

WEEKLY MEDIA REVIEW: 3 JULY TO 10 JULY 2015

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Mozambican authorities incinerate more than two tons of ivory and rhino horns (see page 56 - 59 for more).

Rhula Intelligent Solutions is a Private Risk Management Company servicing multinational companies, non-governmental organisations and private clients operating in Mozambique. The Rhula Mozambique Weekly Report is currently being distributed to over 25 embassies, 36 non-governmental organisations and 428 businesses and individuals in Mozambique. For additional information or services please contact:

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Rhula Intelligent Solutions

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AREAS OF OPERATION

SADC

KEY PERSONS

Dr. Leonardo Simão - Executive Chairman

Executive director of the Joaquim Chissano Foundation, Chairman of United Bank of Africa and Member of the SADC Mediation Team for Madagascar, Leonardo Simão served as Minister of Health from 1988 to 1994 and Minister of Foreign Cooperation from 1994 to 2005. Graduated in Medicine, Specialist in Public Health, he is a founding member of the Medical Association of Mozambique and member of the Mozambique Medical Council.

Nuno Tomas - Director

A career diplomat, Nuno Tomas is Senior Adviser to former President of Mozambique, Joaquim Chissano since 2005. He has been involved in special political missions across Africa focussed on Conflict Resolution, Sustainable Development, Accountability and Good Governance.

Nigel Morgan - Director

For more than two decades, Nigel Morgan has advised multinational companies, financial institutions and private clients on political and security risk related to foreign direct investment in Africa. He served in the Irish Guards and at the Centre for Policy Studies in London during the premiership of Margaret Thatcher.

Joe van der Walt - Director

Former South African military officer, who has specialised in private-sector security in Africa and the Middle East, with particular expertise in the oil, gas and mining sectors and working experience in Angola, DRC, Liberia, Zambia, Somalia, Iraq, to name a few.

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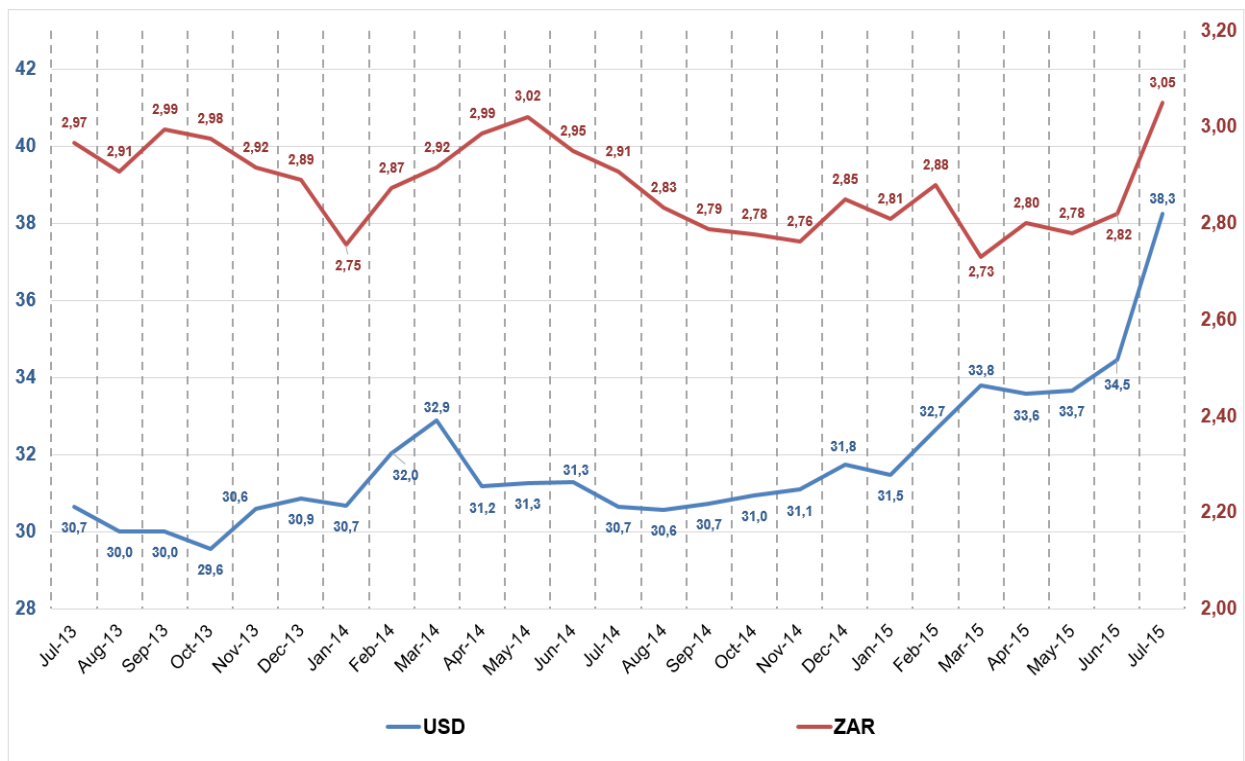
ECONOMY

Mozambique Exchange Rate and Fuel Prices: 9 July 2015

Mozambique Metical (MZN) Exchange Rate		
Currency	Buy	Sell
Euro (EUR)	42,20	42,42
U.S. Dollar (USD)	38,25	38,45
S.A. Rand (ZAR)	3,05	3,07

Mozambique Fuel Prices	
Fuel Type	Price Per Litre
Petrol	47,52MT
Diesel	36,81MT
<i>Prices only valid for Maputo, Beira and Nacala</i>	

GRAPH 1: MOZAMBIQUE CURRENCY EVALUATION



GDP grows 5.9% in first quarter

In the first three months of this year (2015) the Gross Domestic Product (GDP) registered an increase of 5.9% compared to the same period in 2014.

According to the National Statistics Institute (INE), the increased economic performance in the first quarter is largely attributed to the secondary sector, which grew 8.2%; with the electricity, gas and water sectors recording a growth range of 12.6%.

The primary sector ranks second with a growth of 7.7%, predominantly attributed to the mining sector, with an increase of 16.6%.

The tertiary sector also registered a positive growth of 4.9%, primarily due to the catering industry, with 9.1% growth.

According to the INE, the other sectors that contributed significantly to the country's GDP include: agriculture, livestock, hunting, forestry and fishing and related activities, with a 22.7% contribution towards the GDP. This was followed by transport, storage and information and communication, with a combined contribution of 13.7%.

The third position is occupied by the trade and repair services sectors, with 10.4%; the manufacturing sector, with a weight of 9.3%; the rental of branch and business services, 7.3%; and education, 6.6%.

The remaining areas of activity had a combined weight of 30.1%.

Source: Folha de Maputo

Falling prices for third consecutive month

Mozambique National Institute of Statistics (INE) data indicates that the country experienced deflation in June, for the third consecutive month, to 1.36% year-on-year from 1.29% in May.

In a statement on Tuesday (7 July) the INE revealed that the consumer price indices for the three main cities (Maputo, Nampula and Beira) showed an overall decline in prices of 0.46%. This follows price falls of 1.05% in May and of 0.98% in April.

The statistics agency said that this trend differs from the first three months of the year when prices rose by 1.84% in January, 1.56% in February, and 0.06% in March.

The result is that the accumulated inflation for the first six months of the year is just 0.93%. This compares with inflation of 1.49% in the first six months of 2014, and of 2.26% in the same period of 2013.

Annual inflation from 1 July 2014 to 30 June 2015 was 1.36%. This compares with an annual inflation for the previous year of 2.75%, and for July 2012 to June 2013 of 4.86%.

INE said that food prices are the determinant factor in the recent deflation. In June the price of tomatoes fell by 6.9%, coconuts by 7.8%, cabbages by 5.5%, maize flour by 1.8%, and dried fish by 1.5%.

There were slight increases recorded in the price of clothing and footwear (0.03%) and furniture and decorative goods (0.01%).

Price reductions were experienced in all three cities in June, as prices declined by 0.59% in Beira, 0.49% in Maputo, and 0.4% in Nampula.

The trend is the same as in previous years in the recent past.

Prices typically increase in the first few months of the year, then drop in the middle of the year, as the harvest comes in, only to rise again at the end of the year, immediately prior to the festive season.

Source: APA/Star Africa/Agencia de Informacao de Moçambique

IMF wants “stronger controls” over state companies

The International Monetary Fund (IMF) has called for “stronger controls” over Mozambican state-owned companies, but continues to regard the country's high growth rate and low inflation as “commendable”.

Last Thursday (2 July) the IMF Executive Board completed its fourth review of Mozambique's economic performance, under the programme maintained by the Policy Support Instrument (PSI).

The IMF describes PSI as an instrument designed for countries that do not need balance of payments support.

In other words, Mozambique is no longer asking for - or receiving - IMF loans. Nonetheless, the IMF approval of Mozambique's economic policies is still regarded as useful, since it sends positive signals to other donors and funding agencies.

A brief IMF press release cites the Deputy Managing Director and Acting Chair, Min Zhu, as praising Mozambique's growth and inflation record, while warning that low commodity prices increases the risk associated with the country's coal and natural gas projects for the immediate future.

He described Mozambique's performance under the PSI as “mixed”, claiming that: “While structural reforms have been proceeding, there have been macroeconomic policy slippages and reserve losses in late 2014”.

Nonetheless the IMF is optimistic that “With strong fiscal adjustment envisaged in the current budget, and a recent tightening of liquidity conditions, the required steps to maintain macroeconomic stability are now in place. The decline in international reserves has largely been reversed, and greater exchange-rate flexibility will help the economy to better respond to external shocks in the period ahead”.

“The strong fiscal adjustment in the budget appropriately calls for revenue mobilisation and expenditure restraint, while safeguarding social programmes”, the release adds. “Recent fiscal reforms have strengthened the policy framework, but more needs to be done to improve public financial management, including stronger controls over state-owned enterprises and enhanced management of fiscal risk”.

The IMF did not mention which state-owned enterprises it has in mind, but it is reasonable to assume that the Mozambican Tuna Company Empresa Moçambicana de Atum (Ematum) is among them, given that this year it must

begin repaying the US\$850 million loan it obtained on the Eurobond market in 2013.

The press release concludes that: “On-going progress on a broad range of structural reforms, including the passage of the new mining and hydrocarbon legislation, is encouraging. Nonetheless, further measures are needed to make sure poverty alleviation is more responsive to growth, and to strengthen the business climate”.

Source: Agencia de Informacao de Moçambique

CTA explores options to cushion the blow of strengthening dollar

The president of the Confederation of Economic Associations of Mozambique (CTA), Rogério Manuel, says that the government has proposed exploring and establishing various options, in a bid to lessen the impact of the strengthening US dollar, especially in respect of commodity prices.

Over the past few months, the US dollar has appreciated from MT33 per dollar in January to MT40. The government is concerned that the unfavourable exchange rates will hinder the importation of products essential to the country; e.g. wheat and rice.

According to Manuel, they are working with the Central Bank to see what can be done, however, at this point their options are limited.

According to Manuel the Bank of Mozambique and the CTA are examining the situation, and hopes that the government will be able to financially contribute towards the import of basic goods.

For Manuel, the government must prioritise basic goods as imports from other non-essential goods may be delayed for some time.

Overall, Manuel recognises that the current exchange rate can negatively impact business and, consequently, the amount of revenue to be collected by the State.

Source: Jornal Notícias

CPLP Business Confederation: Abdula calls for open borders among Portuguese speaking countries

The private sector and the member states of the Community of Portuguese Speaking Countries (CPLP) stand only to gain from facilitating the freer movement of labour, goods and capital within the organisation.

Moreover, according to Mozambican Salimo Abdula, president of the Business Confederation of the CPLP, this is the opinion expressed by economic operators in almost all countries that form part of the organisation.

The CPLP’s Business Confederation, an organisation of member state businessmen, was created 11 years ago. Until recently, its leadership coincided with the rotating presidency of the CPLP. However, from this year onwards, the confederation’s leadership will be decided by elections.

At a press conference in Maputo on Monday (6 July), Abdula spoke of the importance of opening up member countries to business as a way to develop the CPLP market of more than 250 million people spread over four continents.

It is believed, for example, that within two decades the CPLP could represent 25-27% of the world gas market. Currently it is worth 4% of the grouping's GDP, a figure that could double, or even triple, if politicians were to seriously invest in their economies and increase communication between states, according to Abdula.

For Abdula, it makes no sense that citizens of an organisation founded nearly two decades ago should continue to face such difficulties when trying to move from one country to another, whether for leisure or on business.

Indeed, freedom of movement is among the topics covered in the first Business Confederation report, to be submitted to the CPLP Council of Ministers meeting, being held on 24 July in Dili, East Timor.

“One of the main priorities that the private sector has set is the free movement of persons, goods and capital, in order to facilitate the socio-economic development of the CPLP member countries”, said Abdula.

He argues that it does not make sense that there are administrative barriers that restrict freedom of movement to the extent that in some countries, like Mozambique, citizens consider themselves more integrated into regional blocs like the Southern African Development Community (SADC) than into the CPLP.

The opening of borders may encounter resistance due to the fact that CPLP countries are themselves members of regional organisations with specific migration policies that do not allow states to act alone. However, Abdula and his team promise to do everything in their power to awaken politicians to the

benefits of greater openness between member states.

In 2013 it was Mozambique's turn to lead the confederation for a term of two years, the first of which fell to the Industrial Association of Mozambique (AIMO) and the second to the CTA. Much has been done to ensure greater visibility for the organisation in the meantime. The first four-year presidency under the new governance rules has (also) fallen to Mozambique,

Source: Notícias

South Korea to transfer cutting-edge gas and energy technology to Mozambique

On Thursday (2 July) a Memorandum of Understanding (MoU) was signed between Mozambique and South Korea with the aim of transferring advanced Korean technologies to the country.

Mozambique and South Korea are two very different economies united in their desire to exploit the abundant resources they possess. Mozambique has natural resources, and South Korea has technology.

In terms of the MoU, signed with the Mozambican Energy Fund (FUNAE) in Maputo, South Korea has agreed to transfer energy sector technologies to Mozambique.

In addition, South Korea is to train Mozambican staff within the energy sector, as well as rolling-out technologies that will ultimately provide electricity to a greater portion of the population in rural areas, where the public distribution network is inadequate.

The deputy minister of industry and trade, Omar Mitha, believes that it is time for the country to capitalise on the vast Korean experience in the field of electronics, the automotive industry and other advanced technologies.

“I think there is complementarity here. We have other features that require cutting-edge technologies, such as gas, but we also have agricultural resources which, once developed, can supply the Asian markets”, said Mitha.

Source: O País

German aid for Mozambique

On Friday (3 July) the Mozambican and German governments signed three agreements in Maputo, under which Germany will donate €128 million (approximately US\$142 million) for various development projects.

The agreements were signed by the Mozambican Minister of Foreign Affairs and Cooperation, Oldemiro Balói, and the German Ambassador, Philipp Schauer. The agreements cover a two-year period.

According to a joint press statement, the grant will support “the three priority areas when it comes to co-operation between Mozambique and Germany, namely education, decentralisation for rural development, and sustainable economic development”.

In addition, some of the German funds have been allocated to the newly established Foundation for the Conservation of Biodiversity (BIOFUND), and for the Limpopo National Park. This is the largest conservation area in the south of the country, and is the Mozambican

component of the Greater Limpopo Transfrontier Park.

After signing the agreements, Balói said that the German aid would assist, amongst other areas, in supporting Mozambican municipalities, promoting the financial sector, modernising the electricity network and adaptation to climate change.

“We believe that the agreement will have a great impact on implementing the strategic objectives of the government’s Five-Year Programme for 2015-2019”, said Balói. “We are pleased at Germany’s commitment to continue granting support to the economic and social development of Mozambique, which in turn contributes to the government’s efforts to reduce poverty”.

For his part Schauer, announced that €30 million forms part of Germany’s commitment to the Education Sector Common Fund (FASE).

There are also several new programmes of German support. In education, German aid will “expand the supply of technical and professional education through a partnership with some of our education institutions”. In all, over a third of the aid (€50 million) will go to education, maintaining Germany’s position as one of the major donors in this area.

Some of the money will be utilised to improve access to electricity, through modernising and expanding the electricity grid, and to “promote good financial governance at the level of decentralised administration”.

Schaier said that German co-operation would support the Mozambican government in achieving “the priorities set

out in the Five-Year Programme: the consolidation of good governance; inclusive economic growth with the creation of more jobs; increased competitiveness, productivity and improvement in household incomes”.

Source: Agencia de Informacao de Moçambique

Brazilians seek opportunities in Maputo

A Brazilian business mission is scheduled to travel to Maputo later this month (30 July) to seek investment opportunities.

30 business representatives will take part in the mission, organised by the Brazilian Agency for Export and Investment Promotion (Apex-Brazil).

In 2014, trade between Brazil and Mozambique exceeded US\$74 million.

Brazilian companies occupy many areas and sectors in Mozambique, particularly within the extractive industry.

Source: Voice of America

Confindustria Marche to engage in a business mission to Maputo in August

The Confindustria Marche Federazione Regionale Degli Industriali, in collaboration with the Italian Ministry of Economic Development, the Ministry of Foreign Affairs and the ICE-Agency, is scheduled to travel to Maputo from 30 August to 2 September to engage in a business mission.

The initiative, to be held in conjunction with the Maputo International Trade Fair (FACIM), will be led by the deputy minister of Economic Development, Carlo Calenda. The aim of the mission is to

identify and strengthen investment opportunities in Mozambique in the oil and gas sector. The mission will also provide support to various other companies in respect of market access.

Source: Confindustria Marche

Nyusi dines with major Portuguese investors

On Thursday (9 July) 12 of the largest Portuguese investors in the country (representing a combined total investment of €907 million over the past five years) dined with President Filipe Nyusi, one week before he is scheduled to depart on a working visit to Portugal (15 to 18 July).

During Nyusi’s opening speech, he stated that his guests are “champions in promoting investment in Mozambique”, expressing his hopes that the various companies will continue to invest in the country.

Nyusi asked the Portuguese businessmen to become “ambassadors” of Mozambique in terms of attracting investment, stressing the importance of peace and stability.

“Portuguese entrepreneurs play an important role because, when investing in Mozambique, they give us expectations of peace”, said Nyusi.

The President also highlighted the diversity of Portuguese investment.

Three of the companies invited are from the banking sector (BCP, Caixa Geral de Depósitos and New Bank), three from the construction sector (Teixeira Duarte, Mota-Engil and Soares da Costa). The other companies present at the dinner included Galp, Portucel, Visabeira, Entrepasto, Contact and JFS.

The ambassador of Portugal in Maputo, José Augusto Duarte, pointed out that: “these businesses are not here because gas and coal was discovered, they had already been here for some time, representing investments in several areas”. The ambassador also added that, going forward entrepreneurs should receive benefits from these resources, as this will “increase activities because everybody wants to enjoy the best possible benefits”.

According to the Portuguese ambassador, the 12 companies/investors contributed towards an overall investment of nearly US\$1 billion in the last five years and created over 22,000 jobs.

Last year (2014), Portugal was the fourth largest foreign investor in Mozambique, behind the UAE, Mauritius and South Africa.

Source: SAPO/Lusa

Coal India to relinquish 75% area of Mozambique coal blocks

State-run miner Coal India will relinquish 75% of its licence area in Moatize district (consisting of two coal blocks).

Coal India was granted a five-year licence for exploration and development of the A1 and A2 blocks in a previously unexplored part of Moatize (Tete Province), approximately six years ago.

The move follows the local government’s decision to double the charges of holding the blocks, which have thus far not yielded any coal worth the effort.

“At a board meeting last week, it was decided that the foreign subsidiary of Coal India, Coal India Africana Ltd, would keep

roughly 54 square kilometres of the 205 square kilometre blocks that it had earlier acquired”, a senior coal sector official said on the condition of anonymity. “The decision was taken following completion of a near three-year exploration programme”.

At the time Coal India acquired the two blocks, it was assumed that they contained a mix of high quality coking coal and lower grade thermal coal. There were hopes of reserves of perhaps as much as a billion tons. “We were told that 20% of the deposits in these blocks are expected to be of superior variety, good enough to be used in steel making, while the remaining was expected to be thermal coal that could be used as fuel in power plants. It seemed a viable option at that time”, said the official.

But on exploration, Coal India found that 75% of the area contained nothing that could be called coal. By then the state-run miner had invested close to Rs.500 crore in acquiring and exploring the two blocks. It also had to renew its licence during this period.

“The quality of the reserve at a large area of the two blocks does contain carbon, but it is not good enough to be called coal”, a senior Coal India executive said, requesting anonymity. “This reserve cannot sustain a 12% rate of return on investment in the medium to long run. Simply put, it is not coal”.

It took Coal India almost two years to explore the entire area. Sample coal was sent to India for analysis. Coal India had earlier envisioned production from the blocks by 2014, but delays in awarding the exploration rights postponed the process. Renewal of the licence also added to the delay.

The miner planned to bring the mined coal to India to meet the nation's rising demand for thermal and coking coal.

Coal India lost approximately a year in appointing an explorer for the blocks. It had to scrap tenders twice due to technical reasons.

The previous UPA government was in favour of importing coal to meet the domestic requirement. But the NDA government is keen on attaining self-sufficiency in coal production and hopes to stop import of thermal coal within the next five years. Thus, foreign acquisition of thermal coal is not on the government's priority list any more.

If the anonymous Coal India executive is right, then the company has been extremely unlucky, since Moatize district sits on vast coal seams, which other companies, notably Vale of Brazil, are exploiting.

Source: The Economic Times/Agencia de Informacao de Moçambique

Test results from Fair Bride ore underlines project's credentials - Xtract

Recent flotation test results on drill core taken from the Fair Bride gold project in Mozambique have underlined the potential returns the site could generate, Xtract Resources told reporters.

Last week (26 June to 3 July), the firm announced that it had purchased the Manica gold licence from Auroch Minerals for US\$12.5 million.

The acquisition includes the Fair Bride open pit project, where a bankable

feasibility study (BFS) is due in six months and production a year later.

Prior to this, recoveries of greater than 80% from the sulphide ore had been achieved.

However, at laboratories in Perth (Western Australia), where 737 kilograms of core was shipped, recoveries of between 91% and 94% were achieved, Xtract reported.

The work also showed that cash costs of the project could be substantially reduced.

Chief executive Jan Nelson said that: "The flotation results commissioned by the Auroch team show a considerable improvement in recoveries of sulphide zone.

"This will impact significantly on the potential revenues that the project could generate.

"Lower mass pull results recovering more than 50% of the gold at less than 10% and gravity concentration at a coarser grind recovering up to 70% of the gold at a much reduced energy consumption are expected to substantially reduce the cash costs of the project. This clearly highlights the quality of this project and the potential returns Xtract could generate from this project".

An earlier scoping study indicated revenues from the mine of US\$55 million annually based on 50,000 ounces per year of gold production, cash costs of US\$650 per ounce and an open pit operation for five years and three years underground.

Resources are estimated at 900,000 ounces from 3.5Mt at a grade of 3.01

grams per ton (g/t) with start-up costs of US\$28.4 million. A further US\$14.8 million will be needed for the underground development.

Fair Bride represents approximately 10% of the total licence at Manica and there are significant opportunities to increase the gold resource through exploration, said Xtract.

Source: Proactive Investors

Mustang Resources places a big bet

Exploring for oil and gas only six months ago, Mustang Resources Ltd could soon become Mozambique's first alluvial diamond producer.

The Australian firm has just identified gem quality diamonds on its Save River project. Between the end of March and June this year (2015) Mustang carried out sample drilling on its concession number 4525L, where it acquired a 51,85% stake last September (2014) from Mozvest Mining Limitada.

As the drilling proved positive, the firm is now buying new equipment to extract more samples and extend drilling on its second concession, 4969L, on which it acquired a 50.7% holding from Save River Diamonds Pty Ltd last August.

Mustang is now determined to become the first producer of diamonds on the Mozambican side of the Marange diamond field, which is extensively mined in Zimbabwe.

Headed by Ian Daymond, Mustang had previously been known as OGI Group Ltd, and explored for oil and gas in the United States. Operational issues and the drop in the oil price prompted the firm's board to

explore mining. However, it was only in January that shareholders approved shifting the focus to mining, following a US\$6 million cash injection.

Mustang is also exploring for graphite on the Balama deposit in Cabo Delgado Province, alongside projects of Triton Minerals Ltd and Syrah Resources.

Source: Africa Intelligence

Galp points to integrated development as the main challenge for Mozambique

The chairperson of Galp Energia's Board for International Affairs, Paulo Varela, says that integrated development is the main challenge for Mozambique, and that the country's economic growth should not be limited to the extractive sector.

"The future of Mozambique lies not only in its gas and coal, but in the development of the entire economy in an integrated way. This is the main challenge for the country", Varela told reporters, speaking on the sidelines of the 'Infrastructure and Logistics Challenges' conference recently held in Maputo under the auspices of the Economic and Social Forum of Mozambique (Mozefo).

Source: Lusa

Approved mega-projects still not operational

Three approved coal projects in Tete Province are still not operational.

This was announced following a survey by the Institute of Social and Economic Studies (IESE), which reveals that eight of the 13 major projects approved in the last 13 years in Mozambique (corresponding

to 60% of the approved investment value for mega-projects) are still not operational.

According to the IESE, this is due to significant delays or cancelations.

A preliminary assessment conducted in Gaza, Nampula, Tete and Cabo Delgado indicates that roughly half of the total private investment projects approved and listed by the Investment Promotion Centre (CPI) are not running or are not known to the locals.

The IESE states that it believes that the non-implementation of projects stems from the international financial crisis, and the logistical problems that exist in parts of the country; both have had an impact on the development of investments.

Source: O País

Kepeco becomes first Korean electricity provider in Africa

Korea Electric Power Corporation (Kepeco) launched the first overseas trial of its micro-grid power system. On Monday (6 July) the Korean electricity supplier said that it broke ground on the system in Mozambique on Friday (3 July), the day after it signed an official contract with FUNAE.

Kepeco stated that it is the first Korean company to operate an electricity business on the African continent.

The micro-grid will be set up in Mahanhane, Boane City (approximately a two hour drive from Maputo). Once the system is completed in November, it will be able to provide steady power to roughly 50 homes, schools and community centres.

Micro-grid is a small-scale power grid that provides electricity to remote regions. It can operate either connected to an outside power grid or independently.

Source: Korea Joongang Daily

A million Mozambicans have access to energy

According to data revealed in Maputo in the course of a debate on the theme of 'Energy asymmetries: challenges and opportunities for the development of Mozambique', one million people living in the country now have access to electricity.

Mozambique has great hydroelectric potential, estimated at approximately 12,000 megawatts (MW). Of this, roughly 2,075 MW is currently generated at the Cahora Bassa Dam on the Zambezi River.

Of the country's total hydroelectric output, only 22% is consumed domestically, most of it by the Aluminium Smelter Company in Mozal. The remainder goes to neighbouring countries like South Africa and Malawi. The year 2030 was set as the target for universal access to energy.

Individual households represent 20% of all energy consumed in Mozambique, but experts consider that access to energy in Mozambique is intrinsically linked to citizens' purchasing power.

The high cost of energy, poverty, underpaid agricultural employment and the increase in public debt are seen as factors mitigating against universal access to clean, renewable energy in Mozambique.

Source: Notícias/Televisão de Moçambique

Hidroeléctrica de Cahora Bassa invests US\$10 million in various projects in Tete Province

Hidroeléctrica de Cahora Bassa has invested over US\$10 million in the implementation of various economic and social development projects in areas such as: the expansion of the electricity network and water supply, the rehabilitation of roads and the construction of health facilities and schools.

The investments were made as part of the company's social responsibility programme in and around Cahora Bassa, Mutarara and the Songo village.

Source: Canal de Moçambique

Two former generals invest in the electricity business

Attracted by the growing need for electricity in the country, two companies have joined forces to create a Joint Venture company in Maputo, specialising in low, medium and high voltage equipment, under the name Incomati Power System.

The first of the two partner companies is API Investimentos, which is well-connected in influential Mozambican circles. It was created in 2012 by the former head of the Mozambican air force, João Americo Mpfumo and the former general chief of army staff, Paulino José Macaringue.

The second partner in Incomati is the South African firm High Voltage Technology, which was founded in 1994 and headed by Ganas Naidoo. The latter is related to Pat Naidoo, who is a member

of the board of Eskom, the South African national electricity operator.

Source: Africa Intelligence

Huawei eyes Mozambique and Angola

Chinese ICT solutions provider and manufacturer, Huawei, has identified Mozambique and Angola as having strong potential for its business in Africa.

According to the company's vice-president for southern and eastern Africa, David Wang, while these markets are not the fastest-growing for Huawei's business, they've seen solid GDP growth and have strong "human resources" which the company hopes to better tap into.

The laying of the submarine South Atlantic Cable System, set to link Luanda (Angola) with Fortaleza (Brazil), is expected to considerably cut the costs of data. The cable will also link regional African countries.

"It's a very good thing to connect the continents and provide more bandwidth for the whole industry", Wang said during a media roundtable last month (June).

"Currently, across the whole African continent, every country has its own fibre optic backbone. But interconnection across borders? So far we haven't seen much of this".

However, South Africa, Nigeria, Egypt and Kenya remain the fastest-growing markets for Huawei, which supplies various products – including mobile phones, modems and dongles.

Last year (2014) the company imported approximately one million of its smartphones into South Africa. "If you

look at the industry, you will always find that if the population is there, the opportunities are there”, Wang added.

While voice services remain strong in Africa, the company sees huge demand for data, and has laid over 50,000 kilometres of fibre optic cables across the region to help stimulate its data service business.

“We need to encourage end-users to consume data as much as possible”, he continued. “That is why operators today realise that we need to embrace OTT”.

OTT services or apps, like WhatsApp, can bring in revenue for telecommunication companies in the form of data usage. “So for Africa, the data service era is coming, but currently the infrastructure, especially the connectivity, is not sufficient. And this is why we need 5G, because big data is needed to meet more demand”.

While many developing countries now have 3G and 4G in urban areas, Wang notes that Africa has been slow on the uptake, with major cities in South Africa offering a limited 4G network, but not much elsewhere.

“So according to the data requirements, and what we need to do to meet it in the current situation in Africa, connectivity is most important – not only for urban areas but also for those living in rural areas”.

Increasing internet connectivity, he added, will require the contribution of both government and private sector stakeholders. “ICT is not just one industry. It has already become an engine that pushes GDP growth and contributes to the whole of society”.

Source: How We Made It in Africa

Vietnam develops seed rice for Mozambique

Vietnam will spend over US\$2 million developing seeds to be used in a large-scale rice production project in Zambézia Province, said the Vietnamese ambassador to Mozambique.

Nguyen Van Trung, who was speaking at the Mozambique/Vietnam Business Forum held last week (26 June to 3 July) in Maputo, between Mozambican and Vietnamese businessmen, also said that the project aims to ensure food security in the province, which is still suffering the effects of floods that occurred earlier in the year.

The ambassador also announced that Vietnamese entrepreneurs would, for the first time ever, attend the FACIM, which takes place from 31 August to 6 September.

Vietnam is currently involved in several projects in Mozambique, notably in agriculture; aquaculture; telecommunications and trade, and last year the country invested over US\$400 million in Mozambique, following the acquisition of the country’s third mobile telephony license.

With diplomatic relations since 1975, the two countries posted two-way trade in 2014 of US\$100 million.

The Mozambique/Vietnam Business Forum was organised by the Vietnamese Embassy, the Association of Small and Medium Vietnamese Enterprises, in co-ordination with the CTA, the CPI and the Mozambican Association of Small and Medium-sized Businesses.

Source: Macauhub

Strategic ‘textile parks’ to streamline the cotton sector

The government intends to create three ‘textile parks’ as a way of boosting the country’s cotton sector. The parks will be located in Sofala, Mocuba district (Zambézia) and Nacala (Nampula). The parks will host small industries centred around the processing and storage of cotton.

The information was released by the director of the National Institute of Cotton, Norberto Mahalambe, who also revealed that the government is currently negotiating with several investors who have expressed an interest in building and managing the facilities.

The initiative aims at “empowering the country for the consumption of domestic production and increasing the number of cotton producers”. It is also aimed at encouraging the emergence of more industries whose main raw material is cotton.

Source: Canal de Moçambique

Number of cotton farmers decline in Sofala

The number of cotton farmers has declined sharply in Sofala Province, a fact that worries the authorities involved in the production of the cash crop.

10 years ago, Sofala had approximately 15,000 cotton farmers. Today, that number has halved. The delegate of the Cotton Institute in Sofala, César Marrama, explained that cotton producers no longer find the crop profitable, and many were switching to food production. Marrama made it clear that the Cotton Institute

faces a severe short-term challenge in reviving cotton production in the province.

Source: Notícias

Microbank promises financial inclusion project

The Botswana-based microcredit institution, Letshego, announced in Maputo on Wednesday (8 July) that it will be launching a new “financial inclusion” project to reach the poorest strata of Mozambican society and the most remote parts of the country.

The chief executive officer of Letshego-Mozambique, Chipiliro Katundu, told reporters that the objective of this micro-credit bank, which operates in all Mozambican provinces, is to use “innovative financial solutions” to improve the economic conditions of the Mozambican public.

Letshego became operational in Mozambique in 2011, and has become one of the most sought after financial institutions, since it only charges an interest rate of 4% on its loans, making it much more attractive than any other commercial bank.

Letshego claims that it has lent MT4.25 billion (approximately US\$112 million at current exchange rates). It offers loans of between MT3,000 and MT500,000.

Letshego was established in Botswana in 1998, and also operates in Lesotho, Namibia, Rwanda, Swaziland, Tanzania and Uganda. It is the largest company quoted on the Botswana Stock Exchange.

Source: Agencia de Informacao de Moçambique

Groups from Dubai and Thailand invest in real estate in Mozambique

Accommodation and lodging capacity in Maputo will increase from November with the opening of Torres Rani, a construction project presented on Tuesday (7 July). The project is expected to cost US\$206 million and is the result of co-operation between Rani Investment, based in Dubai, and the Minor Hotel Group of Thailand.

Built on 71,000 square metres in a prime area of the Mozambican capital and overlooking the sea, the two towers presented on Tuesday have a residential complex with 181 furnished apartments, and an executive complex, with an area of 22,000 square metres of office space, plus two floors of covered parking. The majority of the apartments will be managed by the Radisson Blu Hotels & Resorts group, while the remainder will be placed on the market under lease, a process that has already been launched by a specialised company.

The Managing Director of Rani Investment, Salim Bitar, who spoke on Tuesday at the presentation of the project, said that Torres Rani was “a quality development with high standards of health and safety, interior design and maintenance services, which responds to new demand for leisure, business and high-quality housing in Maputo”. Rani Investment has done business in Mozambique for over 15 years and owns four hotels in the country, including the Avani Pemba Beach Hotel (in the province of Cabo Delgado), the Anantara Bazaruto Island Resort & Spa, the Anantara Medjumbe Island Resort & Spa and the Radisson Blu.

Source: Macauhub

Maputo fish market to open this month

The new Maputo fish market will open this month (July) in phases, starting with the main pavilion, while the construction of kiosks and parking is yet to be completed.

According to *Notícias* the building is already painted, with some of the stalls and equipment already in place.

The same source also reports that the ice-making facility has been completed.

However, despite the fact that the main building is in an advanced stage of construction, the same cannot be said for the kiosks.

According to Arnaldo Monteiro, Municipal Director of Markets and Fairs, the kiosks will only be ready in November.

The parking area also has not yet been cleared, and trees need to be felled before work can begin.

Source: Folha de Maputo

21 countries confirm participation at Mozambique trade fair

At least 21 countries have already confirmed their participation in the FACIM to be held from 31 August to 6 September in Marracuene (Maputo Province).

According to the Chairperson of the Mozambican Institute for Export Promotion, Joao Macaringue, another seven countries have expressed interest in attending the event pending a final decision in the coming days.

The organisation estimates that the number of visitors for the 2015 FACIM could reach 85,000.

Registration began in February; however, according to the source, the number of participants began increasing (specifically in respect of domestic firms) since the end of June.

Macaringue said that during the month of July, the idea is to streamline the

organisation and raise awareness, so that more national and international companies sign-up. He said that Mozambique was committed to convincing countries that are still undecided.

Source: APA/Star Africa

POLITICS

Labour minister pledges support for ex-miners association

On Thursday (2 July) Labour Minister, Vitoria Diogo, pledged continued government support for the Mambadine Agricultural and Livestock Association, (in the southern province of Inhambane), which was set up by former miners and the widows of Mozambican miners who died in the South African gold and platinum mines.

Diogo met with members of the association in Massinga district, as part of her working visit to the province.

Set up in 2008, the association focuses on agriculture, poultry-breeding and other livestock, and possesses a flour mill that processes maize.

During the meeting, the association said that they need improved seeds, and a machine to clean the maize before it is milled.

In response, Diogo said that: “the government will continue to support this association and the population of Mambadine, so that people can continue working and producing food. This means fighting poverty”.

The association has already received a variety of support from the government, and Diogo is assessing how effectively this aid has been utilised. She appears satisfied, because she promised that, later this year, the machine they requested will be acquired.

Diogo also announced that the Massinga district government has a plan to drill 25 boreholes, one of which will be in Mambadine. The district government will also provide farmers with improved seeds.

Later that day, Diogo visited the Inhamussua Agricultural Institute, in Homoine district, where she was briefed on professional training projects for young people aged between 17 and 29, in areas that include metalwork, agricultural processing, sewing and dressmaking.

The Minister encouraged the trainees to work hard, in order to establish themselves as self-employed artisans. In their discussions with her, some of the trainees said that they wanted to join associations where the skills they have acquired will be productively applied.

Others said that they wanted to set up their own businesses. Diogo praised

their dynamism, and promised that the government will continue to encourage initiatives of this nature.

Source: Agencia de Informacao de Moçambique

Cuamba residents ask Nyusi for improved transport

On the first day of a working visit to the northernmost province of Niassa, President Filipe Nyusi faced complaints about the poor state of roads in the province.

At a rally in the city of Cuamba on Friday (3 July), residents demanded that work on paving the road between Malema (in the neighbouring province of Nampula), and Cuamba must be speeded-up.

They noted that the stretch of road between Nampula city and Malema had been completed, but there were huge delays in the work on the Malema/Cuamba stretch. Three years after the contract was awarded to the Portuguese building company Gabriel Couto, it has not progressed beyond the phase of earth movement.

The contract for the entire road is estimated at US\$315 million, which is a million dollars per kilometre.

In response, Nyusi declared that: “the stretch linking Malema to Nampula city is already done. Next month the work between Malema and Cuamba must be resumed, because the construction of this road is an imperative necessity”.

People at the Cuamba rally also called for a tarred road between Cuamba and the Niassa provincial capital, Lichinga,

and for the renovation of the Cuamba-Lichinga railway.

The railway line is located near the northern rail corridor that runs from the port of Nacala, through Nampula and Cuamba to the Malawian border. It was formally a lifeline for much of Niassa, but regular trains stopped running along it decades ago, partly because of the civil war, and partly because of the poor state of the track. Promises made by the private-led consortium running the northern corridor to rebuild the Cuamba-Lichinga branch line have never been honoured.

Nyusi promised the crowd that work on the railway line will resume this year, or in 2016 at the latest. The work on rebuilding the 268-kilometre line is budgeted at US\$120.5 million, and should take approximately 25 months to complete. The contract was signed in 2014 with the Portuguese company Mota Engil.

“The railway line has almost reached Mitande (about half way between Cuamba and Lichinga)”, he said. “We are not talking about a project that is not going to be achieved”.

Nyusi also promised that it would soon be possible to drive all the way from Maputo to Lichinga on tarred roads. “There was no paved road from Nampula to Malema. Now there is”, he said. The tarred road would be extended to Cuamba in Niassa, and then on to Lichinga.

Providing more detail on the roads, the Minister of Economy and Finance, Adriano Maleiane, said that funding already exists for tarring the road from Malema to Cuamba and on to

Massangulo. Funding was still being sought for the final stretch, between Massangulo and Lichinga, but Maleiane is confident that the work will be completed within the next five years.

“By that time, the road connection from Maputo to Nampula, and on to Niassa will be complete. This will considerably reduce the price of goods, as will the conclusion of the Cuamba-Lichinga railway”, said Maleiane.

Nyusi, whose professional background is that of a senior railway engineer (with CFM), visited the line and took a ride in a locomotive along the first three kilometres.

The President also promised the rally that: “we shall build electricity infrastructures throughout the country and promote the construction of dams”. Since the electricity generation capacity of the Cahora Bassa Dam (on the Zambezi River) is now at full capacity, alternatives sources of hydroelectric power need to be created, he stressed.

According to the President, two large capacity transformers will be installed shortly in the Cuamba municipality, with the object of strengthening the quality and accessibility of electricity in the area.

Nyusi said that efforts were already underway to improve the quality of electricity in the municipality, in order to ensure public lighting for the city.

The object, according to the President, is to ensure that electricity is supplied through the urban network from the local EdM substation.

But all these plans can only come to fruition if peace prevails. “Those who are creating conflict are not helping Mozambique”, said Nyusi, clearly referring to the former rebel movement, Renamo. “Peace is our daily bread”.

He warned the crowd that his government will only promise to do what it is confident it can carry out, and not (promise) everything that it would like to do.

Nyusi also visited the construction site of a new water treatment and distribution system for Cuamba, designed to minimise the dramatic water shortages that have long-tormented the city. The new system will more than quadruple the capacity to distribute clean water, and will benefit 72,000 people.

The new system is budgeted at MT656.6 million (roughly US\$17 million). Construction of the system, which should be completed in October, has created 300 jobs.

Source: Agencia de Informacao de Moçambique/Jornal Notícias

Mozambicans do not need any more enemies – Nyusi

President Filipe Nyusi declared that the enemy facing the country is poverty, and Mozambicans should not have to deal with any other enemies.

Speaking at a rally in Lichinga (Niassa Province), Nyusi stressed the need to preserve peace; because only with peace could Mozambicans deal with poverty. Mozambicans do not want to go-to-sleep, and then wake up the

following day to discover that they are facing a new enemy, he said.

“We want the armed forces (FADM) to defend Mozambicans, our national sovereignty and our riches, and not to have to fight against other Mozambicans”, said Nyusi. “Peace, national unity and the defence of sovereignty are among the government's main priorities”.

To maintain peace, he added, the government will continue to rely on “dialogue between brothers”, so that war never returns to Mozambique. “When we are two brothers fighting, we are two poor people fighting”, said Nyusi. “Let’s fight against poverty, our only enemy. I am President of all Mozambicans, and so I am prepared to enter into dialogue with everybody”.

Responding to one of the Lichinga residents who spoke at the rally, Nyusi confirmed that he intends to hold another face-to-face meeting with Renamo leader, Afonso Dhlakama. The two leaders met twice in February, and Nyusi was able to persuade Dhlakama to call-off the Renamo boycott of the newly elected Parliament.

“He’s a Mozambican, and I can communicate very well with him. So we shall have to sit-down together again”, said Nyusi, to applause from those attending the rally.

Nyusi said that ideas from other political parties are welcome and, if they are feasible, he will take them seriously, just as he takes seriously ideas from members of his own Frelimo party.

Source: Agencia de Informacao de Moçambique

Nyusi promises bridge over Lunho River

On Sunday (5 July) President Filipe Nyusi announced in the town of Metangula (Niassa Province) that work on a bridge across the Lunho River will begin next year (2016).

Lunho is a small river north of Metangula, which flows into Lake Niassa. A bridge here would make it easier for people to travel overland from Metangula to Messumba, Mbamba, Chia, Kobwe and other areas near the lakeshore.

Currently these places can only be reached via small boats.

Nyusi reiterated that he has added the improvement of Niassa’s transport links into the government’s poverty reduction plan. “Mozambicans have already identified their enemy, which is poverty”, he said. “We shall promote development, in order to meet the needs of the poorest strata of our population. Mozambicans are fighting for roads, bridges, schools, hospitals, electricity and water. They are striving to do away with poverty”.

According to President Nyusi, among the weapons that need to be applied to the fight against poverty are agriculture, fishing, forestry, mining and the development of tourism. The latter could be of particular importance for Metangula, given its spectacular location on the pristine waters and beaches of Lake Niassa.

President Nyusi added that the lake contains more than a thousand species of fish. In addition to edible fish, this includes many brightly-coloured

ornamental fish, much in demand for aquariums. President Nyusi said that fishing on the lake is a resource that can be exploited sustainably. Much of Niassa is densely forested. The President emphasised that these forest resources should only be applied to winning the battle against poverty.

“The fight against poverty is a fight for everyone”, he said. “All of us need to be involved”. He cautioned, however, that it would “not be possible to solve all the problems at once”.

As has become the theme of his presidential visits to the provinces, people at the Metangula rally were asked for their suggestions. Their requests included: a higher education institution in the province, an institution of technical and professional education, and the introduction of semi-industrial fishing on the lake.

President Nyusi said that most of these priorities are already covered in the government’s Five-Year Programme, adding that: “the government’s boss is the people. The people have to say what they want us to do”.

According to President Nyusi, the Five-Year Programme is not only based on the Frelimo election manifesto, but also on the election manifestos of various other parties as well.

The government is working on expanding secondary education, and setting-up a technical and professional education college. Only at a later stage can a university be established in the district. But there are already four universities in the provincial capital, Lichinga, and one in Unango, he said.

Bit by bit, these universities will set up facilities elsewhere in the province, and will eventually reach Metangula.

Source: Agencia de Informacao de Moçambique/O País

New inspection vessel for Lake Niassa

On Sunday (5 July) President Filipe Nyusi inaugurated a new fisheries inspection vessel on Lake Niassa, baptised the ‘Ngolokolo’,

José Ntaia, head of the inspection department in the Niassa Provincial Fisheries Directorate, said that the ‘Ngolokolo’ will greatly contribute to covering the entire 245 kilometre length of the lake on the Mozambican side. “We can now work with confidence in covering the entire extent of the lake”, he said.

The new vessel joins three small patrol boats in protecting the lake from illegal fishing. An agreement on fishing disputes currently exists with Malawi, which owns two islands inside what is otherwise the Mozambican portion of the lake.

“What we are doing is promoting discussion and sharing information about the use of fisheries resources”, said Ntaia.

President Nyusi also inaugurated a photovoltaic power station in the Mavago district, which has the capacity to generate 550 kilowatts of power. This station has the capacity to supply electricity to approximately 1,000 households, and a number of local social and economic projects.

The energy generated by the station comes from 2,495 solar panels. The power station is run by FUNAE. President Nyusi urged FUNAE and Mavago communities to co-ordinate with the district administration, in order to develop a management model that will contribute to integrated development, and generate revenue that will gradually pay for the US\$13 million investment needed to build the station.

President Nyusi told the Mavago residents who attended the meeting that it had only been possible to build the power station because of an environment of peace and tolerance. He urged his audience to continue cultivating that environment.

The power station was built with funds provided by the South Korean government, and is the third photovoltaic power station to be established in Niassa. The others, financed by the Mozambican government, are located in the Muembe and Mecula districts.

The chairperson of the FUNAE board, Miquelina Menezes, said that the Mavago station is the largest of the three in terms of generation capacity. The availability of electricity in Mavago could attract private investment in industries to exploit and process the precious stones known to exist in the district, as well as in agro-industry based on local production of maize, beans, oilseeds and vegetables.

Source: Agencia de Informacao de Moçambique

Nyusi visits Niassa's AC-Matama Agro-Industrial Complex

On Monday (6 July) President Filipe Nyusi visited the African Century-Matama Agro-Industrial Complex (AC-Matama) on the outskirts of Lichinga (Niassa Province).

The director of AC-Matama, Sergio Gouveia, told the President that the complex has been in operation since 2012, and it currently produces soya and maize for animal feed. The complex is awaiting the arrival of electricity in order to begin producing frozen chickens.

In order to establish the complex, the British company African Century, and the Mozambican Malonda Foundation, invested US\$4.5 million. Of this sum, US\$1.8 million was spent on purchasing equipment such as tractors, combine harvesters and sprayers.

Previously, the soya used to make animal feed was imported from Argentina and India, but AC-Matama decided to produce the soya locally. Gouveia said that AC-Matama now produces 1,500 tons of soya and 1,200 tons of maize annually.

Without electricity, AC-Matama cannot produce its own animal feed. Consequently its soya and maize is sent to the factories producing feed at Lioma in the neighbouring province of Zambézia, and in the city of Nampula.

Once AC-Matama has power for its plant, producing poultry feed, it hopes to become a major supplier of chickens for the domestic market.

“Currently we are expanding the area under irrigation, so that we can reduce dependence on rainfall”, Gouveia told President Nyusi. The company has 3,800 hectares of land, but so far it is only cultivating 1,800 hectares.

Source: Agencia de Informacao de Moçambique

Dhlakama threatens to once again paralyse the EN1 highway

Renamo leader, Afonso Dhlakama, has once again threatened to “govern by force”, if the government does not submit to his demands.

Renamo wants to establish provincial municipalities in six northern and central provinces (Manica, Sofala, Tete, Zambézia, Nampula and Niassa). As Dhlakama has repeatedly made clear in public statements, the “presidents of the provincial councils” in these provinces would not be elected - he would appoint them.

Renamo would also appoint all the district administrators and heads of administrative posts.

Since the proposal would allow Renamo to take over the government structure in the six provinces, from top to bottom, it is not surprising that Parliament, where the ruling Frelimo Party holds a majority of 144 of the 250 seats, rejected the Renamo bill (advocating this proposal) earlier this year.

On Sunday (5 July) Dhlakama said that he was running out of patience. He has issued several ultimatums, warning Frelimo that, unless it changes its mind, and passes the Renamo bill, he will seize the provinces he wants anyway.

The Frelimo majority in the Assembly, and the government, have ignored these threats, and so far Dhlakama has been unable, or unwilling, to carry them out.

Speaking at a former Renamo base in Macoca (in the central province of Manica), at a ceremony marking the 35th anniversary of the creation of the Renamo Women’s Detachment, Dhlakama threatened to expel government administrators from the six provinces. He claimed that he would not need to use force to do this - although in the same speech he also promised to “govern by force”.

He threatened to use Renamo’s militia to close the main north-south highway (EN1) to traffic. This was a threat to revert to the tactics used in 2013, when Renamo launched a low-level insurgency in the central province of Sofala. Between June 2013 and August 2014, Renamo gunmen ambushed vehicles on the 100 kilometre stretch of highway between the Save River and the small Sofala town of Muxungué. The attacks forced the government to organise military escorts for convoys of vehicles along this stretch of road.

“I shall paralyse the road and say that no vehicle passes today”, Dhlakama menaced. He also threatened to forcibly “evacuate” public buildings and expel the administrators appointed by the government, “without waging war or beating-up anybody”. He did not say what he would do if the administrators refused to go and the local police units put up resistance.

If Frelimo “continues to play around”, then Renamo “will govern by force”, he said - a threat which Dhlakama has

made, in almost identical words, many times before.

Source: @Verdade/Folha de Maputo/Lusa/Agencia de Informacao de Moçambique

“The solution is not to dismiss the governors” – Nyusi

During a recent press conference in Lichinga (Niassa Province) President Filipe Nyusi stated that it does not make sense that, after he was elected as President, someone else should also claim to govern.

“After the elections, where we all fought hard, a winner was declared. The world recognised him, and now someone comes along and says that he should be ruling. It would be a duplication of governance. To the world, it would seem a little ridiculous”, added President Nyusi.

According to reports, President Nyusi stated that he did not want to get into a “war of words”, but that he wanted to discuss the matter, so that people would realise that the solution was not to go about dismissing governors. President Nyusi also said that there are some things that run counter to the will of the people, stressing that he knows what the people’s concerns are.

The President was responding to a question about recent comments made by Renamo leader, Afonso Dhlakama, who said that he would dismiss the governors of the six regions where he claims victory in last October’s elections.

In addition, the President said that in all the places that he had visited, including Lichinga, the people were calling for

peace. They recognise the government structures that exist in the country and they applauded the governors, because they knew that they were working on behalf of all Mozambicans.

President Nyusi went on to ask how someone could dismiss a person that he had not put there himself, pointing out that the only person who could fire someone was the person who appointed him.

Source: Folha de Maputo/Jornal Notícias

Public Works Ministry discusses resilience to floods

Integrated and co-ordinated flood management, through developing and harmonising laws, policies, strategies and funding is amongst the measures suggested by the Ministry of Public Works to ensure that infrastructures are more resilient to natural disasters.

The ministry also suggests strengthening the decision-making model for: territorial planning; investing in the management of water resources and protection against floods; strengthening technical and institutional capacity; establishing minimum criteria for safety standards; and planning based on information about extreme events.

Speaking on Monday (6 July), at the opening of a Maputo meeting called to reflect on the resilience of infrastructures to floods, the Minister of Public Works, Carlos Bonete, said that Mozambique is one of the African countries most exposed to cyclical natural disasters, such as floods, droughts and cyclones.

This exposure results from its location downstream of nine rivers, which are prone to frequent flooding.

“The scenario is a matter of concern because the country does not possess sufficient financial resources to respond, on a cyclical basis, to the need to restore infrastructures after damage is caused by floods”, said Bonete.

He put the losses, caused by the floods in the 2014-2015 rainy season in central and northern Mozambique at US\$500 million. Among the infrastructure destroyed were 55 bridges, 3,344 school classrooms, 22 health centres, and 21,000 houses. Faced with this harsh reality, Bonete stressed the importance of a comprehensive assessment of mechanisms for reducing the vulnerability of infrastructures, based on an analysis of past events and the damage they have caused.

The object of the meeting, attended by former leaders of the ministry, academics, development partners, and figures who have participated in construction programmes, was to identify structural solutions that can be added to current policies, in order to influence the performance of stakeholders in economic planning and development, which can then contribute towards reduced vulnerability.

The one-day meeting discussed themes such as: “floods in Mozambique: causes, management, impacts and challenges; challenges and opportunities for the development and management of infrastructures resilient to floods”.

Source: Agencia de Informacao de Moçambique

Governor of Maputo calls for the payment of taxes

The Governor of Maputo Province, Raimundo Maico Diomba, has urged all inhabitants of the Mulotane, Matola and Boane-river communities to pay their National Reconstruction Taxes, in order to contribute towards strengthening the State’s ability to improve the living conditions for all citizens.

Diomba made the appeal in the Boane district, whilst delivering three new ambulances to the local hospital.

“Today we deliver these ambulances to reduce some of the problems that Mulotane, Matola-Rio and Boane encounter when it comes to healthcare. It is, however, necessary that each citizen contributes by paying the National Reconstruction Tax...” said Diomba.

According to data, in 2007 the Mulotane locality had a population of 13,500 inhabitants. Current data, however, suggests that there could potentially be over 16,000 inhabitants living in the community, living predominantly on subsistence farming.

Celso Manjate, head of the Mulotane district, subsequently addressed Diomba - on behalf of the local community. According to Manjate, the community lacks adequate classrooms, particularly at the local primary school, where all classes take place outside.

Manjate also discussed issues concerning the expansion of the local electricity network, the lack of drinking water, the need to restock domestic livestock and the high crime rates in the area.

In response, Diomba stated that all of the concerns had been noted and will be lodged with the central government for discussion.

Source: Jornal Notícias

Namaacha residents to gain better access to drinking water

More than 17, 000 inhabitants of the Namaacha village will benefit from the construction of more boreholes, thus reducing the scarcity of drinking water in the area. The new boreholes will cost the local municipality approximately MT3 million.

According to local mayor, Jorge Tinga, the city council acquired the funds from local coffers, and is currently seeking additional funding via various partnerships to ensure that more boreholes are constructed in the future.

The lack of water, resulting from poor rainfall in the area over the past few years, is not the only problem facing the residents of Namaacha. Traffic congestion has become a major problem and as a result of this, the local council has launched a public tender for the construction of a new 830 meter paved road, parallel to the main road. Construction is expected to start later this year.

The project is valued at MT5 million.

Source: Jornal Notícias

Minister Namashulua on official working visit to Matola

On Wednesday (8 July) the Minister of State Administration and Civil Service, Carmelita Namashulua, arrived in the

city of Matola (Maputo Province) where she will engage in a working visit until Monday (13 July).

During her stay, the minister will supervise all local agencies to ensure that they are carrying out their duties to the best of their abilities.

On Friday (10 July), Namashulua met with the president of the Municipal Council and his organisation. The meeting addressed issues such as: the structure and function of the municipal bodies; the composition of the Municipal Regulation Council; the concerns of the citizens; and the relationship between the City Council, District Government and other state institutions.

Focusing on the issue of human resources, the minister said that she will be addressing: the working conditions of staff; pensions and those who have reached retirement age; the training of municipal technicians; the implementation of the decree concerning the settlement of contracts of state agents and the personal registration organisation; the annual classification of the municipality officials; and “proof of life” in respect of employees on the State’s payroll.

Subsequently, the minister met with the president of the Municipal Assembly, followed by another meeting concerning a City Council report. The minister then visited the sites of two projects currently being financed by the urban poverty reduction programme (PERPU).

Source: Jornal Notícias

Complete inventory of State owned property in Mozambique to be ready in six months

On Wednesday (8 July) Prime Minister Carlos Agostinho do Rosario launched the government's campaign to draw up a complete inventory of state property.

This initiative is part of a drive to improve the management of public finances. The government has vowed to undertake a complete inventory every five years. It will take six months to carry out the full inventory.

At the Wednesday launch, Rosario stressed that the property owned by the state is growing continually, thanks to public investment, including the building of more schools, hospitals, water, roads, bridges and other infrastructure.

"Valuing state assets requires individual and collective responsibility of all managers of the public administration, and of the country in general", he said.

Rosario challenged public managers to contribute to the development of the public sector by guaranteeing the maintenance, conservation and responsible use of all existing state property, and also that which may be acquired in the future.

He said that the object of the current campaign is to identify all state assets, in order to update the existing records of state property. He hoped that this would lead to rationalisation, better priorities for public expenditure, and an improvement in accountability.

The Prime Minister called on all Mozambicans to use the State's fixed and movable assets, in each sector of

activity, efficiently and rationally, "so that they can serve more citizens in the future".

Source: Agencia de Informacao de Moçambique

Renamo deputy suggests HIV test before marriage

On Wednesday (8 July) Renamo MP, Américo Ubisse, put forward a novel idea for tackling the high rates of HIV prevalence in the country. However, the suggestion was immediately rejected by Frelimo deputy, Beatriz Chaguala, as "absurd".

Ubisse suggested that couples should take a HIV/Aids test before marriage, as this might slow the spread of the disease, especially among young people.

This idea was immediately dismissed by Chaguala, rapporteur of the parliamentary office for the prevention and fight against HIV/Aids (the person appointed to report on the proceedings of its meetings), who spoke of the fear that tests could increase stigma and discrimination in society.

The point was raised on Wednesday during the first session of Parliament, which discussed the report of the parliamentary office for the prevention and fight against HIV/Aids.

Source: O País

Nyusi urges OMM to reach out to women with differing knowledge and opinions

On Wednesday (8 July) President Filipe Nyusi, speaking in his capacity as president of the ruling Frelimo Party, urged the Mozambican Women's Organisation (OMM) to promote a permanent dialogue and consultation with all Mozambican women without discrimination.

Such a dialogue, he claimed, would allow the identification of concerns, expectations and contributions of all society in the search for joint, representative and sustainable solutions.

Nyusi was opening a meeting of the National Council of the OMM, which is affiliated to Frelimo, in Xai-Xai (Gaza Province). The meeting lasted until Friday (10 July).

"The scale of the OMM's success depends on its support and humanism towards other women with differing knowledge and opinions, inviting them to adhere to or accept our principles of patriotism", said the President.

Praising the role of women in society, the President stressed: "your role in all aspects of our lives is always present in my soul".

"Let us define the project which allows us to continue to promote the human development of Mozambique. This should include and prioritise: the dignity of women; respect and value for their opinions; and enhance the recognition of their important role in our society", he urged.

Nyusi called on the OMM to play a pioneering role in the promotion of national unity and internal cohesion within Frelimo, guided by the constitution of Frelimo.

"The OMM does not want Mozambican women to be used to stir-up divisions among us, to promote exclusion or foster political self-exclusion", he added.

After recalling that the OMM was set up during the independence war (on 16 March, 1973), by the then president of Frelimo, Samora Machel, to face the challenges of national liberation, the President said that the emancipation of women was not just a doctrine, it is a vehicle to achieve further national development.

"Forty years after our independence", he added, "Mozambican women now have the space to affirm their freedom and to contribute actively to the development of Mozambique".

"Today women are doctors, nurses, teachers, police officers, architects, sportspeople, artists. Today women are entrepreneurs and business people", the President said. "Today women are fundamental and tireless contributors at the forefront of the country's development".

Highlighting this encouraging scenario, the President nevertheless pointed to challenges facing women, and society in general, which deserve greater attention, such as: the alarming rate of chronic malnutrition among children under the age of five (43%, according to one recent survey). This is a public health problem, and fighting it depended on a balanced diet for children, "which

can be disseminated by women, by mothers”.

According to the President, the HIV/AIDS epidemic is a further challenge. Fighting it requires more than medical intervention, it requires courage and determination. “Without healthy people, it will be difficult for society to survive”, added the President. “Our primary duty is to defend our own lives, so that we can give life and love to our neighbours”.

The meeting examined a report from the OMM national secretariat, covering the organisation’s activities from August 2014 to June this year. It also discussed a date and venue for the next OMM Congress.

Source: Agencia de Informacao de Moçambique

OMM not expected to change leaders until congress

No changes are expected in the leadership of the OMM at the meeting of the OMM National Council, held in Xai-Xai (Gaza Province).

The Council’s spokesperson, Maria Machute, told reporters on Thursday (9 July) that the president of the OMM remains Maria da Luz Guebuza, wife of former president Armando Guebuza, and she will remain in office until the next OMM Congress (the date and venue for which have not yet been fixed).

Guebuza was not present at the meeting because, like the rest of the Guebuza family, she is in mourning over the death of the former president's

mother, Marta Andre Bocota (see “Other” section for more).

The presence of the current First Lady, Isaura Nyusi, at the meeting caused some speculation, but Machute made it clear that Guebuza is still the president of the OMM.

“According to our Statutes, the president of the OMM is proclaimed at the Congress”, she said. “Until our Congress is held, Maria da Luz Guebuza remains our president. So I cannot say that we are going to replace her. We are not going to do anything until we hold the Congress”.

Isaura Nyusi was on the podium at the Council meeting, simply because “she is the wife of the President of our Frelimo Party, and we are an organisation affiliated to Frelimo. We have to give prominence to key personalities”.

Likewise the current OMM General Secretary, Maria de Fatima Pelembe, will retain her position until the end of her term of office - even though President Nyusi has appointed her deputy minister of veterans’ affairs.

Machute saw no reason for Pelembe to resign, since there was nothing incompatible in being both a leader of the OMM and a member of the government.

“Our General Secretary lives in Maputo. She directs the organization from there”, said Machute, “and she is perfectly entitled to accept the government position entrusted to her”.

The agenda for the meeting included a series of lectures and discussions on topics that include HIV/AIDS, breast and

cervical cancer, the government's Five-Year Programme, xenophobia and intrigue.

Reporters were surprised to see the term "intrigue" on the agenda, but Machute hastened to assure them that there are no intrigues inside the OMM, and the discussion was only "a form of precaution".

"There aren't any intrigues among the comrades", she claimed, "but intrigue is a heavily-used means of communication. Often intrigue is a negative means of communication, and we want to take precautions against this. That's why we've put the theme on our agenda".

Source: Agencia de Informacao de Moçambique

Gundiwa engages in working visit to Nampula

On Thursday (9 July) the Minister of Combatants, Eusébio Lambo Gundiwa, initiated a six-day working visit to Nampula Province. During his visit, Gundiwa will travel to Nacala, Monapo, Meconta, Muecate, Ribáue and Rapale.

The working visit is aimed at assessing the level of compliance with the programmes outlined by the government, within the framework of socio-economic integration policies for combatants and the preservation of the historical heritage of the country.

In addition, Gundiwa will address the resident combatants on matters concerning the challenges and goals set out by the government within the new governance cycle, specifically focusing

on the issue of pensions and promoting social inclusion of former combatants.

Gundiwa also held a courtesy meeting with the provincial governor of Nampula and the administrators of the districts. The minister also met privately with resident combatants, in order to become acquainted with the problems faced by this social group.

Source: Jornal Notícias

Renamo dissidents call for dismissal of provincial delegate

A group of 21 people, claiming to be Renamo members in the northern city of Pemba, have accused the Renamo Cabo Delgado interim provincial delegate, Tome Fernando, of theft, negligence and nepotism.

The group, which includes local Renamo political delegates, and "regulos" (traditional chiefs), have sent a letter to the daily newspaper *Notícias*, claiming that Fernando had stolen an unspecified sum to equip a mini-bus he owns, that allegedly ferries passengers between the towns of Montepuez, Balama and Baioto.

They claim that Fernando does not put in an appearance at the Renamo provincial offices, and that, during the 15 October general elections, he did not distribute Renamo's copies of the voter roll to the party's delegates in the polling stations until three hours after the polls had already opened. They believe that this contributed to Renamo's poor results in Pemba.

They allege that Fernando had interfered in the order of names on the Renamo lists of candidates for the

country's Parliament [the Assembly of the Republic], for the Cabo Delgado provincial assembly and, a year earlier, for the Pemba Municipal Assembly. He changed the lists, they claim, so that his relatives and friends would stand a greater chance of entering the Assemblies.

The letter also says that Fernando held a two-day seminar for Renamo district delegates, but expelled two of them (identified as Arlindo Zacarias and Americo) for poor personal hygiene. The group claims that Fernando accused the two of "not taking baths and not brushing their teeth, and hence the flies follow them".

The group said that they do not want Fernando to remain as provincial delegate, "and we blame the national headquarters because it does not consult us. The party's general secretary (Manuel Bissopo), and its President (Afonso Dhlakama), when they come here, do not meet with or listen to the grass-roots structures".

The letter announced that the group is setting up a four member commission to run the Renamo organisation in Cabo Delgado, until elections can be held for a new provincial leadership.

When *Notícias* contacted Fernando, who was in Montepuez at the time, he asked the paper not to publish the allegations.

"What they're saying is not true", he said. "This isn't news. Let us investigate the matter first. Don't publish this".

He recognised that the group exists but claimed they were "marginal figures who want, at any cost, to stain the image of

the party. They were expelled from the party years ago, and the case is before the courts".

"They've been doing this for 20 years", said Fernando. "This time they tricked a group of young people into signing the letter they sent you. Later the youths discovered the truth and came to the party to denounce the allegations".

He claimed it was "a criminal matter", and Renamo would take it to the provincial attorney's office.

Source: Jornal Notícias/Agencia de Informacao de Moçambique

Mozambique and the United Kingdom to strengthen partnership for prosperity

Mozambique and the United Kingdom (UK) plan to strengthen the relations between the two countries and consolidate the effective Partnership for Prosperity, initiated in 2014, following discussions on how to maximise the opportunities in areas of common interest.

This proposal was discussed by the High Commissioner of Mozambique in the UK, Carlos Santos, and Baroness Lynda Chalker, at the official reception marking the 40th anniversary of national independence (on 3 July), held at the Institute of Directors in London.

The celebrations were attended by members of the diplomatic corps, businessmen, academics, representatives of non-governmental organisations and representatives of the Mozambican community (most notably the association House of Mozambique

and the Mozambican Women's Organisation).

The UK government was represented by the Baroness, a member of the House of Lords and honorary citizen of Mozambique, as well as other senior officials.

Speaking on the occasion, Ambassador Santos highlighted the joy and pride felt by all Mozambicans on the occasion of the 40th anniversary of national independence.

In turn, Baroness Chalker emphasised the qualitative and quantitative growth of bilateral relations between the two countries in recent years, particularly in respect of political, financial and diplomatic relations.

In this context, the Baroness mentioned the decision taken by the two governments to improve and strengthen the level of relations to achieve the "high level of partnership for prosperity", approved in 2014. The two representatives subsequently discussed how they intend to improve and maximise opportunities in areas of common interest, for example: agriculture, mining, financial services and the business environment (specifically British investment), and education/training.

Source: Jornal Notícias

Chissano meets with Zambian President in Malawi

Former president Joachim Chissano recently held bilateral talks with Zambian President Edgar Lungu in Malawi.

During the meeting Chissano formally congratulated President Lungu for having won the presidential elections in January 2015.

Chissano said that he has heard many good things about President Lungu, and that his hopes for Zambia have been reignited because of him.

Chissano expressed his hopes that President Lungu will revive the bilateral relations between Zambia and Mozambique, dating back to the days of former president, Kenneth Kaunda.

President Chissano (who is deputy chairperson for the Peace Parks Foundation), also asked President Lungu to try and convince his fellow SADC leaders to take a special interest in wildlife conservation.

In return, Lungu accepted the invitation to become the Goodwill ambassador for the Peace Parks Foundation in the region.

Source: ZNBC

"Ematum debt is sustainable" - Alberto Chipande

On Monday (6 July), former defence minister Alberto Chipande came to the defence of the US\$850 million loan that Ematum raised on the Eurobond market in mid-2013.

Chipande, who enjoys great prestige as the man who fired the first shots in Mozambique's war for independence, claimed that the Ematum debt is sustainable.

He believes that the creation of Ematum is part of "the strategy for the economic

liberation of Mozambique”, and that the loan has also contributed to the defence of Mozambican territorial waters.

The initial purpose of the loan was to purchase 24 fishing vessels and six patrol boats from a shipyard in the French port of Cherbourg.

Chipande stressed the need to defend Mozambique’s maritime borders. “This all has to be defended”, he declared. “We Mozambicans have to seek all possible means to survive as a sovereign country”.

In the past tuna fishing in Mozambican waters has been conducted almost exclusively by foreign vessels, and the only benefit Mozambique has derived is from the payment of licence fees. It is hoped that the Ematum loan will be the basis for a thriving Mozambican tuna fishing and processing industry.

Chipande argues that people should ignore accusations that some of the Ematum money was being stolen. “What was stolen?” he asks. “The government decided to resort to indebtedness, and nowadays money is not given away. We had to give an undertaking and so we gave that undertaking”.

The State needs tuna fishing boats and patrol vessels, and so “the debt is sustainable in terms of the interest of the state”.

But among the voices raised, querying the sustainability of the debt, are: the consultancy company Ernst & Young, which audited the Ematum accounts; the Minister of Economy and Finance, Adriano Maleiane; and former Prime Minister, Luisa Diogo.

The Ematum accounts for 2013 and 2014, published in May, paint a bleak picture of the company’s finances. The accounts show that in 2014 Ematum made a loss of over MT850.5 million (roughly US\$24.9 million). The accumulated losses - from 2013 up to December 2014 - were MT1.17 billion. Ematum’s own funds are therefore deeply in the red, at minus MT1.16 billion.

This is a situation that clearly worried Ernst & Young. In its audit report, it pointed out that the continuity of Ematum’s operations “is strongly dependent on a capital structure duly supported by the shareholders and/or by financial institutions, as well as on profitable operations in the future”.

Speaking in Parliament, on 18 June, Maleiane revealed that the loan carries the very high interest rate of LIBOR (London Inter-Bank Offered Rate) plus 6.5%.

It is repayable over seven years, with a two-year grace period, which is about to expire.

Maleiane certainly does not believe the Ematum debt is sustainable, and wants to re-negotiate it. The debt is currently split in two - the fishing assets, valued at US\$350 million, the responsibility of Ematum itself, while the State is required to repay the other US\$500 million.

“Seven years is a short period to repay US\$500 million, even with a two-year grace period”, said Maleiane, “particularly at this high interest rate. We are trying to negotiate a longer repayment period, and a lower interest

rate, and our partners, including the IMF, agree with us”.

Diogo has expressed serious concern about the country’s level of indebtedness, and particularly the Ematum debt.

“Something went wrong with the Ematum business plan - structuring the debt at such a high level, because it’s not a small debt. There was a failure in structuring the debt”, said Diogo.

“When we accept a debt, we must always bear in mind the sources for re-paying it”, she said. “We must always pose the worst scenario, which is what happens when the company is unable to re-pay. For a company to pay a particular sum, it must be structured in a particular way, and know how much it has to produce, if the debt is to be paid”.

Diogo points out that if, for example, a company has to pay US\$200 million a year in debt servicing “then it must produce at least 700 to 800 million dollars a year”. Yet the most optimistic forecast (from the government) is that when the Ematum fleet is fully operational, its fishing activities will bring in revenue of only US\$196 million a year.

Furthermore, there has still been no detailed explanation on what exactly the loan is being spent on. The initial estimate of how much the 30 boats built in Cherbourg would cost, according to the French press, was €200 million (approximately US\$220 million). So what is the purpose of the remaining US\$630 million of the loan?

Speaking in Parliament in late 2013, the then fisheries minister, Victor Borges,

said that the money was for items such as radars, satellite communications, on-shore installations, transfer of technology, licence fees, training, and running costs and the payment of interest on the loan for the first year.

But he gave no detailed breakdown of these costs, failing to tell Parliament how much money was to be spent on each of these items.

Until such an itemised breakdown is made available, suspicion remains that there is something illegitimate about the Ematum loan, and that this will continue to haunt the government.

In the meantime, on Tuesday (7 July), Frelimo deputy and former finance minister, Manuel Chang, once again refused to discuss the matter of the Ematum scandal, stating that: “whenever we have the opportunity to reduce the debt conditions, it is always good. So be happy”.

Chang was referring to the debt renegotiation process, recently proposed by Maleiane.

Source: Agencia de Informacao de Moçambique/Rádio Moçambique/O País

The fishing deal gets fishier

At the public expense, the government is set to rescue the controversial state tuna-fishing company, Ematum, from imminent collapse.

On 18 June, Finance Minister Adriano Maleiane confessed to Parliament that the US\$850 million bond that the government is currently backing was a bad deal and needs restructuring. Yet the government is still holding on to the

idea that the tuna-fishing element of the deal is viable. However, according to *Africa Confidential*, there is no serious prospect of tuna fleet profits repaying even a tiny fraction of the money due on the bond.

According to *Africa Confidential*, the tuna fleet was a fig-leaf designed to conceal a massive maritime protection and security deal from which senior figures in the governing Frelimo expected to make vast profits. Frelimo may also have spent some money from the deal in questionable ways, for example to ensure its controversial victory in last year's presidential election (15 October 2014). The price of some of the vessels is so unfeasibly high, say fishing and naval experts, that it may be concealing the secret purchase of other military equipment. It may also, they say, be covering up bribes and kickbacks.

The financial crisis into which Ematum has plunged the country is enormous. "Once again, I am beginning to have nightmares about the Mozambican debt", said former Prime Minister, Luísa Diogo, who (as finance minister) helped to negotiate a massive foreign debt cancellation. Maleiane told shocked members of Parliament that the total debt due on the bond, which matures in 2020, will be US\$980 million when repayments start this year. Over the next five years, at least US\$235 million will have to be found every year and it is the public who are most likely to be stuck with the bill because Ematum can generate only risible revenue.

The deal has saddled Mozambique with second-rate and over-priced fishing vessels and naval patrol boats. Built by

France's Constructions mécaniques de Normandie (CMN), the patrol boats include untested 42-metre high-speed trimarans, which one naval defence expert told us were completely unsuitable for the often stormy seas of the southern Indian Ocean. Although the 24 fishing vessels have now been delivered, the trimarans, and other expensive patrol vessels, will not meet the required specifications to do the job, and there is a severe shortage of trained crews. The expert thinks the boats are vastly over-priced.

Former president Armando Guebuza has attracted most of the blame and some Mozambicans, including senior Frelimo figures, have even been calling for his arrest. Ex-finance minister Manuel Chang, who signed the Ematum deal in secret without it going through the proper channels in his Ministry or being debated in Parliament, is also in the crosshairs.

State Guarantee:

Mozambique may be ill-equipped to pay the interest due on the bond. However, the viability (or otherwise) of Ematum was of no concern to investors in the bond, because it came with a state guarantee. Mozambique waived its right to sovereign immunity, meaning that investors can sue it if it does not pay. Last December (2014), the IMF deemed Ematum one of the country's two greatest fiscal risks, and issued strong warnings about the potentially disastrous effect. Considered by the Fund to be sovereign debt, because of the state guarantee, the US\$850 million used up a huge chunk of the total US\$1.2 billion that the government is allowed to borrow at commercial rates.

Last week, the IMF called for ‘stronger controls’ over state-owned companies in its fourth review, under its Policy Support Instrument programme. This, and a terse reference to ‘macroeconomic policy slippages’, are veiled references to the Ematum project, we understand. Behind the scenes, IMF criticism of the Ematum affair has been fierce. Under pressure from the IMF and bilateral donors, Ematum finally published its accounts on 1 June. They revealed that the company cannot make its first bond repayment, due this September, and made a loss of US\$25 million in its first year of operation, while interest due was almost US\$35 million.

Ematum managers have tried to explain the losses, citing start-up costs and an unfavourable exchange rate, but the message from the auditors is clear. Ernst & Young conclude that: “the continuation of operation ... is strongly dependent on a capital structure properly supported by the shareholders and/or by financial institutions, as well as the achievement of profitable operations in the future”. They also draw attention to the “loss of more than half the capital” of the company. The significance of the auditors’ judgment is clear: unless there is a big bailout, or an operational miracle, the company will go broke.

State burden:

The State, which as guarantor of the bond has been left holding the baby, can ill-afford the repayments. It has already implemented an austerity budget this year to bring its ballooning deficit down from 10.4% to an estimated 6.5% of GDP. The government is directly responsible for repaying

US\$500 million of the loan, which it has already been forced to make provision for in the state budget.

In December 2013 Chang, in his capacity as minister, announced that the government would take-on US\$350 million of Ematum’s debt after controversy erupted over the fact that the deal included armed naval vessels. Ematum has been publicly presented as a fishing concern - pure and simple. Chang claims privately, we hear, that he was under duress when he signed the state guarantee for the Ematum bond, which was not lawful at the time. Parliament has hastily had to pass a new law raising the limit for a state guarantee from US\$6 million to US\$500 million.

At first, the cost of all the vessels ordered was estimated at a little under US\$300 million. This sum, the government has confirmed, was to buy 24 fishing and six patrol vessels. When it came out that national defence was involved, the state was forced to take-on some of the cost. Now, Ematum’s accounts indicate that the cost of the boats is even greater, and so is the part of the deal destined for maritime security. In May, the provision in the defence budget for debt originally incurred by Ematum was quietly increased to US\$500 million, after further international pressure for transparency.

The Deal:

One main aspect of the original deal, that has raised much suspicion, is the fact that Ematum spent all of the US\$850 million in one go, instead of scheduling payments over time and making them conditional on suppliers

meeting their obligations. The contract is with Abu Dhabi Mar LLC, based in the United Arab Emirates' capital, and the parent company of Cherbourg-based CMN. As matters stand, there is no money to pay for fishing infrastructure or to staff and train the patrol boat crews.

Ematum's Chief Executive Officer, António Carlos do Rosário, has no known qualifications for running a maritime organisation. He is an officer with the feared intelligence service, the Serviço de Informação e Segurança do Estado (SISE).

Although SISE's social security fund, the Gestão de Investimentos, Participações e Serviços (GIPS), part-owns Ematum, Rosário seems to owe his position to the Frelimo elite rather than to his expertise. "This is the first experiment in Mozambique of a company like ours", he admitted to a local newspaper, without apparent irony.

He has not been asked, and has not defended, the extraordinary decision to spend all the company's capital so early in its history, and with no provision for recurrent expenditure such as training and salaries. Ematum has already announced that it is laying-off staff because of the shortage of funds, and the SISE link may be affecting the zeal of government members for scrutiny. Thinly-veiled threats about the personal safety of those in government judged to be too inquisitive about Ematum have already been made, according to a government source.

Pricey Boats:

Reports from security sources in Mozambique say that the single-hulled interceptor vessels – essentially,

militarised speedboats – are using reconconditioned engines. These interceptors cannot have cost Ematum as much as a completely new vessel: a figure of US\$100,000 per boat is a more plausible value than the apparent tens of millions of dollars, the sources suggest.

It also makes little sense that the remaining 18 vessels should cost US\$635.5 million, when original announcements placed the value of these same vessels, plus 12 more, at US\$300 million.

When Chang announced that the state was taking on the cost of the naval vessels, it was assumed that the remaining US\$500 million from the bond issue would be used by Ematum for hiring, training and building operational capacity. Yet Ematum has made it clear that all the money was spent on equipment.

In its accounts, Ematum lists the five fishing vessels it had received at that point as its own assets. In the apparent confusion of how the assets and debt are allocated, there is another glaring anomaly: the high value of the five fishing vessels. Ematum lists its tangible assets as worth just under US\$210 million, US\$113 million of which covers these five vessels. This values each vessel at a highly improbable US\$22.6 million. Commercial fishing experts who have observed the boats in Maputo port say they are old models, built with re-used steel hulls and not worth more than US\$500,000 to US\$1 million each at the very most. (Steel hulls are not used in modern trawlers because lightweight hulls permit large savings on fuel).

The figures are equally implausible when the naval vessels are accounted for. The three trimarans, which are experimental and use the latest technology, could not possibly be worth enough to make the overall figure of US\$635.5 million for the trimarans and 24 fishing vessels to be remotely plausible. All of this has led to intense questioning about why the boats should appear to be so expensive.

Missing Equipment:

There has been speculation about why all the vessels are not accounted for in the Ematum contract and that other, secret arrangements are in place. “It’s my guess some Frelimo ex-generals dreamed up a scheme to run a maritime security operation that they imagined would make them a great deal of money from protection of the offshore gas rigs”, one seasoned observer told *Africa Confidential*. “But they didn’t plan it correctly and now they find themselves with a lot of pricey boats and no one to sail them”.

Lawyers who have looked at the discrepancies say that the logical explanation is that there is some kind of “side contract” or additional, secret contract that accounts for the rest of the equipment. It could include, for example, the price of the reconditioned MiG-21 fighter-bombers and associated equipment that Mozambique is reported to have purchased in Romania. The state has taken US\$500 million of the Ematum loan into the defence budget. This suggests that the money may have been used for other military purchases.

The loan participation notes issued to investors by Crédit Suisse mention only 27 vessels, not 30, which could mean

that from the start, the interceptors and other equipment were not intended to be openly attributed to Ematum, despite being bought with the company’s money.

Banks and Bonds:

Crédit Suisse managed the original bond. We hear it is considering extricating itself from the deal on the grounds that it did not realise that the bulk of the money would be spent on defence equipment. A risk for the bank is that investors may complain that they believed they were investing only in a civilian fishing fleet. Evidence that the Ematum deal started life with national security in mind is strong.

In February 2013, Crédit Suisse produced a feasibility study for a maritime security project to accompany a US\$372 million state-guaranteed loan to a Mozambican company called Proindicus SA, which is jointly owned by the Interior and Defence ministries and SISE. The loan was to fund a contract already signed between Proindicus and the Abu Dhabi branch of Prinvest Shipbuilding SAL (Holding).

Prinvest owns 30% of Abu Dhabi Mar and its owner is Iskandar Safa, the Lebanese businessman who is also CEO of Abu Dhabi Mar and believed to be a personal friend of the Guebuza family. The deal was a turnkey project to be paid up front. It included the procurement of 12 interceptor vessels. The deal with Crédit Suisse was signed many months before Ematum was officially set up, we hear.

When the Ematum deal was first struck, there had been much talk in Maputo security circles about government

obtaining arms to defend the country and its oil resources. Many of those familiar with the deal believe that, far from being a tuna company that acquired a security dimension, this was an arms deal all along. The tuna fishing was added later on as cover, these sources say. The deal was unique in the speed at which it unravelled and the lack of forethought put into it. Many attribute this to the high level of secrecy and how rapidly Guebuza pushed it through. That is typical of bond issues in many developing countries, where powerful politicians can borrow money for pet projects, with additional corrupt benefits, and leave the consequences to future leaders.

The Elusive Tuna:

Astonishment still governs most responses to the details of how the Ematum was supposed to make money. Originally Chang said that there had been a feasibility study but then he refused to share it. It is an embarrassingly amateur document that drew, crudely, on decades-old studies, insiders tell *Africa Confidential*. The country produced a 'Tuna Fleet Development Plan' in 2012, but nowhere did it suggest procuring a whole new fleet or that Ematum could generate the extraordinary revenue claimed by the government.

In 2013, the then fishery minister, Victor Borges, claimed that a turnover of US\$200 million was feasible. Data from Mozambique's one existing large fishing ship, and the 125 or so foreign boats licensed to fish its waters each year, show that the country's 24-strong fleet would need impossibly large catches. Turnover is now more realistically aimed at US\$3 million a month.

Desperate to show angry, and interested foreign donors, something for all this trouble, Ematum invited television cameras aboard to film its operations. Yet the footage showed that most fish caught by the long-liners were marlin, a protected species. Photographs of the Ematum catches in the local press showed mostly sharks. Some are believed to be hammerheads, another protected species. This is not unusual, since tuna are predators and sharks are often in the same catch. They are worth far less, however, unless caught only for their fins, a delicacy in China (but a practice widely condemned as environmentally harmful) and banned in many countries. The suspicion that the Ematum boats have been catching sharks for their fins are strong, especially since Ematum, we have learned, now has a shark-fishing license.

Source: Africa Confidential

SECURITY

Security forces in Tete

According to unconfirmed information, the government has been sending officials from the FADM, including battalions of the Rapid Intervention Unit (FIR) and SISE

agents to the province of Tete since last week (26 June to 3 July).

According to information, allegedly from a source within the Local Command, the troops have been instructed to neutralise

the local Renamo bases and militia in the province. According to the anonymous source, this is because the Renamo militia have been engaging in attacks against the local government troops and their bases, inflicting significant damage and injuries.

Another source stated that the troops are in the area to conduct field work and gather intelligence, with the object of preventing any possible attacks against President Filipe Nyusi, who is scheduled to travel to Tete shortly for a brief visit.

According to the second source, there has been at least three attacks on Renamo bases in Tete lately: however, the source claims that some of the FADM troops (who do not agree with their mission) have been feeding information to the Renamo militia, who have been able to counter the attacks almost every time.

The latest ambush, according to the source, occurred on 27 June when the FIR attempted to penetrate a Renamo base in Mojo, Tsengo district. The Renamo men were informed of the planned raid and setup a counter-ambush.

While a FIR unit, disguised as local traders combed the local market, the Renamo militia ambushed them and opened fire, injuring all four FIR agents.

According to the second source, the local population had purposefully provided the FIR agents with false information as to the whereabouts of the Renamo base, thus delivering the four FIR agents into a trap.

One of the agents, identified as Nelson Joaquim Sengo was shot three times (in the shoulder, waist and leg). He remains in the Tete Provincial Hospital, according to *Canal de Moçambique*.

Please note: *Canal de Moçambique* is widely regarded as an anti-government newsheet.

Source: Canal de Moçambique

Vietnam and Mozambique deepen ties in security and finance

On Sunday (5 July) the Vietnamese Ambassador to Mozambique, Nguyen Van Trung, met with Interior Minister, Jaime Monteiro, in Maputo, with the aim of expanding co-operation between the two countries.

Trung stated that his country is very pleased with the excellent relations between Vietnam and Mozambique. During the meeting the two representatives pledged to deepen co-operation ties with regards to security and finance. As a result thereof, Trung announced that his country will continue to train members of the Police of the Republic of Mozambique (PRM) – thus pledging to train 50 officers at Vietnam's People's Police Academy during 2015.

The ambassador thanked Monteiro for Mozambique's continued efforts in ensuring the safety of the Vietnamese capital and investments in Mozambique (specifically the Viettel Group).

For his part, Monteiro spoke highly of the collaboration between two security ministries in implementing the co-operation agreements with regards to the fight against crime and the implementation of various training programmes. In addition, Monteiro assured his guest that Mozambique remains committed to the safety of the Vietnamese community living in the country.

He added that information-sharing between the two countries regarding trans-boundary crimes has made significant contributions in ensuring public order and safety for residents.

The minister commended the co-operation between the law enforcement agencies of the two countries in the fight against poaching and the illegal trade of endangered species and their parts. He hailed the Vietnamese Embassy's efforts in communication and public awareness drives concerning the protection and conservation of wildlife and natural resources.

Monteiro thanked Vietnam for their support in training and sharing their experiences with the Mozambican police, announcing that he is planning to visit Vietnam in 2016.

To date, Vietnam has helped Mozambique train two interior ministry officials and 29 policemen.

Source: Vietnam Net/Folha de Maputo/A Bola

PIC could be restructured

The Criminal Investigation Police (PIC) could be restructured. This was announced by Interior Minister Jaime Basilio Monteiro during a hearing held on Monday (6 July) within the Defence Commission, Public Order and Security of the Parliament.

The minister was conducting a working visit to the institution at the time as to learn about its organisation and operation.

According to Monteiro, the Council of Ministers is scheduled to submit a proposal to Parliament with the aim of initiating a timely review of the law

governing and structuring the PRM. The main purpose of the review is to initiate the procedures for the institutional restructuring of the PIC.

Monteiro stated that the institution also intends to obtain approval for the legislation establishing the Civil Identification Service with regards to the Code of Identity Card (ID), and the revision of Decree-Law 3/2009 of 24 April, which creates the National Public Safety Service (SENSAP), which guides the actions that fall within the process of reform and institutional development of the Ministry of Interior.

Monteiro said that the main challenges currently facing his ministry concern the improvement of the PRM, specifically in terms of preventing and combating violent crime, particularly: kidnappings; homicides; robberies and rape; as well as trafficking in people; drugs; firearms and illegal immigration. This is crucial in terms of the dynamics of economic and social development in Mozambique, and its regional and global integration. The PRM is now under pressure to permanently adapt its behaviour and reactions, so as to maintain and guarantee public order and safety, including a reduction in road accidents.

“Under the Civil Identification, the biggest challenge focuses on the need to ensure expeditious issuance and delivery of ID's to Mozambican citizens”, said Monteiro. According to the minister, the country currently has three ID production units, with the capability of producing approximately 7,000 tickets per day.

With regards to migration, the institution focusses on the need to strengthen the capacity of passport and travel document issuance, the computerisation of the visa

process, and the control of migratory movement.

“In the area of public safety, we intend to strengthen the response capacity in human and material resources in order to cope with fires, accidents, floods and other disasters, saving human lives and property”, he said, adding that the institution will not neglect the need for the permanent cleansing of its ranks, including the improvement of measures for recruitment, selection and training of its employees.

During the meeting, MPs and members of the committee complained of the length of time it takes to acquire IDs and other identification documents, the lack of logistic resources within the PRM and the high levels of illegal migration as contributing factors with regards to the poor performance of the police.

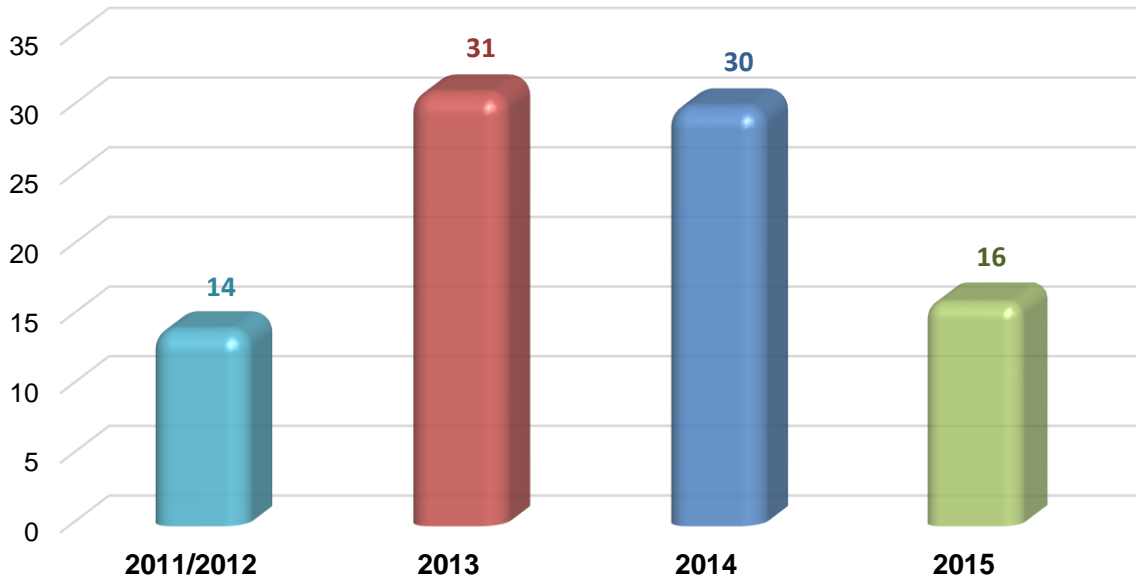
Source: *Jornal Notícias*

CRIME

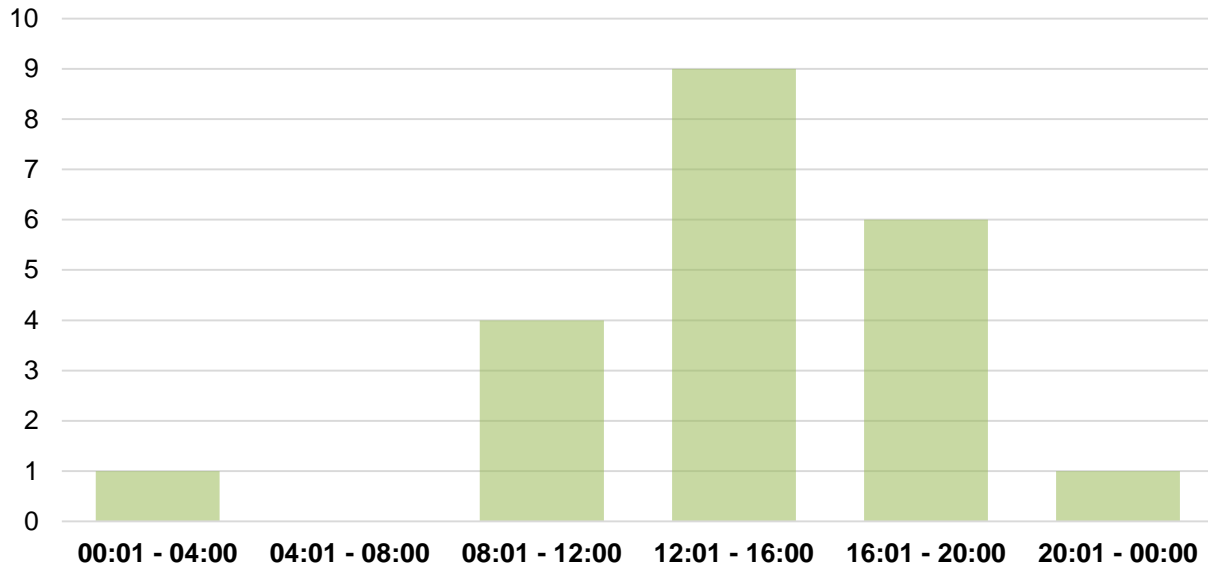
MAP 1: KIDNAPPING INCIDENTS IN CENTRAL MAPUTO 2014 & 2015



GRAPH 2: REPORTED KIDNAPPINGS PER YEAR

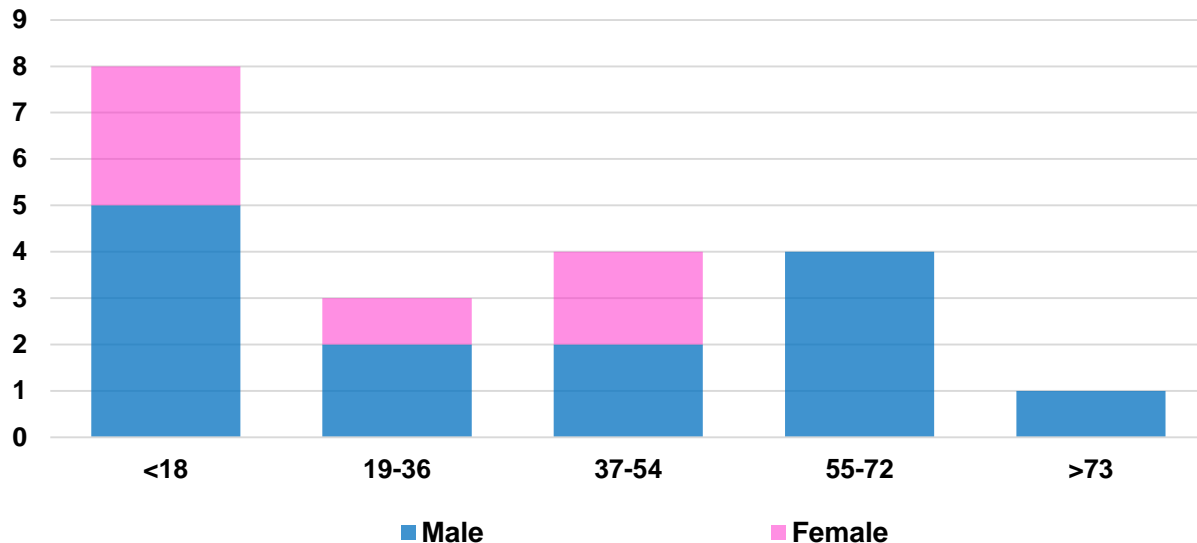


GRAPH 3: TIME OF KIDNAPPINGS 2014 & 2015



Note: This graph excludes kidnappings in which the time of the kidnapping was not reported

GRAPH 4: KIDNAPPINGS PER GENDER / AGE-GROUP 2014 & 2015



**Please note: the data present in the graphs and maps is not 100% accurate owing to the high number of unreported cases and irregularities in the documentation of these events. This graph illustrates the successful kidnapping incidents ONLY and not attempted/aborted/intercepted kidnappings.*

24 foreigners denied entry into Mozambique

During the course of last week (26 June to 3 July) the PRM denied 24 foreign citizens entry into Mozambique.

According to reports, the 24 foreigners were found to be in possession of fake visas and passports.

During the same period, the PRM repatriated 14 foreigners back to their country of origin. Of those repatriated, eight were Ethiopians and six were Bengalis.

Source: @Verdade

Malawian national arrested in Tete for murdering his wife

During the course of last week (26 June to 3 July) a Malawian citizen was arrested in the town of Katopé, Makanga district (Tete Province) and charged with murdering his 47-year-old wife during an argument.

In the same week, two individuals were arrested for illegally possessing a firearm while attempting to rob a residence in the city of Beira (Sofala Province). In total, last week the PRM detained no fewer than 1,793 individuals, 1,655 for border violations and the other 138 for various other crimes.

Source: Folha de Maputo

Labour Inspectorate dismisses 77 illegal workers from STEVAL Mozambique

During the course of last week (26 June to 3 July) the General Labour Inspectorate dismissed 77 illegally employed foreign workers from STEVAL Mozambique Lda.

Of the 77 workers, 44 were of Indian nationality. 24 were South Africans, eight were Zimbabweans and one was a Dutch national. According to the Labour Inspectorate, the Maputo based company did not comply with the employee requirements set out by Mozambican legislation. As a result thereof, all 77 workers were dismissed, the company was sanctioned and all activities were immediately suspended.

Procedures are currently underway with regards to the repatriation of the 77 foreign nationals.

Source: @Verdade

Gunmen target BCI branch in Tete

On Wednesday (1 July) three men, armed with pistols, robbed the Banco Comercial de Investimentos (BCI) in Angónia (Tete Province), fleeing with approximately MT5 million.

The three men entered the bank, posing as potential clients, and asked to meet with the branch manager and the assistant manager as they had some financial questions.

Once inside the manager's office, the three men pulled out their weapons and demanded money.

The three men managed to steal MT5 million before fleeing the scene.

According to the PRM, they have already uncovered potential clues which may lead them to the perpetrators.

Information suggests that, business and bank robberies have increased in Tete since the beginning of this year. In the first six months of 2015, nine bank robberies and three business robberies (predominantly shopping centres) were robbed in Tete.

Source: Canal de Moçambique

Woman murdered by her boyfriend in Chamanculo

On Friday (3 July) 23-year-old Elsa Bunga was murdered by her boyfriend in Chamanculo (Maputo Province).

According to initial reports, Bunga was allegedly beaten to death by her boyfriend, a 36-year-old primary school teacher.

The Police Command of Maputo City believe that the murder was a crime of passion.

The perpetrator dumped Bunga's body in the street before fleeing the scene. According to police spokesman, Orlando Mudumane, the body was only discovered 36 hours after the murder.

Mudumane confirmed reports that the accused had attempted to escape, however, he was apprehended and is currently being held at the 18th police station, where he is awaiting trial.

Source: Folha de Maputo

Members of the Bárúè Community Police accused of beating a citizen to death

On Saturday (4 July) members of the Nyatsanze Community Police in Bárúè (Manica Province) allegedly beat local resident, Manuel Domingos Joaquim, to death.

According to witnesses, the incident occurred during an argument between the members of the Community Police and an intoxicated Joaquim.

The incident angered locals, who subsequently intercepted one of the patrol organisers, who was later handed over to the PRM. The remaining suspects linked to the case have fled the area.

Source: @Verdade

Another albino teen disappears in Nampula

Over the course of the past weekend (4 to 5 July) a 15-year-old albino youth, identified as Carlitos Arlindo, disappeared from his family home in the Murrapaniua neighbourhood (Nampula Province).

Thus far the PRM have been unable to locate the young victim, and the circumstances surrounding his disappearance remain unclear, however, the PRM are of the opinion that the victim was trafficked or sold domestically for witchcraft.

Since December (2014) at least six albinos have disappeared without a trace from Nampula Province, and the PRM fear the worst. *Source: @Verdade*

Matola resident arrested for murdering his neighbour

On Wednesday (8 July) 27-year-old T. Alexandre was arrested in Matola (Maputo Province) for beating his neighbour to death.

The incident occurred on Monday night (6 July) in the neighbourhood of Matola "A". According to reports, Alexandre beat Justin Mathe to death as to rid his neighbour of bad spirits.

Alexandre subsequently cut his neighbour's body into pieces as to ensure that he was in fact dead. Alexandre then removed Mathe's genitals and attempted to flee the scene, however, he was immediately apprehended.

Source: Folha de Maputo

PRM recapture three prison escapees

Following last Tuesday's (30 June) prison escape from the Maputo Police Command, all three escapees have been successfully recaptured.

Gilberto Salazar, Fernando Chambe and an unnamed prisoner allegedly escaped the prison with the help of one of the on duty prison guards.

An investigation has been opened as to uncover the identity of the guard.

Source: @Verdade

Three people lynched in Sofala

In the space of one week, three suspected criminals were lynched in Beira (Sofala Province).

The first victim, identified as 36-year-old Isaac Manuel Sebastião, was lynched to death in the early hours of Monday morning (6 July) in the Muchatazina district. Sebastião is an alleged gang member and suspected robber.

The second victim, 27-year-old Fernando Joaquim, survived being burnt with plastic bags in the Bambu neighbourhood. Joaquim was caught robbing a nearby house and was apprehended and lynched by an angry mob.

Details regarding the third case are not yet known.

Source: @Verdade

AT seized 490 boxes of smuggled cigarettes in Manica

The Tax Authority (AT) recently seized a petrol tanker carrying 490 boxes of contraband Zimbabwean cigarettes in Manica Province.

According to reports, the cigarettes were on route to South Africa via Mozambique when the tanker was impounded 20 kilometres from the city of Chimoio, after crossing the Machipanda border.

The merchandise was later discovered in the fuel tank after local authorities became suspicious at the fact that the truck driver immediately fled the scene.

The vehicle was subsequently taken to the International Road Terminal of Beira where it was scanned.

According to AT chairperson, Rosario Fernandes, the smuggling of alcoholic drinks and cigarettes across

Mozambique's borders between 2008 and 2013 cost the state approximately MT82 million in lost taxes. This is only the contraband that the AT knows about. The true figure is undoubtedly much higher when all the contraband that crossed the borders without being detected is also taken into account

Source: O País/Agencia de Informacao de Moçambique

Crime wave hits Chamanculo "D" in Maputo

Residents of the Chamanculo "D" neighbourhood (Maputo Province) are living in fear following a crime wave which escalated in the second quarter of 2015.

According to locals, the criminals, often armed with knives and machetes, target traders of the Xipamanine market and students returning home from their evening classes.

The robbers mainly focus their activities in what has now been termed "death row". Death row consists of blocks 35, 36, 37 and 38 and areas known as "Xitende", campo do Zixaxa, "Fundição" and "Belucha". According to the locals, it has become too dangerous to travel in these areas between 22:00hrs and 06:00hrs.

The locals believe that the criminals are unemployed youths who have turned to crime as a means of survival.

According to victims, the criminals often travel in groups of two to five men, who arm themselves with knives, broken glass bottles and machetes. One victim, a 26-year-old student, was robbed while walking home from classes. He recalled

how the gang returned his university assignment to him after stealing his laptop computer, two mobile phones, MT853 and his shoes.

According to inhabitants of Chamanculo “D”, a few months ago, one of the criminal gangs robbed and murdered a local man in the “Vulcano” area. The murderers have yet to be arrested.

Regarding the matter, the PRM of Chamanculo “D”, represented by Artur Funane, have stated that crime has always been a problem in the area, thus the local’s complaints are “normal”. However, Funane admitted that the situation is worsening by the day, especially over festive holidays such as Easter.

Funane stated that the situation is “sad” and he believes that the criminals responsible for these acts are themselves residents of the area.

Source: @Verdade

PRM arrest former soldier involved in armed robbery

The PRM have arrested a former soldier suspected of belonging to a vehicle hijack gang in Manica.

According to the PRM, it was discovered that the gang was utilising army-issue weapons in their criminal activities.

Manica police spokesperson, Belmiro Mutadiua, told the media that the former soldier was arrested after assaulting and robbing a taxi driver in the provincial capital of Chimoio. Police gave chase, resulting in a minor car accident.

The former soldier was arrested, but two other members of the gang escaped on foot.

“This was a group that the police were already investigating for the theft of taxi service vehicles”, said Mutadiua, adding that the group “was carrying a ‘Ruby’ pistol, a brand issued exclusively to the national defence and security forces’. The pistols utilise a calibre of ammunition that is no longer standard issue in the police force.

“We will now be able to trace the origin of the weapon and the ammunition”, added Mutadiua.

The spokesperson expressed concern regarding the proliferation of firearms in Manica, adding that they were thought to be coming in from other regions of the country.

Source: Lusa

Local contractor attempts to bribe the Governor of Tete

The Governor of Tete, Paulo Auade, recently revealed that he was the target of attempted bribery by a contractor wanting to win a civil works tender.

Auade warned his co-workers against the phenomenon of corruption, stating that: “There was a citizen who did some work in Marara, who came to me and said, if I get this state work, what will your commission percentage be? I just said, get out of here, before we both get arrested”.

According to reports this is the first recorded case in Tete of a governor publicly admitting that he has been the

object of attempted bribery by a contractor.

Without naming the contractor, Auade said that it was the first time it had happened to him. Sometimes, he said, talking about corruption makes people angry, but we have to fight it nonetheless.

The surprise announcement, which took place at the initiation ceremony of the State Inventory Drive, caused the audience to fall dead silent, however, Auade went on with his speech, imploring his employees not to hide any

relevant information during the inventory process.

Auade recently visited the Marara district as part of his ongoing evaluation of the implementation of various programmes. Residents specifically requested the expansion of the school and health systems, along with improvements to drinking water supply and other social infrastructure.

Source: Agencia de Informacao de Moçambique

WILDLIFE PRESERVATION

“We will not tolerate illegal logging in Mozambique” - Dhlakama

Renamo leader, Afonso Dhlakama, is advocating a tough stance on illegal logging in Mozambique’s forests and has challenged the government to implement legislations that benefits the whole population.

“We will not tolerate the illegal logging of timber and we will be rigorous in monitoring the concessions”, Dhlakama said when asked about how he and his party would govern in the six provinces he claims to have won in the October (2014) elections.

Dhlakama was speaking on Wednesday (1 July) in Beira, at the end of a training session for Renamo cadres involved in the party’s autonomous provinces project.

According to Dhlakama, most logging companies do not comply with the rules

at the expense of communities who, in addition to not receiving the 20% tax quota from the timber concessions, are still left without schools, access to water and hospitals.

Dhlakama also argued that, in areas of intense logging activity (i.e. in the central provinces of Tete, Manica, Sofala and Zambézia, and in the northern provinces of Nampula and Niassa) there are no restocking/replanting initiatives or programmes.

“I dare the Sofala governor to go check the concession areas. They are barren. Loggers are not re-planting in harvested areas. There are no schools, no school desks, water or roads”, said Dhlakama, who is himself a logger with concessions in Caia, in the north of Sofala, a region that was under his control during the civil war.

“In these provinces we will control indiscriminate logging and kick-start the restructuring of the forestry sector by cancelling all operating licenses issued so far”, he concluded.

Dhlakama said that his own company has been complying with the law, having drilled wells and built classrooms equipped with desks, adding that he operates on a policy of planting three trees for each one that he cuts.

In May 2010, Mozambique passed a law banning the export of unprocessed chanfuta, jambirre, umbila, ironwood, mecusse (cimbirre), panga-panga and mondzo wood.

A 2013 report by the Environmental Investigation Agency, a United Kingdom NGO, stated that: “between 80% and 90% of trees felled in Mozambique are ultimately destined for China”.

Suspicious of corruption in the timber industry led Sofala governor Helena Taipo to impose a moratorium on operations in April, but in late May she conceded that the logging companies’ accounts were correct and that the percentage of income due to the communities was being paid.

Source: Lusa

Mozambique burns 2.6 tons of ivory and rhino horn

On Monday (6 July) authorities in Maputo burned 2.5 tons of seized ivory and rhino horn as part of a campaign to end the illicit trade that is fuelling a wave of poaching in Africa, a conservation group said.

The destruction of the confiscated wildlife products took place in ATCM, near Maputo’s marginal road at approximately 15:00hrs.

The event follows the signing of the ‘London Declaration’, backed by Prince Charles. The declaration is aimed at tackling the wildlife trade, which is worth approximately £12 billion globally.

The Wildlife Conservation Society (WCS) stated that over 2,400 kilograms of ivory and 86 pieces of rhino horn, weighing 193.5 kilograms, were put to the torch in the country’s first major destruction of rhino horn.

“Today sends a message. Mozambique will not tolerate poachers, traffickers and the organised criminals which employ and pay them to kill our wildlife and threaten our communities”, said Environment Minister, Celso Correia.

A recent survey indicates that Mozambique has lost approximately 10,000 elephants, or half of its elephant population, over the past five years to poachers who have been feeding the demand for ivory from fast-growing Asian countries, such as China.

Mozambique is also utilised by syndicates as a recruitment ground for poachers, who are subsequently sent across the border into South Africa’s Kruger National Park (KNP) to hunt for rhinoceros.

Neighbouring South Africa lost a record 1,125 rhinos last year (2014), up 20% from 2013, as poachers looked to meet surging consumption in Vietnam, where the animal’s horn is sought-after as a key ingredient in traditional medicines.

The stockpiles burnt on Monday included 65 pieces of rhino horn that were discovered in the Tchumene (Matola) home of a Chinese national earlier this year (12 May) in the country's largest recorded seizure.

Mozambique's rhino population has been virtually wiped out. As a result thereof, more than 80 rhino horns that made up the stockpile are said to have come from South Africa and 618 elephant tusks are allegedly from different parts of Mozambique.

"More of the rhino horns are from the Kruger National Park, but the elephant tusks are mainly from here. It shows how serious the issue of rhino poaching really is", says Correia.

Destroying such stockpiles is more than symbolic.

A global ban on the trade in ivory and rhino horn could eventually be lifted.

However, countries that destroy their stocks - instead of saving them to sell if trade is eventually legalised - are signalling their opposition to such a move.

In the last three months the Republic of Congo, China, the United Arab Emirates and the United States have publicly destroyed ivory stocks.

Until now, Maputo has been relatively slow in taking up the fight against poaching. Following international pressure in June (2014), Mozambique adopted a new biodiversity law criminalising the killing of protected animals.

Mozambique has the potential to make progress against poaching with more support for a new environmental police force as well as efforts to prosecute suspected poachers, said Alastair Nelson, head of the WCS.

Source: AFP/Independent Online/Yahoo News/SABC News

WWF criticizes Mozambique for burning "vital evidence"

Mozambique became the latest country to destroy a stockpile of elephant ivory on Monday (6 July) when it burned over 2.4 tons – as well as 86 pieces of rhino horn – during a public event in Maputo.

The incinerated products are believed to have included ivory and rhino horns that were seized in a record bust in Matola in May. The seizure of 65 rhino horns was the largest since the current rhino-poaching crisis began in 2008 – although 12 of them were subsequently stolen from a police warehouse. At least seven suspects, four of them police officers, were arrested in connection with the theft.

And this is why concerns are being raised. While the destruction of ivory and rhino horn sends a signal that the government is committed to tackling wildlife crime, vital evidence might well have gone up in smoke.

"WWF is concerned about Mozambique's sudden decision to destroy this sizeable haul of ivory and rhino horns because it is likely that critical evidence has been destroyed, particularly from the record seizure in Matola, which could have been used to prosecute criminals and break up wildlife trafficking networks", said

Elisabeth McLellan, WWF Head, Wildlife Crime Initiative.

It is unclear whether DNA samples following CITES protocols were taken from the remaining rhino horns before they were destroyed, although an independent audit of the burned materials is understood to have taken place.

CITES Decision 16.84 directs all Parties to submit rhino horn samples from specimens subject to criminal investigation to designated accredited forensic laboratories for DNA analysis, while CITES Decision 16.83 directs all Parties to do the same thing for any seizure of ivory of 500 kilograms or more.

Cases against those arrested in association with the seizure of the 65 horns and the subsequent theft of 12 of them are still awaiting completion, with the primary suspect in the original seizure reported to have absconded.

“The apparent destruction of evidence in ongoing cases raises obvious concerns over how the legal process will now be properly followed in Mozambique”, said Tom Milliken, TRAFFIC’s rhino and elephant expert. “In fact, Mozambique’s recent mega-seizure of rhino horns and elephant ivory has basically unfolded as a textbook case of legal unprofessionalism”.

While the destruction of ivory and rhino horn will certainly prevent its “leakage” into illegal trade, robust ivory and rhino horn stock management systems would appear to provide a more viable long-term solution.

Furthermore, the impact of public wildlife product destruction events on end-user markets is unknown and could even have detrimental impacts by highlighting the scarcity of the commodities being destroyed, increasing the demand for such products and driving prices upwards.

“Public destruction of wildlife products seized from illegal trade may capture the media limelight but it is certainly not going to solve the global poaching crisis”, said Milliken. “Applauding the destruction of court evidence and foreclosing on any prospect of effectively prosecuting those arrested in this landmark seizure is simply unconscionable”.

Mozambique’s decision to destroy these stocks follows recent positive statements by the president about the urgent need to end wildlife crime. However, the authorities must now focus on other critical actions, including additional anti-poaching efforts, strengthening the judicial process, and enhancing local stewardship of natural resource, and addressing corruption.

“The root causes that permit wildlife trafficking to take place need to be addressed, including the corruption that undermines law enforcement efforts”, said Milliken. “Without the evidence how can there even be a day in court?”

In the meantime, the British High Commissioner, Joanna Kuenssberg, expressed her satisfaction with the measures taken by the Mozambican government with regards to the incineration.

“We welcome the decision of the Mozambican government to join the

voice of Mozambique, concerning the growing global consensus that the future of elephants and rhinos is incompatible with the trade of horns and ivory. Strong messages such as this is what is needed to show zero tolerance to illegal trade in wildlife products”, he said.

Source: www.panda.org/Canal de Moçambique

Will the Maputo ivory burn make any difference?

Millions of dollars’ worth of ivory is being trafficked out of northern Mozambique, where elephant poaching statistics surpass even those announced by environmental organisations.

Aided by official complicity, Mozambican, Tanzanian and Somali poachers slaughter the elephants with high-calibre weapons and smuggle the ivory through Mozambican ports, airports and borders, destined mainly for China and Vietnam.

In 2014 the WCS warned that between 1,500 and 1,800 elephants are being slaughtered annually in Mozambique, stating that: “elephant poaching has been industrialised” along the northern borders of the country.

According to Cornelio Miguel, administrator of the Niassa National Reserve, an average of five elephants are being slaughtered each day. As a result, the population of elephants in Niassa reduced dramatically from 20,374 to less than 13,000 between 2009 and 2013.

In the Quirimbas National Park in Cabo Delgado Province, administrator Baldeu Chande estimates that the elephant

population had crashed from 2,000 in 2008 to about 400 in January, 2015. Recently, 114 elephant carcasses were discovered at Taratibu inside the park.

Protection rackets:

I witnessed this reality on the ground in Niassa National Reserve in October 2014, driving almost 400 kilometres each day, going for hours without a glimpse of tarmac, sometimes with the fear of becoming lunch or dinner for wildlife, or the target of poachers or corrupt authorities.

I also covered Quirimbas National Park, where the scenario was not much different. Speaking to rangers in both parks, it was clear they felt undermined by a legal system which enables poachers to be released and fails to punish the criminal syndicates backed by Mozambican officials involved in the illicit trade.

At the Mecula Police Station in Niassa, I spoke to elephant poaching suspects, António Bernardo and Paulo Nhenge.

Bernardo, also linked to rhino horn smuggling from South Africa’s KNP, had been arrested by Niassa rangers in possession of AK-47 rifles.

Nhenge was arrested in possession of firearms, but claimed he only killed elephants on orders from a local military commander.

The two suspects appeared serene, as if they were biding their time while waiting for the day of their release. This did not take long, because a week later they “escaped” while being transferred from the police holding cells to prison.

Bernardo was recaptured on 23 January, 2015. He told people in Niassa National Reserve that he had paid a bribe of US\$16,129 to the Mecula prosecutor and the police chief of operations to release him and Nhenge, who is still on the run.

Before their escape, I asked the Mecula police commander, Alberto Manuel Imede, about the alleged involvement of the local civil police, border patrol, and legal and judicial systems in supporting poaching syndicates and the illicit trade.

He avoided answering directly, and instead ran into a police cell where poaching suspects were locked up, to show the commitment of his department.

“They are not released, we have no corruption”, he said, pointing out several poachers being detained, who were due to be transferred to the court in nearby Marupa.

Later Imede laid the blame for the escape of Bernardo and Nhenge on the local prosecuting authority.

But Mecula prosecutor, Danilo Tiago, refuted this, stating that: “It seems to have been planned. I spoke with Bernardo after he was recaptured and he told me that he did not escape. We are still investigating about the money”.

Tiago would not say if the police chief had received the bribe, and said that he was surprised to hear that Bernardo mentioned his own name in connection with the US\$16,129 bribe.

Official complicity:

In Cabo Delgado Province, home to the Quirimbas National Park, there was a similar situation of high-ranking officials being involved and the legal system facilitating the release of people involved in poaching syndicates with the “silence of the Mozambican general attorney”.

No investigation was conducted into the role played by prominent figures in the ruling Frelimo government, such as the chief secretary of Muaja village, Horaio Radio.

Dora Manuel Manjate, the former Cabo Delgado provincial police commander, was implicated in facilitating the smuggling of ivory, illegal timber and rubies by Chinese company Mofid. Instead, she was transferred, after receiving a bonus from the government, and today she is the Inhambane province police commander.

A 15-page document put together by Cabo Delgado police officials complained about Manjate’s behaviour, with allegations against her ranging from tribalism to nepotism and defending the police commander of the FIR in Montepuez district, Jaime Biza, against accusations of his involvement in the illegal ruby business.

Biza was also found to be driving a car involved in an accident that caused the deaths of two civilians. This case was archived by Manjate in order to protect Biza, according to the document.

In September 2014, the document was sent to the then governor of Cabo Delgado, Jorge Khalau; general police commander, Abdul Razak; and to the interior minister and the state security intelligence service director.

These leaders remained silent, choosing not to respond to questions from the media, and no investigation was conducted into the allegations by either the Mozambican general attorney or at police level.

Mozambique has signed several regional and international conventions, agreements and protocols prohibiting illegal timber and wildlife trafficking. In addition, the country's penal code provides for imprisonment of eight to 12 years for the illegal possession of firearms or ammunition.

These laws exist on paper and yet the authorities are still releasing people involved in poaching activities, based on bribes. Some of the instances are exposed in reports of the Mozambican criminal investigation police, as well as in reports from provincial attorneys and courts.

All this happens before the eyes of the tribunals and prosecuting attorneys who, instead of keeping the offenders in jail, allow them to return to their poaching activities – often even more organised than before.

Death squads for elephants:

In Muaja village in Ancuabe district, for instance, some of the poachers involved in a massive poaching operation had been detained and released by the legal and judiciary system on more than three occasions.

As a result the poachers were able to partake in a death squad for elephants inside Quirimbas National Park, approximately three kilometres from where we were reporting. Five

elephants were slaughtered by the poachers in less than 24-hours.

Villagers alerted us to the slaughter, and told us that the poachers were former “freedom fighters” from a village called Mbongo where apparently there are many illegal firearms.

It was approximately 19:00hrs when we left our temporary base on a motorbike to follow community members rushing by foot and bicycle, armed with machetes and small knives, anything that could cut a piece of meat.

In the bush where the poached elephants lay, people were chatting, screaming, laughing while they divided up the fresh meat. In less than a minute the elephant bull was gone. On the ground only skeletons remained.

Before, poachers used to go poaching in a group of four to six people, but today they are composed of 12 to 15 people.

In early December 2014, 12 “guerrilla” poachers armed with AK-47s and wearing military uniforms held an elephant raid over the course of two weeks, starting from tobacco plantations along the Montepuez River bank, even terrorising community members in Muaja village.

One of the poachers was Mussa Namparavara, who had recently been arrested and detained in police cells before being released.

The Ancuabe police and state security intelligence service pursued the poachers, but they managed to escape in to the tobacco farms.

Up in smoke:

On Monday (6 July) the Mozambican authorities incinerated nearly two tons of elephant tusks and rhino horns in Maputo. The incineration included 340 elephant tusks and 65 rhino horns seized on 12 May in the southern city of Matola, where police raided a house after a tip-off and arrested two Chinese citizens in connection with the haul.

Minister of Land, Environment and Rural Development, Celso Correia, set the pile alight and said that the purpose of the incineration was to discourage poaching.

"With this act, we intend to show the world that our country repudiates poaching and the illegal killing of animals to extract horns and ivory", Correia said. "We've had enough of the crime of poaching – that's the strong position of the government".

In the northern part of the country, where the elephant population has been reduced by at least 50% since 2009, the government needs to focus on stamping out the corruption and official collusion that is helping the poachers.

Source: Estacios Valoi/Oxpeckers Centre for Investigative Environmental Journalism

Lions benefit from elephant poaching in Mozambique park

The lion population has increased in a major wildlife park in Mozambique, partly because heavy poaching of elephants has provided the carnivores with a bounty of carcasses to eat as well as vulnerable elephant calves to hunt, a conservationist said Thursday (9 July).

The surge in lion numbers in the Niassa National Reserve is "in part due to

elephant carcasses", though other factors have contributed to the increase, conservationist Colleen Begg of the Niassa Carnivore Project said. Those factors include the recovery of other species that serve as lion prey as well as education campaigns that seek to persuade villagers living in the vast park in northern Mozambique not to kill lions.

The increase in the number of lions in Niassa contrasts with declines in lion populations elsewhere in Africa. Lions are categorised as vulnerable on an international "red list" of species facing threats.

Poachers have killed several tens of thousands of elephants annually in recent years to meet rising demand for ivory, particularly in China.

A link between the Niassa lion increase and elephant poaching "is hard to prove as there are so many variables, but we are happy with saying it is related", Begg wrote. "How could it not have benefited the lions, hyenas and vultures?"

Surveys put the number of lions in Niassa at between 950 and nearly 1,200 in 2012, while there were between about 580 and 810 in 2005, according to Begg. Another count will be conducted this year (2015).

In May, conservationists said the number of elephants in Mozambique had dropped nearly 50% to about 10,300 in the last five years because of poaching. Many of those elephants were killed in the Niassa park.

Source: The Associated Press

Mozambican national sentenced to five years for intent to poach

On Monday (6 July) Mozambican national, Carmona Armando Ngovene, received a five-year jail sentence for trespassing in Hluhluwe-iMfolozi Park (HiP), in KwaZulu-Natal (South Africa), in 2014.

Reacting to a police crime intelligence tip-off, Ezemvelo KZN Wildlife (EKZNW) rangers, with the EKZNW Rhino Operations Unit, were deployed inside HiP and placed themselves strategically according to the police information.

At approximately 20:30hrs, three suspects entered the reserve, near the Memorial Gate. Rangers confronted the suspects and, after firing a warning shot, arrested Ngovene, who was carrying a .375 heavy calibre rifle with a silencer.

The other two suspects managed to evade arrest. The police searched Ngovene, and found a bag containing an axe, knives, screwdrivers, dustbin bags and other poaching-related implements. Ngovene was charged with the illegal possession of a .375 rifle, the illegal possession of .375 rifle cartridges and trespassing on land on which game is likely to be found.

Pleading not guilty throughout the trial, Ngovene denied being in possession of the weapon and said that the other two suspects had forced him through the park's fence and that he "did not know where he was". Convicting Ngovene on all counts, Judge Malcolm de Klerk said that the evidence against him was overwhelming and he was caught red-handed.

"I am sure that if Ngovene had not been arrested that night, HiP would have been short of at least one rhino", said De Klerk. Despite the short prison sentence, EKZNW Rhino Operations Unit manager, Lawrence Munro, considered the conviction a success and said that it was the result of a concerted effort between EKZNW Hluhluwe rangers and Rhino Operations Unit working together with the South African Police Service.

"We are grateful for the assistance rendered by the Mtubatuba Regional Court for the outcome of this case", said Munro.

Source: Caxton News Service/The Citizen

Civic organisations warn of risks to forest reserve in northern Mozambique

The high rate of population growth and weak supervision by government officials are threatening the Mecubúri forest reserve (Nampula Province), a group of local civic organisations warned on Thursday (9 July).

According to a study entitled 'Situational survey of mining in the Mecubúri forest reserve', presented on Thursday in the city of Nampula by the Provincial Platform of Civil Society Organizations in Nampula (PPOSCN), the forest reserve functions as a "green lung" for the whole province, but is under severe threat from both mining and illegal logging.

According to António Lagres, vice president of PPOSCN, the situation is critical and the risks are obvious: "by 2020, if we take no action, the reserve will be almost completely destroyed".

Established as a focus for the conservation of ecosystems, the Mecubúri reserve is constantly being invaded by illegal loggers who cut down trees indiscriminately. According to Lagres, six exploration and mining research licenses, all granted since 2010, are being exercised in the Mecuburi reserve, in concessions ranging from 7,000 to 59,000 hectares.

The civil society leader considers these licences to be illegal because Mecubúri in its entirety is categorised as a conservation area.

An added factor in the increasing vulnerability of the reserve, the study alleges, is that local, provincial and

national institutions do not communicate in a systematic and timely manner, giving rise to the poor quality of information.

To safeguard the Mecuburi forest reserve, the PPOSCN recommends that the mining licenses be revoked, the protected area resized, and local and provincial agencies be strengthened. Founded during the colonial era, Mecubúri is one of the country's largest reserves, and, even before the threat from illegal logging, had already seen a dramatic reduction in its wildlife population.

Source: Lusa

NOTICE

In order to support the campaign to save the Rhino please support the FOCUS-AFRICA Foundation by liking the FOCUS-AFRICA Foundation Facebook Page at: [Focus-Africa Foundation](#) as well the FOCUS-AFRICA Foundation Website at www.focus-africa.org

OTHER

Famine threatens thousands of families in Sofala

Famine is a prevailing threat to more than 5,000 poor families in the Machanga district (Sofala Province). The current food shortage is due to the irregular rain fall in the area, which directly affected the results of the locality's 2014/15 agricultural season.

The Director of District Services of Economic Activities, Fernando Chimbuia, said that the population

survives on selling fish, cattle, salt extract, goats and chickens.

Source: O País

Mozambique to block unregistered SIM cards and fine non-compliant mobile operators

As soon as a decree approved on Tuesday (7 July) by the Cabinet comes into force, mobile telephone users who fail to register their cards will find their services blocked.

The decree approving the Regulation on Registration of Subscriber Identification Modules was finalised during the 22nd Ordinary Session of the Council of Ministers which, in addition to the blocking of calls from unregistered mobile phone numbers, regulates fines for mobile phone companies who fail to abide by the government's guidelines.

Cabinet spokesperson and deputy minister of health, Mouzinho Saíde, said that the three mobile providers, mCel, Vodacom and Movitel, risk being fined MT6 million if they do not reach 100,000 registered subscribers. The fines drop to MT4 million if companies accept irregular registrations and MT3 million if it is found that omissions in the process hinder the identification of users. Operators will be fined MT2 million if they do not allow the government to monitor the process.

Asked when the regulations would come into force, the spokesman said that this would happen as soon as the decree is published in the Government Gazette ('Boletim da Republica'), which will be shortly.

The basic objective of the regulation is, according to the government, "the creation of a public and integrated telecommunications numbering database containing all numeric telephone information as well as associated information to the respective subscribers, in order to serve as a source of information for operators and providers of telecommunications public service and for the competent authorities, thus promoting the responsible use of the SIM card".

The regulations, which establish stronger penalties for the non-

registration of mobile phone cards, come at a time of frequent kidnapping cases, the ransom demands of which are often communicated to the families of victims via mobile phones using numbers which are not registered on operators' databases.

The Cabinet session also considered information provided to parliament concerning the recent floods and the response to them, the current crime situation in the country and the expansion of electricity delivery.

The council also considered the Action and Prevention Plan for Natural Disasters, a document with a five-year implementation period and annual contingency plans.

The 22nd session also ratified the loan agreement reached on 9 June 2015 between the government and the Arab Bank for Economic Development in Africa to the amount of US\$12.6 million for the construction of an Agricultural Polytechnic Institute project in Nampula Province.

Source: Notícias

Guebuza's mother dies at the age of 103

Marta Andre Bocota, the mother of former president Armando Guebuza, died on Friday night (3 July), at the age of 103.

"Grandma Marta", as she was affectionately known, died in the Maputo Central Hospital from what medical sources described as "respiratory complications".

She was born on 11 September 1911, at Chonguene, in the southern province of Gaza. She married a nurse, Miguel Guebuza, and moved with him to Morrupula, in the northern province of Nampula, where the future president was born. She had eight children (five of whom predeceased her), 29 grandchildren and 45 great-grandchildren.

She lived through both world wars, saw the peak of Portuguese colonial rule in Mozambique, and witnessed her son become a minister in the newly independent republic in 1975, and eventually president in 2005.

Guebuza's successor, President Filipe Nyusi, could not offer his condolences in

person, since he was in the northern province of Niassa at the time. He sent a government delegation, headed by Agriculture Minister José Pacheco, to comfort the Guebuza family and pay tribute to Grandma Marta.

Even Renamo and its leader, Afonso Dhlakama, despite their bitter conflict with the former president, sent a message of condolences.

Grandma Marta's funeral was scheduled for Monday morning (6 July) at the Presbyterian Church in the Maputo neighbourhood of Chamanculo.

Source: Agencia de Informacao de Moçambique

END