, “using solar panels, we have already illuminated 207 villages, 344 schools and 403 health units”.

President Guebuza was speaking at the ceremony to mark the inauguration of the factory at the Beluluane Industrial Park on the outskirts of Maputo.

The factory was financed through a \$13 million concessional loan from the Export-Import Bank of India.

According to the chairperson of the National Energy Fund (FUNAE), Miquelina Menezes, the factory will manufacture solar panels with varying outputs. The panels will be used in the electrification of rural areas with a particular focus on education and health.

India has assisted with the building of the factory, supplying equipment and raw materials (photovoltaic cells, glass, aluminium and electrical components). In addition, 17 technicians travelled to India to receive training in production methods and equipment maintenance.

This is a condensed version of the AIM daily news service – for details contact aim@aim.org.mz

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**Risk factors and sub-risk factors**

The following tables provide consolidated risk levels across all factors and sub-factors.

Figure 6: Consolidated Political Risk

Risk Factor	Sub-risk factor	Level	Trend	Month	Year
Political	Political Stability	3	Deteriorating	Nov	2013
	Govt. Effectiveness	3	Stable		
	Institutional Balance	3	Stable		
	Expropriation	2	Stable		
	Contract Frustration	4	Deteriorating		

Figure 7: Consolidated Operational Risk

Risk Factor	Sub-risk factor	Level	Trend	Month	Year
Operational	Inf. Air	4	Improving	Nov	2013
	Inf. Power	4	Improving		
	Inf. Rail	4	Improving		
	Inf. Roads	4	Improving		
	Inf. Water	3	Improving		
	Natural Hazards	3	Deteriorating		
	Corruption	4	Stable		
	Bureaucracy*	4	Stable		
	Reputation	3	Stable		
	Labour Militancy	2	Deteriorating		
	Env Activism/Legislation	2	Deteriorating		

*The Ease of Doing Business rank for 2013 positioned Mozambique as 146 out of 185, representing a slide of seven places from 2012.

Figure 8: Consolidated Security Risk

Risk Factor	Sub-risk factor	Level	Trend	Month	Year
Security	Terrorism	1	Stable	Nov	2013
	Insurgency	3	Deteriorating		
	Public Order	3	Stable		
	External Threats	1	Stable		
	Crime	4	Deteriorating		
	Security Services	3	Deteriorating		
	Risk Zones	3	Stable		

Figure 9: Consolidated Economic Risk

Risk Factor	Sub-risk factor	Level	Trend	Month	Year
Economic	Inflation	2	Improving	Nov	2013
	Monetary Policy	3	Stable		
	Fiscal Policy	2	Stable		
	Capital Controls	2	Stable		



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