

**WEEKLY MEDIA REVIEW: 19 JUNE TO 26 JUNE 2015**

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Principles on separation of party and state signed after two delays (*see page 44 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

## OBJECTIVE

Offering seamless solutions for asset protection in SADC political and security environment.

## VISION

Providing a network of political and security risk advisers with first-hand knowledge of Mozambique and each country in the SADC.

## SCOPE OF SERVICES

### Country Risk Management

- Country Risk Assessment
- Market Entry
- Due Diligence
- Research & Investigations
- Cultural Nuances and Understanding
- Health, Safety & Environmental Management
- Physical Site Assessment

### Compliance

- Sanctions (US, EU, UK, Asia)
- Anti-Money Laundering (AML)
- Anti-Bribery / Corruption (FCPA, BBA, OECD)
- Litigation Support
- Know your Client / Source of Funds (KyC / SoF)

### Specialised Security Services

- Corporate Security Planning
- Crisis Management
- Emergency Evacuation
- Executive Protection
- Kidnap and Ransom

## 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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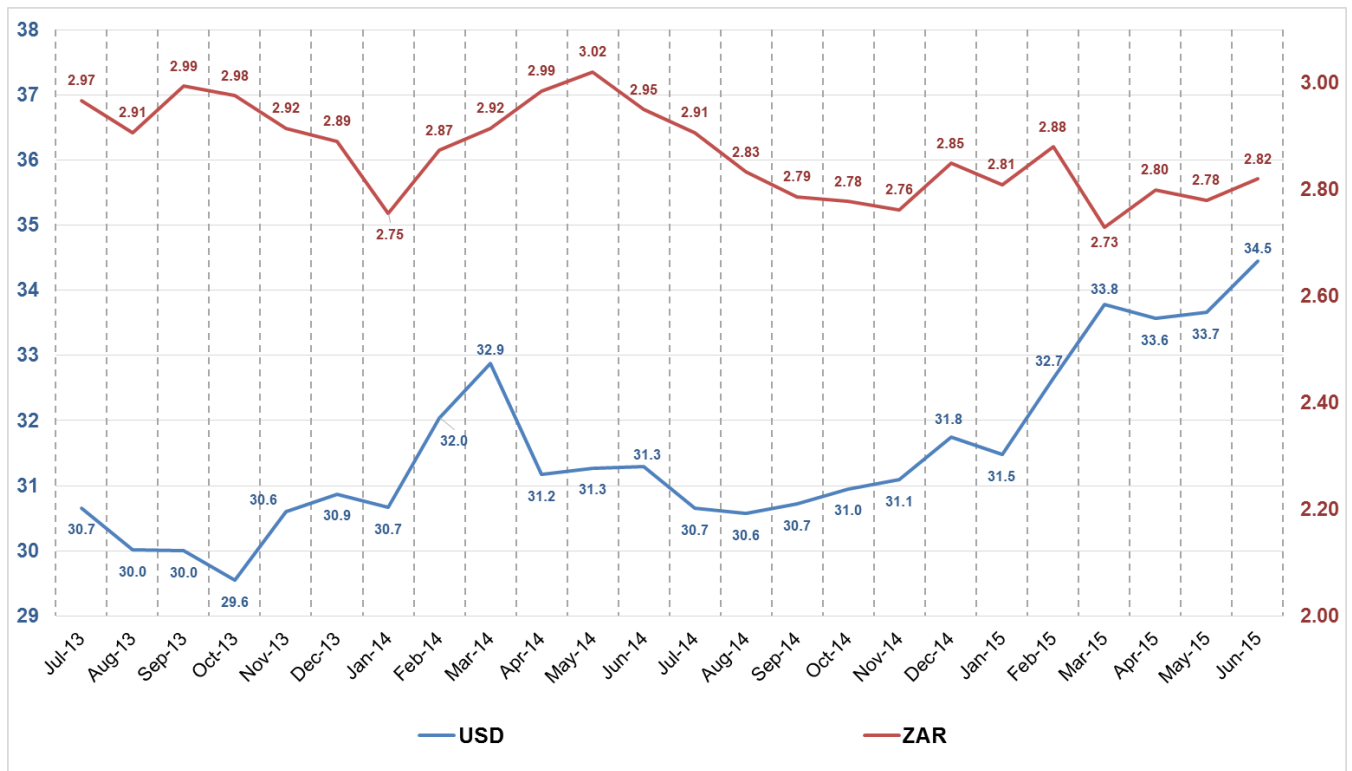
## ECONOMY

### Mozambique Exchange Rate and Fuel Prices: 24 June 2015

Mozambique Metical (MZN) Exchange Rate		
Currency	Buy	Sell
Euro (EUR)	44,79	45,02
U.S. Dollar (USD)	39,44	39,64
S.A. Rand (ZAR)	3,25	3,27

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





## **Mozambican parliament approves General State Account for 2013**

On Thursday (18 June) the Mozambican Parliament [the Assembly of the Republic] approved the General State Account for 2013, after two days of (sometimes) bitter debates.

The 130 deputies from the ruling Frelimo Party in the chamber voted in favour of the Account, while the 76 deputies from the former rebel movement Renamo and from the Mozambique Democratic Movement (MDM) voted against.

As in previous years the opposition argued that the criticisms of the Account made by the country's supreme audit body, the Administrative Tribunal, showed that it was full of mistakes, inaccuracies and illegalities. Frelimo, however, argued that the government was continually improving the drafting of the annual accounts, and had implemented recommendations made by the Assembly's own Plan and Budget Commission.

Giving the Frelimo "Declaration of Vote", Agostinho Manja said that the 2013 Account showed the increase in the capacity of the resources raised by the State to finance public expenditure, to guarantee the payment of wages to state employees, and to allow the recruitment of more staff for key sectors such as education and health.

The execution of the 2013 budget, he said, "contributed to compliance with our central agenda, which is the fight against poverty and the creation of ever better living conditions for our people". The Account showed "clearly and transparently" how the budget had been implemented.

Explaining the Renamo vote against approving the Account, Antonio Timba emphasised the fact that, unlike previous General State Accounts, the 2013 Account did not give a list of names of those who owed money to the Treasury.

"This list of those who owe public funds was always part of the General State Account in previous years, but it has miraculously disappeared", said Timba. In previous years, the list of those who have not repaid treasury loans included companies owned by senior Frelimo figures.

Among Timba's other accusations was that the Finance Directorate in the central province of Manica "received MT2 million to finance banquets of the ruling party during the election campaign".

For the MDM, Silverio Samuel reiterated the government guarantee for the US\$850 million loan which the Mozambique Tuna Company (Ematum) had taken on the Eurobond market in 2013. He attacked the failure of the 2013 General State Account to even mention the Ematum loan, which the MDM regards as "the greatest government financial scandal since independence".

He described the interest rate on the loan as "closer to criminal loansharking than to a conventional financial operation". He said that rate was LIBOR (London Inter-Bank Offered Rate) plus 6% – earlier in the day, the Minister of Economy and Finance, Adriano Maleiane, had said the interest rate was even higher, at LIBOR plus 6.5%.

Samuel alleged that commissions of US\$13.6 million had been paid on the loan and demanded to know who the beneficiaries were.

But he damaged his case with a few wild inaccuracies, such as the claim that Ematum is “registered in Holland under another name”. In fact the fishing company Ematum is registered in Mozambique: the Dutch-registered Ematum Finance is a Special Purpose Vehicle set up solely for the purpose of selling the Ematum loan certificates.

He claimed that income from Ematum would be at most US\$20 million a year, but debt servicing will be US\$57 million. The government, however, insists that when the entire Ematum tuna fleet is operational, it will bring in revenue of US\$196 million a year.

The MDM also wanted to know “where is the other US\$500 million?” For, as Maleiane explained, the loan has been split in two – that part used to purchase fishing assets, valued at US\$350 million, is now classified as Ematum debt, while the remaining US\$500 million is on the government books as Ministry of Defence debt.

But what has it purchased? There are known to be six coastal patrol vessels, built at the same French shipyard as the 24 Ematum fishing boats. In late 2013, the then fisheries minister Vitor Borges spoke of radar, satellite communications, on-shore installations and training. But it is hard to see how this adds up to US\$500 million.

The matter is not going to disappear, and until the government provides an itemised list of what the money has been used for, suspicions of illicit use, or of hidden arms purchases (the MDM’s favoured theory) will persist.

*Source: Agencia de Informacao de Moçambique*

### **Millions of misspent money recovered by financial authorities**

According to the Minister of Economy and Finance, Adriano Maleiane, in recent months financial authorities have recovered approximately MT126 million (roughly US\$3.6 million) that had been spent by state institutions without proper legal basis.

According to Maleiane, this value was retrieved from a total of MT176 million identified by the Administrative Court during its audit of various organs and state institutions in the course of preparing its legal opinion on the 2013 General Account of the State.

“It is true that the Court found that MT176 million (roughly US\$5.023 million) of expenditure had no justification, and that work done by the Inspectorate of Finance to identify and reconstruct these expenses has made it possible to recover 74 % of the amount, being MT126 million, leaving MT49 million, or around US\$1.4 million, missing. If we cannot retrieve this amount, the matter will be forwarded to the competent bodies to be dealt with coercively”, Maleiane said.

With regards to public-private partnerships, a matter frequently raised by opposition MPs who considers there to be insufficient transparency in the management of these entities, the finance minister acknowledged that relevant information did not appear in the General State Accounts under debate, but said that the information would be included in documents on the financial and economic performance of the government for 2014 and for 2015.

Another topic featuring largely in the debate of the 2013 General State Account

concerned the management of the State's own revenues and of funds earmarked for institutions and state bodies. Here, Maleiane acknowledged the "hard work" done to overcome the constraints detected by the Administrative Court, while pointing out that advances have been made in the last two-to-three years. "For example, in 2008, in 'Own incomes', it was only possible to recover MT1.2 billion, while in 2013 the figure recovered stood at MT3.6 billion, which indicates that this is a process which is moving forward fairly quickly", he said.

For earmarked funds, Maleiane said that in 2008 the Executive managed to take control of MT3 billion and that, in 2013, control rose to MT7.7 billion. "But here the main constraints are those of the banking network and the lack of collecting stations and staff training", he said.

According to Maleiane, it is unclear as to what is being done with regards to the inventory of expenditure undertaken without observing the rules and proper procedures in the General State Accounts. Thus, he explained, issues related to unjustified expenditure are to be forwarded to the relevant authorities for appropriate legal action.

*Source: Notícias*

### **Mozambique's foreign debt totals US\$6.9 billion in the second half of 2014**

Mozambique's foreign debt amounted to US\$6.9 billion at the end of the second half of 2014, which represents an annual increase of 17.5%, according to a statement on the macroeconomic climate from the Mozambican Ministry of Economy and Finance.

In turn, domestic public debt on that date stood at MT31.540 billion (approximately US\$839 million), an annual increase of 6.1%.

The increase in debt was due to the need to "cover the budget deficit and the implementation of socio-economic development programmes that are essential for the country", the document said.

To service its debt in the second half of 2014 the Mozambican state spent MT13.5520 billion (US\$36 million) for foreign debt and MT27.548 billion (US\$73.2 million) for domestic debt.

However, the government announced in Parliament that it was negotiating the ways in which the State endorsed a loan of US\$500 million to finance Mozambican tuna company Ematum, arguing that the repayment period is short.

"Seven years is a short period to pay US\$500 million even with a grace period of two years, especially at high interest rates. We are trying to negotiate a longer payment period and lower interest rates", the Minister for the Economy and Finance told members of Parliament.

Adriano Maleiane said that the figure was the amount the State would pay of a total US\$850 million it borrowed to finance Ematum by issuing debt on the European market.

Ematum, which is owned by the social services of Information and State Security Services (SISE), is currently the focus of a major controversy in Mozambique.

*Source: Macauhub*

## **What Mozambique can do to achieve rapid economic and social progress**

Agriculture, which employs approximately 80% of the working population, and political stability are key to Mozambique's rapid economic and social progress.

In the more than two decades since democratic elections signalled a new era in Mozambique, a great deal has been accomplished. Nearly all development indicators have improved - often substantially - relative to the miserable levels posted in the 1980s and 1990s.

Headline economic growth has been among the most rapid in the world. Enormous efforts have been made in improving access to education with complete primary education now in sight.

Infant mortality rates have declined dramatically from approximately 177 deaths per 1,000 live births in 1975 to roughly 62 deaths per 1,000 live births in 2013.

But Mozambique's struggle to improve living standards, particularly raising desperately low levels of consumption for more than half of the population, has suffered in the 2000s. The fuel and food price crisis of 2008 hit hard and weather shocks magnified the impact.

With a new government designing its development programme, now is a good time to reflect on what Mozambique can do to achieve rapid economic and social progress.

The good news is that President Filipe Nyusi, who formally replaced Armando Guebuza in January 2015, has selected an excellent economic team.

The triumvirate of Adriano Maleiane at the Ministry of Economics and Finance, Ernesto Gove at the Central Bank and Pedro Couto in the Ministry of Energy and Natural Resources is perhaps one of the most promising on the continent. In addition, José Pacheco is an experienced head of the Ministry of Agriculture.

The bad news is that the team faces enormous challenges. Among these are:

- Renewed political instability with the potential for violent confrontation with the principal opposition party, Renamo;
- A persistent majority of the rural population mired in very low productivity subsistence agriculture;
- The “easy to say but hard to do” task of converting raw natural resources below the ground, such as coal and gas, into productive physical and human capital above the ground; and
- Job creation for a young and rapidly growing population with high expectations.

The government confronts these and other thorny challenges with a weak administrative apparatus and open splits within Frelimo, the dominant political party.

Even under favourable assumptions it will take time for the Nyusi administration to gain traction and address the weaknesses in development policies that have become evident over the past five years.

While development is a multifaceted process that requires simultaneous efforts

across many dimensions, two core priorities merit highlighting. Re-establishing peace and stability is the first. The second involves devoting attention and resources to getting smallholder agriculture moving.

Neither is easy. Addressing the peace and stability challenge has clearly been high on Nyusi's agenda since he was sworn into office. The sooner the country can move from establishing viable frameworks for peace and stability to implementing them the better.

Agriculture is the key:

The new government has not yet set out its policies for the agricultural sector in general, or for smallholders in particular. It has endlessly spewed out policy documents and strategy papers, all to very little effect. What we don't know is what the new Nyusi government is going to do.

Planning and technical functions have been operating largely on autopilot in agriculture as almost everywhere else. Energies have been directed to resolving the confrontation with Renamo and to the apparently successful - but certainly not smooth - power transition within Frelimo.

It is well-known that agriculture plays a key role in development in Mozambique. Approximately 70% of the population is rural. Nearly all rural inhabitants are overwhelmingly dependent on agriculture for their livelihoods. Even urban households depend heavily on agriculture to earn a living. Productivity is low and stagnant.

Some success stories are percolating out of rural areas for crops such as sesame and poultry value chains. But the broad

picture over two decades is one of distressingly little progress, particularly among smallholders. This is despite substantial agricultural potential.

A renewed focus on agriculture, alongside a reshuffling of priorities towards smallholders, is required. For example, research and extension was recently found to be one of the highest returning investments in the agricultural sector.

At the same time, spending on research and extension, while performing well relative to other agricultural expenditures, perform poorly relative to other African countries.

There is therefore good reason to ask the research and extension system to do more and to do better, and there is no inherent reason to believe that the Mozambican system could not achieve both. But these kinds of highly desirable outcomes are not going to happen on their own. Sustained and informed attention at all levels is needed.

Getting smallholder agriculture moving successfully is closely linked to the remaining three big challenges listed above. Investments in rural infrastructure are sensible and equitable ways to distribute revenues from natural resources. Greater dynamism in agriculture will brighten the employment picture considerably. This is important given that about 80% of Mozambicans are principally employed in agriculture.

Over the long term, broad based-growth in rural areas also has the potential to help ease some of the political tensions currently occupying the attention of the new Mozambican leadership.

*Source: The Conversation Africa*

## **Business Confederation addresses CPLP’s “scope challenge” and calls for greater openness**

The Business Confederation of the Community of Portuguese Speaking Countries (CE-CPLP) has called for greater openness amongst its member states and other countries and regional organisations, and has set out this goal in a strategic plan presented recently in Mozambique.

After visiting Cabo Verde (Cape Verde) and Equatorial Guinea, on Wednesday (17 June) the CE-CPLP ended a round of presentations regarding its strategy for the 2015-2020 period, a plan that the president of the organisation said responds to the “scope challenge” of the community, which should not “close its doors to those who want to invest in its member states”.

According to the president of the association and Mozambican businessman, Salimo Abdula, the community should look internally to be more open and inclusive, noting that the project for “free movement of people, goods, capital and services” has yet to be implemented, causing major constraints to investment in the community.

It is in this context, he said, that the current CE-CPLP strategy is based on three areas, namely to improve the business and investment climate; expand access to social and economic infrastructure, such as universities and polytechnics; and the promotion of enterprise development.

Alongside the plan, he said, the CE-CPLP is also focusing on creating organisations that streamline economic activities, such as the Union of CPLP Exporters, its

“economic arm” launched a year ago, which currently comprises of approximately 400 organisations, including companies and associations.

Another ‘tool’ of its strategy is the Observatory of Economic and Business Activities of the CPLP, which contains legal and economic information about member states, as well as investment opportunities, on its website.

In addition to Equatorial Guinea, which joined in 2014, the CPLP member states are: Angola, Brazil, Cabo Verde (Cape Verde), Guinea-Bissau, Mozambique, Portugal, São Tome and Príncipe and Timor-Leste (East Timor), and observer members are Georgia, Japan, Mauritius, Namibia, Senegal and Turkey.

*Source: Macauhub*

## **Mozambique-China Joint Commission meets over comparative advantages**

On Friday (19 June) the Mozambique-China Joint Economic, Technical and Cooperation Commission met in Maputo to discuss how to exploit the comparative advantages possessed by each country in such areas as natural resources, labour, finance, technology, investment and industry.

The delegations were led by Mozambique’s deputy foreign minister, Nyeleti Mondlane, and the Chinese deputy minister of trade, Gao Yan.

In her opening speech, Mondlane recognised the comparative advantages of Chinese financing, and hoped that Mozambique could continue to rely on the “valuable support” of China, through financing projects that have an impact on

improving the living conditions of the Mozambican people.

“China is a special partner of Mozambique which has been providing multifaceted support to the country since the time of our struggle to win our self-determination”, she said. She hoped that continued Chinese aid “will ensure greater sustainability of joint cooperation programmes”.

Mondlane said that she was pleased that the meeting of the Joint Commission coincides with celebrations of the 40<sup>th</sup> anniversary of the establishment of diplomatic relations between Mozambique and China.

“This is a historic moment of great symbolism for our two countries and peoples”, she said, “because we are celebrating the consistency of a relationship which has been bringing important results for the efforts of Mozambicans in the struggle to eradicate poverty and consolidate economic development and social progress”.

Yan said that the co-operation the two sides wish to strengthen fits in well with the efforts promoted by Chinese President Xi Jinping to encourage international co-operation based on investment, infrastructures and mutual benefits.

Yan also hoped to stimulate co-operation in trade, industry, technical assistance and staff training for which she believed there was “an enormous potential”.

“Our technical groups will exchange impressions to deepen economic and commercial co-operation”, Yan added.

Yan was also received by Prime Minister Carlos Agostinho do Rosario. After the

audience, the Chinese ambassador, Li Chunhua, told reporters that the deputy minister hoped that the annual trade between Mozambique and China will reach US\$5 billion a year by 2018.

In the first quarter of 2015 trade between the two countries reached US\$587 million (+37.02%), with China selling goods worth US\$447 million (+52.91%) and purchase goods worth US\$140 million (+3.04%).

“The delegations discussed how to increase investment, and China is willing to increasingly strengthen its investments in industrialisation”, said the ambassador

“China has the capacity to export more advanced technologies”, he added, “and Mozambique is registering very important economic growth which can accommodate large scale investments”.

On Monday (22 June) the two delegations signed a general agreement for the next three years in the economic, technical and commercial sectors.

“We want China to continue to occupy a leading role in economic relations with Mozambique, through projects that bring mutual benefits”, said Mondlane, as part of the closing ceremony of the 5<sup>th</sup> session of the joint committee for co-operation between Mozambique and China.

Without providing details on the documents or the amounts involved, Mondlane said that the joint committee evaluated 11 projects in various sectors, which will be implemented taking into account the state budget and priorities of both countries.

During the meeting, the Mozambican and Chinese governments signed two agreements on digital migration of

television and technical training for agriculture.

Source: *Agencia de Informacao de Moçambique/Voz de América/Macauhub*

### **Hydropower projects in Mozambique attract Chinese groups Three Gorges and State Grid**

Mozambique is a target country with regards to the internationalisation of China Three Gorges (CTG) and China State Grid (CSG), and two major hydroelectric projects that are currently being launched are of interest to these Chinese groups and their Portuguese subsidiaries.

Paul Muxanga, chairman of the Cahora Bassa Hydroelectric Dam (HCB), said recently that the long-awaited construction of the northern plant of the Cahora Bassa hydroelectric facility should be initiated soon, a project which, according to the Portuguese financial daily *Diário Económico*, is “in the sights” of the two Chinese groups.

CTG, in partnership with Energias de Portugal (EDP) of which it is the largest shareholder with 21.35%, wants to be involved in the future construction of this 1,250 megawatt (MW) facility, at a cost estimated by the Mozambican government at US\$413 million.

CSG, which is the largest shareholder of Portuguese power grid company REN, which owns 7.5% of HCB, is positioned as a competitor to CTG for the project.

A spokesman from REN said that the project for the northern plant was “very relevant to HCB” and that the company was observing its progress, as a

shareholder of the Mozambican hydroelectric company.

REN’s business plan for 2015-18 provides for increased investment in internationalisation to €900 million in emerging markets in Africa and Latin America.

EDP has said that Mozambique “is a strategic market that can be an important vector of internationalisation” for the company, which “will contribute to the strategic development of the sector in the country, particularly the North Cahora Bassa project, to the extent that the Mozambican government sees fit”.

Another project that is being targeted by CSG is the hydroelectric power station of Mpanda Nkua, designed to be the second largest hydroelectric facility in the country and awarded to Brazilian construction companies in 2010, but which ran into funding difficulties.

CSG also intends to finance and build the dam and as such, the Mozambican authorities have decided to alter the Mpanda Nkua management company’s shareholder structure.

Brazilian construction company Camargo Corrêa was not happy with this move and has demanded compensation for the investment that it has made in the project and the return of guarantees provided in return for the concession contract.

The latest plans indicated that CSG would take between one third and 40% of the Mpanda Nkua facility, less than the 60% it wanted, while South Africa’s Eskom, the plant’s future client, would have 20%, Électricité de France (EdF) and Brazil’s Eletrobras would have between 10 and 15% each, and the rest would be divided



between Mozambican state power company EdM and private Mozambican companies.

With an installed capacity of 1,500 MW, the power plant is a key asset for the profitability of the transmission line that will be managed by power transmission company Sociedade Nacional de Transporte de Energia (SNTE).

The new transmission line, which will connect the centre to the south of Mozambique, is a partnership between CSG, which holds a 46% stake and responsibility for financing the project, with REN, which kept a 14% stake, while Eskom and EdM have 20% each.

*Source: Macauhub*

### **Mozambique turns 40, high on gas prospects**

On Thursday (25 June) Mozambique turned 40, mixing formal military parades with exuberant African dancing as it turned from a generation of civil war and poverty to look to a more prosperous future, powered, it hopes, by vast amounts of natural gas.

In contrast to the early years of independence from Portugal in 1975, when the challenge was navigating the choppy waters of the Cold War, the southern African nation's leaders now face the burden of the growing expectations of its 26 million people.

Underpinning the national optimism in this US\$17 billion economy is the prospect of massive revenues from an estimated 180 trillion cubic feet of off-shore gas - enough to supply Germany, Britain, France and Italy for nearly two decades.

The deposits in the northern Rovuma Basin may be a decade from production, but, according to the International Monetary Fund (IMF), the impact of foreign investment – which could amount to US\$100 billion – is already being felt.

“The future is in our hands”, President Filipe Nyusi said in an address at Maputo's national stadium, after a fly-by from one of the military's few air-worthy jets.

“Mozambique has all the conditions to emerge within the next decade as a united and economically strong country”.

The economy has posted 7% growth for the last five years, spurring a construction boom in a capital that is quickly shedding its reputation as a sleepy, beachside backwater.

Shiny new headquarters of foreign energy and engineering firms sit alongside mobile phone shops and high-end boutiques, jostling for space on bustling city-centre streets with branches of European and South African banks.

But there are side-effects to the boom that may pose difficulties for the country and its guardians in the former Marxist Frelimo party.

Few jobs are being created beyond the narrow confines of hydrocarbon development, and the surge in the country's currency resulting from its gas prospects is hobbling other more labour-intensive sectors such as agriculture, manufacturing and tourism.

With the post-independence civil war now a distant memory after a 1992 peace deal, ordinary Mozambicans - who earn on

average just US\$650 a year - are hungry for change.

“The war is gone and we are feeling the benefits of peace. I believe there will be more changes in the future, more schools, more hospitals and more jobs”, said 29-year-old Catija Mahomed, who makes a living selling car parts on a dusty Maputo roadside.

“I’m not a mother yet but when I have a baby, I want him or her to go to school and to grow up to be someone. Who knows - perhaps even to be president?” she said.

Yet at Thursday’s independence celebrations, which emphasised the need for national unity, officials from the opposition Renamo party were conspicuous by their absence.

The party that was Frelimo’s foe in the 15-year civil war accuses its ruling counterpart of autocracy and narrow self-interest and routinely boycotts parliament.

While a return to war is out of the question, Renamo has stirred up trouble over the last two years with sporadic guerrilla raids on roads and towns in its central heartlands that at one point effectively divided the country.

Against this backdrop Nyusi - the first northern president - has presented himself as a “leader with a heart”. It’s an image that is gaining traction given the marked change in the approach of his predecessor Armando Guebuza, nicknamed “4x4” for his steamrolling style.

Nyusi has also pushed for more openness from a notoriously secretive administration. Just last week the finance minister admitted in parliament that much

of an US\$850 million bond ear-marked for a state tuna-fishing fleet – Mozambique’s first foray into the international capital markets - had actually been spent on maritime defence.

But with their eyes on billions of dollars from gas sales by 2025, Mozambicans are going to be demanding much more than just transparency from Nyusi, who now carries all their hopes for a prosperous future.

The country’s leading independent daily newspaper *Notícias* described Nyusi in an editorial on Thursday as having “room for more than 20 million Mozambicans who are hopeful that their desires and concerns will be addressed”.

However, this week the London-based Chatham House think-tank warned that the discovery of rich resources in a country was a reason for caution.

“Despite the rhetoric, experience shows that – in general – good things happen slowly, while bad things can happen very fast”, it said.

*Source: Reuters*

### **Downstream key for Mozambique development – report**

Mozambique must prioritise the development of a domestic fertiliser and petrochemical industry if it is to make the most of its giant gas reserves, according to the latest report published by Maputo-based think-tank the Centre for Public Integrity.

While export projects are essential to justify foreign investment to extract Rovuma gas, the country must ensure sufficient volumes are earmarked for

downstream sectors that will maximise local job creation and help to reduce poverty, according to the report “*Gas for Development or Just for Money?*”

Although up to 20,000 workers will be needed during the height of construction of Mozambique’s first liquefied natural gas (LNG) project – and local content requirements emphasise the importance of hiring Mozambicans – far fewer workers will be required during operation of the plant.

The hope is instead for downstream development to boost local employment, Joseph Hanlon, one of the document’s authors, told reporters.

“Fertiliser – if a distribution system were created – would stimulate commercial agricultural production, which could create tens of thousands of rural jobs. If handled well, chemicals and plastics could create an entire new industry”, he said.

In contrast, LNG is solely for export, and GTL – the main alternative for monetisation under Mozambique’s domestic market obligation (DMO) – does not create any downstream jobs because it simply replaces existing diesel imports. While these projects promise high revenues, the government should accept a reduction in income in the short term to promote longer-term investment in Mozambican industrialisation, the report argues.

However, the government needs to make a decision soon on how much gas should be delivered under the DMO, as well as when and at what price, as Anadarko and ENI are gearing up for final investment decisions (FIDs) on their onshore LNG projects in early 2016. The volume of gas the government demands will determine

the number of wells that need to be drilled and the size of the pipelines needed to bring the gas to Palma.

How much gas for government?

A key point of discussion is how much gas the government will force Anadarko, which operates Area-1, and ENI, operator of Area-4, to earmark for the domestic market.

The report assumes a government take of 12% for Area-1 and 17% for Area-4, based on the 2% royalty gas payment included in the exploration and production concession contracts (EPCC) – signed by ENI and Anadarko in 2006 – as well as the government’s share of profit gas from Areas 1 and 4. For Anadarko, this profit share is initially 10% of production, rising to 60%; for ENI it is 15% initially, but only rises to 50%.

However, the lack of precise overlap between the EPCC, decree law and Mozambique’s latest petroleum law – which sets a 25% DMO, but should not apply retrospectively to the Rovuma Basin contracts – means the date and volume of gas to be delivered is subject to negotiation.

As there will be four LNG trains in operation initially, each with 170 billion cubic metres of reserves, the first projects could deliver 99 billion cubic metres (bcm) of DMO gas.

Fertiliser as a priority:

The report argues that the development of a fertiliser plant should be a priority, and should be accompanied by the development of a domestic market and later domestic compounding using local phosphate.

Mozambique uses little fertiliser – only 50,000 tons in 2010 – partly because imports are expensive. The country’s draft fertiliser strategy aims to increase use by 100,000 tons per annum (tpa). However, given a typical fertiliser plant produces 1.3 million tons per annum (mtpa) of urea – using around 20 bcm of feedstock gas – even if Mozambique did meet these goals there would still be capacity for huge exports.

Four fertiliser projects have already been proposed in Mozambique, and the report recommends that the company that wins the contract to build the plant should meet two demands. Firstly, 10% of production is to be sold on the national market at cost price, with the company setting up a system of distributors and local dealers. Secondly, the company must develop a domestic fertiliser industry. “Interviews have made it clear that at least some fertiliser companies would agree to both demands”, the report says.

The second priority should be development of methanol, chemicals and plastics production. Japan’s Mitsui, which has a 20% stake in Area-1, has proposed an 850,000 tpa methanol plant that would require 14 bcm of gas, while Germany’s GigaMethanol has proposed a 2.5 mtpa plant that would need 57 bcm. Other proposals are also on the table. “Methane-based chemicals is a new and rapidly growing area, and offers Mozambique a unique chance to enter an industry at the start”, the report adds.

*Source: Interfax Energy*

### **Anadarko in talks with Japanese JV Jera for LNG deal**

Anadarko Petroleum is in talks with newly formed Japanese JV vehicle Jera, set to

become the world’s biggest buyer of LNG, to sell long-term supply from its Mozambique export scheme.

The US oil major’s gas finds in Area-1 of Mozambique’s Rovuma Basin will feed the initial 10 mtpa, US\$23 billion LNG export project, which is due to start by 2021.

Jera is a joint venture between Tokyo Electric Power Co (Tepco) and Chubu Electric, Japan’s biggest and third-biggest utilities, set up in April with an aim to become the cheapest LNG buyer in East Asia.

Anadarko and Jera are in talks over a long-term gas import deal, three industry sources said.

A Jera spokesman said that the venture is in talks with various firms on new supplies but could not give details on individual projects due to confidentiality agreements.

“Anadarko are in talks with Jera to discuss potential Mozambique sales”, one of the sources said.

The move shows how Jera’s bulk purchasing power could be a swing factor in decisions on LNG projects that require huge investment and large long-term contracts to ensure viability.

Last year Anadarko had allotted two-thirds of the capacity of its planned 10 mtpa Mozambique LNG project, but needed more before taking a final investment decision, which is still pending.

Anadarko spokesman John Christiansen said the project has more than eight mtpa of LNG signed in non-binding deals, up on 2014 levels.

“We are progressing to long-term sales and purchase agreements (SPAs) with multiple customers in Asian markets, and we continue to make good progress with our marketing efforts”, Christiansen said.

Jera already handles all new long-term fuel purchases for Tepco and Chubu. From next year (2016) it will also handle all existing LNG supply contracts and purchases, amounting to 40 mtpa.

Last year (2014) Anadarko also signed a non-binding agreement with Japanese utility Toho Gas for 0.3 mtpa of Mozambican LNG, two industry sources said.

A Toho Gas spokesman said that Mozambique was a strong candidate for new supplies and is one of the projects it is talking to, but declined to say whether it had signed a non-binding deal, citing confidentiality.

China’s CNOOC, Indonesia’s Pertamina, the United Arab Emirates, Thailand’s PTT and Singapore are in talks with Anadarko.

*Source: Reuters*

### **Rio Tinto teams up with Savannah Resources in Mozambique**

On Monday (22 June) Savannah Resources and Rio Tinto announced a Joint Venture (JV) to develop a large-scale heavy mineral sands project in Mozambique.

AME East Africa, a wholly-owned subsidiary of Savannah Resources, has agreed to form a JV with Rio Tinto over the Mutamba, Dongane, Chilubane and Jangamo prospects. Savannah Resources, formerly African Mining and Exploration, will operate the JV.

Meanwhile, Rio Tinto will provide resources to the Aim-listed miner.

David Archer, Savannah’s chief executive, said that the “amalgamation of the projects makes enormous sense as it combines three areas which are effectively part of the same, continuous mineralisation trend”. The key mineral sands projects, which are in the Inhambane region of Mozambique, have “the potential to sustain a significant operation for over 20 years”, Savannah said.

Earlier this month, peer Glencore said it had its eyes on Rio’s iron-ore business. Peter Freyberg, Glencore’s coal chief, said that he was in the market for “synergy deals” that could cut costs.

As part of the arrangement, Savannah Resources has also acquired the remaining 20% stake of Matilda Minerals, which it doesn’t own.

Savannah’s other major focus is in Oman, where it has two copper blocks and has seen strong indications of gold during its exploration programme. Earlier this month, it announced the discovery of gold in this region following rock chip sampling, trenching and a review of historic information.

*Source: The Telegraph*

### **Mining group Savannah jumps 75% after Rio Tinto deal**

On a day of market optimism one of the biggest risers is - perhaps inevitably - a mining minnow. Aim-listed Savannah Resources has jumped nearly 75% to 3.6p after unveiling a JV with Rio Tinto to develop a large-scale mineral sands mining project in Mozambique.

Savannah will combine its Jangamo tenement with Rio's Mutamba deposit and operate the JV. It can earn up to 51% of the combined project with Rio providing all its existing camp, facilities and associated equipment which will help accelerate development, and will enter into an offtake sales agreement for 100% of the production from any mine that may be developed.

Analysts at Investec said that the situation is "A win-win for both parties as Savannah gets greater scale (and assumedly some financial backing) and Rio gets Savannah to advance a project that will be way off its list of priorities".

*Source: The Guardian*

### **ICVL raises US\$185 million to develop Mozambique coal mine**

International Coal Ventures Ltd (ICVL) set up by the government of India to buy coal assets overseas to meet the raw material needs of state-owned companies like SAIL, Coal India, NTPC, etc., has allegedly been scouting for funds for its Mozambique coal mine.

CNBC learned that the company has managed to raise approximately US\$185 million to accelerate production of the asset. Sources say that the company has secured the loan, which has a six-year tenure, from Exim Bank at a rate of Libor plus 250 basis points. The company will use the funds to upgrade technology and expand its coal distribution network.

ICVL - which is a JV between SAIL, Coal India, NTPC, NMDC and Vizag Steel - acquired the Mozambican asset from Rio Tinto for US\$50 million in July, 2014.

ICVL is yet to respond to a CNBC query on the subject.

*Source: Money Control*

### **Project work worth US\$200 billion to be available in Mozambique's coal sector in next 20 years**

Engineering design and project management consultancy RSV ENCO Consulting strategic development executive, Rowan Karstel, has stated that there are significant opportunities for companies to profit from Mozambique's resource sector.

"The province of Tete alone has inferred total coal reserves of about 23 billion tons", he highlights.

Karstel states that there will be project work worth approximately US\$200 billion undertaken in Mozambique over the next 20 years, mostly in the country's coal and gas sectors.

"The country possesses good-quality coking coal and also has substantial volumes of coal that is in line with Indian thermal coal specifications".

He notes that the continuing growth of India's economy will ensure that coal companies operating in Mozambique will be able to secure long-term offtake agreements with Indian commodity traders.

Further, Karstel says that India is "chronically short" of power and only 25% of the population has access to electricity.

He highlights that India's domestic coal reserves in the north-east of the country as well as its new coal-fired power stations that are being built in the south

and the west of the country will be better served by imported coal.

Karstel also notes that India's coal import volumes have increased at a compound annual growth rate of 21% since 2008, which further highlights India's sustained reliance on coal for power generation purposes.

"India, in the next five years, also plans to add 62,000 MW of power generation mostly from coal resources", he adds. One of the biggest challenges facing mining companies in Mozambique is ensuring that effective logistics programmes are put in place.

"The country's rail infrastructure is underdeveloped and very expensive. The government must find ways to make it cheaper", emphasises Karstel. Moreover, he points out that government has to continue working with mining companies to improve railway networks to ensure that product can be efficiently railed to ports for exportation.

"With regards to the gas sector, government has to finalise its policies to ensure certainty for companies. "This will enable companies to raise capital, thereby enabling faster development of projects, which will create many job opportunities and alleviate poverty levels in the country", states Karstel.

*Source: Creamer Media's Mining Weekly*

### **Moatize coal to flow through Nacala port**

As from July, coal from the Moatize mining complex, in Tete Province, will be exported via the Nacala-a-Velha port terminal in Nampula Province.

Making the announcement the Governor of Nampula, Victor Borges, said that 2015 forecasts point to more than 2.3 million tons of coal being exported through Nacala-a-Velha, with the amount expected to increase to up to 18 million tons by 2017.

*Source: Radio Moçambique*

### **Kenmare Resources: unofficial industrial action at Moma Mine**

On Wednesday (24 June) Kenmare Resources announced that unofficial industrial action had commenced at its Moma Titanium Minerals Mine ("the Mine") in Mozambique. A group of employees initiated this unofficial industrial action and operations have been impacted, with production temporarily suspended at the Mine.

By way of background, Kenmare initiated a process for retrenchment during the first quarter of this year (2015). After tripartite discussions with the Ministry of Labour, the union and management, an agreement was reached for reductions in shift allowances, a change in work patterns and retrenchment of 162 people, representing a significant reduction in the workforce retrenched as compared to an originally proposed retrenchment of 350 people. The reductions in shift allowances are being implemented on a graduated basis through the course of 2015, with a portion to be effected in June.

Moma management, employee representatives and officials from the Ministry of Labour are working towards a swift resolution of this unofficial industrial action. The Ministry of Mineral Resources and Energy had also been informed of the situation.

Speaking to reporters, Michael Carvill, Kenmare's managing director, said that: "I am hopeful that it will be resolved in a couple of days. Every strike we have ever had has been resolved in a couple of days". "With that said, strikes are strikes and there is more than one party involved".

He added: "I can understand that people feel disquieted when they see the impact of the falling mineral prices, but an agreement was reached between parties and we haven't diverged from that. The strike is not a union-mandated strike".

He said he was unsure of the number of workers who have taken part in the action. The company said its employee representatives and officials from the Labour Ministry in Mozambique are now working towards resolving the action.

It marks another issue at the Moma mine for Kenmare this year, following on from the decision it took in April to temporarily repatriate South African workers at the mine amid unrest in South Africa concerning foreign workers.

Kenmare said at the time that it had made the decision to repatriate the workers, who represented 62 of the 1,391-strong workforce at the mine, amid unrest in South Africa regarding foreign workers which has created a reciprocal unrest concerning South Africans working in Mozambique.

Shares in Kenmare dropped by more than 5p on Wednesday (24 June) on the back of the announcement to trade at about 3.7p on the London stock exchange.

Kenmare received a watered-down share offer from Australia's Iluka Resources for

the company at the end of April, valuing it at about £189 million.

Kenmare recorded a loss after tax of US\$100.8 million (€90.7 million) and revenues of US\$174.3 million in 2014. The company also recently announced a restructuring of its debt that will see lenders provide up to US\$50 million in additional funding.

*Source: Kenmare Resources plc/The Irish Independent*

### **Metals of Africa discovers high grade graphite at Montepuez**

Metals of Africa Limited has released results from its ongoing resource definition drilling programme at the Montepuez central graphite project in Mozambique.

The drilling programme indicated high grade graphite mineralisation intersection and confirmed three mineralised prospects within the project-Buffalo, Elephant and Lion prospects.

The Company reported that recent laboratory results from the Buffalo prospect yielded high grade graphite from surface to 50 metres at 9.86% Total Graphitic Content and 0.11 vanadium with open mineralisation and visible at depth.

Drilling results from the Elephant prospect indicated visual high grade graphite estimated at 5% to 15% Total Graphitic Content from 8.7 metres to 93.0 metres. All three prospects host different mineralisation characteristics which allows potential for multiple graphite products and end uses.

Drilling at Elephant prospect indicated spectacular jumbo flakes. The Company



expects the drilling programme to be completed in August 2015, with the Maiden JORC Resource Estimate set to commence afterwards.

Cherie Leeden, Managing Director of Metals of Africa, commented: “We continue to receive very encouraging laboratory results, with several more batches expected to be received over the coming months. Our most recent lab results have confirmed 50 meters of high grade and large flake graphite, grading at 9.6% TGC from the surface at the Buffalo prospect. Our results also indicate that the Lion prospect is likely to be of economic interest. Currently the diamond drill-rig is drilling at our Elephant prospect where the last hole intersected sensational looking graphite from eight metres to 93 metres. These intersections are exactly what we are targeting and drilling will continue over the next few months with the aim of deriving adequate data to define our maiden JORC resource”.

Metals of Africa Limited is an ASX listed graphite and zinc development company with operations in Mozambique, Tanzania and Gabon.

*Source: African Mining*

### **DUAT: Syrah Resources receives key Land Access Licence for Balama project**

The Australian based mining company Syrah Resources has announced that it has received the legal title to the land (DUAT) for its Balama graphite and vanadium project in the northern province of Cabo Delgado.

The DUAT grants the titleholder the right of land use for the duration of the mining

concession and can be renewed for a further 25 years.

According to Syrah, all key approvals have now been granted, including the mining concession, water licence and environmental licence.

Syrah’s Managing Director, Tolga Kumova, stated that: “we would like to acknowledge the efforts of the staff within the Ministry of Land, Environment and Rural Development for their efforts in reviewing and supporting Syrah’s Land Access application”.

He added that: “the awarding of all the key regulatory licenses has been the culmination of over two years of detailed studies and proactive engagement with the Mozambican government and community”.

Balama holds a world-class deposit of graphite, along with vanadium. Analysts expect the demand for graphite to increase in line with the development of electric vehicles and other battery-reliant devices.

Graphite is a form of carbon that is highly valued due to its properties as a conductor of electricity. It is used in batteries and fuel cells and is the basis for the “miracle material” graphene, which is the strongest material ever measured, with vast potential for use in the electronics industries. Graphite is also used for high quality steel production.

*Source: Agencia de Informacao de Moçambique*

## **Mozambican rubies raise almost US\$30 million in fourth Singapore auction**

On Monday (22 June) the London-based company Gemfields announced that its fourth auction of rubies, mined in the northern Mozambican district of Montepuez, raised total revenue of US\$29.3 million.

According to a Gemfields press release, the auction took place in Singapore between 16 and 21 June. Stones described as “high quality” rubies, mined by the Gemfields Mozambican subsidiary, Montepuez Rubi Mining Ltd, were offered for auction.

47,451 carats of rubies were sold, at an average price of US\$617 per carat. Gemfields says this is in line with the sums obtained at previous auctions of high quality Mozambican gems. 46 companies from across the globe made bids for the rubies.

Gemfields has pledged that the entire sum raised at this auction will be repatriated to Mozambique, and all taxes owing to the Mozambican state will be paid.

The Gemfields Chief Executive Officer, Ian Harebottle, declared that: “we are happy with the results of this fourth auction of Mozambican rubies from Montepuez. The demand for coloured precious stones remains very healthy, and the prices reached are in line with our expectations, compared with the previous auctions of high quality stones”.

One of the highlights of the auction was the sale of a spectacular pair of rubies, which had been named “Dragon’s Eyes”. Weighing a total of 45 carats, purchased by a prominent Thai company, Veerasek

Gems. Gemfields did not announce how much Veeresak had paid for them.

To mark this sale, Montepuez Rubi Mining has pledged to support the Niassa Lion Project. This is a project aimed at conserving lions, wild dogs and elephants in the Niassa National Reserve in the far north of the country.

Gemfields holds 75% of the shares in Monrepuez Rubi Mining. The other 25% is owned by the Mozambican company Mwiriti.

Gemfields claims that it is the world’s largest supplier of “responsibly extracted coloured gems”.

*Source: Agencia de Informacao de Moçambique*

## **Lichinga Catholic University debates ‘Changes and Challenges’ in Mozambican Mining Law**

The Lichinga branch of the Catholic University of Mozambique (UCM) recently presented a lecture entitled ‘The Legal Framework for Mining in Mozambique - Changes and Challenges’, as part of its Master in Administrative Law.

The lecture was organised by the co-ordinator of the Local Development Research Centre, Mendita Ugembe, and Paula Silveira, the professor in charge of the Energy Law Module in the Masters of Administrative Law, presided as the main speaker of the event. The focus of the discussion was to understand the new Mining Law of Mozambique, Law No. 20/2014 of 18 August, repealing Law No. 14/2002 of 26 January.

Silveira began by stressing the importance of the issue for Niassa

Province in particular, since studies point to the potential existence of a variety of minerals in the province such as coal, gold, marble, precious and semi-precious stones. She then went on to discuss the treatment of legal issues relating to mining exploitation.

First, with regard to the ownership of the resources, she said that under the new Mining Act the mineral resources in the soil and subsoil, inland bodies of water, territorial seas, the continental shelf and the exclusive economic zone, are the property of the State. This means that, under the Constitution of the Republic of Mozambique, the mineral deposits are public property, and are therefore imprescriptible, inalienable and unattachable.

However, this does not mean that legally created forms cannot exist to allow for the economic exploitation of these resources: these forms being mining titles such as Prospecting and Research Licenses; Mining Concessions; Mining Certificates; Mining Passes; Miner's Treatment Licenses; Miner's Processing Licenses and Miner's Products Trading Licenses. Accordingly, once in possession of the appropriate title, a private entity will be able to explore, enjoy and dispose of the fruits from that sector which, however, always remain in State ownership.

After explaining the structure of the regime, Silveira sought to emphasise two points of the new law which, in her opinion, mark a new approach to mining in Mozambique. First, the strengthening of the dominant position of the State that can be observed in a series of articles within the Mining Law; and second, the strengthening of the rights of local communities, evidenced by the adoption

of specific rules for fair compensation and resettlement.

Then the speaker gave the floor to the audience, composed of guests, employees and representatives of the local unit of the Mozambique Tax Authority, the Niassa Provincial Directorate of Mineral Resources and Energy. The discussion centred on the information presented and the challenges of implementing the new Mining Law.

At the end of the lecture, the Director of the Lichinga UCM Extension, Dr. André Felipe Angst, thanked the speaker, remarking that the issue under discussion was of great importance and that the UCM would promote a "scientific research journey" into the legal aspects of mining, encouraging UCM Law School graduate students to undertake further research into the matter.

*Source: UCM*

### **Eskom accident reduces transmission of Cahora Bassa power**

On Wednesday morning (24 June) the South African electricity company Eskom suffered a serious breakdown at its Apollo sub-station, which receives electricity from the Cahora Bassa dam in Mozambique's Tete Province.

Moises Machava, the technical director of HCB, the company that operates Cahora Bassa, told reporters that there was an explosion in an Eskom transformer which knocked out the number five converter bridge at Apollo. The bridge has three transformers, but if one ceases to operate, the whole converter bridge can no longer function.

The immediate result of this was to switch off Cahora Bassa's pole one. No damage was done to the Cahora Bassa equipment, Machava said, but it could no longer supply the Apollo sub-station with about 900 MW of power.

That situation lasted for about an hour, and must have worsened the chronic power cuts which South Africa has been suffering due to Eskom's inability to meet current demand.

When Cahora Bassa was up and running again, it could supply Apollo with 700 MW. The damage to the converter bridge meant that it was impossible to send the full 900 MW down the transmission line.

Machava said that HCB was sending the other 200 MW to South Africa via Zimbabwe. This is a much longer route and there will inevitably be more transmission losses. Such accidents at Apollo are not frequent, but they do happen several times a year. Machava said that, when the Apollo sub-station was overhauled, not all the transformers were rehabilitated. HCB is not making the same mistake – the rehabilitation of the HCB sub-station at the dam town of Songo, includes the rehabilitation of all the transformers.

*Source: Agencia de Informacao de Moçambique* Renewable energy reaches 4.5 million Mozambicans

New and renewable sources of energy currently benefit approximately 4.5 million Mozambican consumers, which is 18.5% of the total population, according to the deputy national director of renewable energy, in the Ministry of Mineral Resources and Energy, Marcelina Mataveia.

She was speaking on Tuesday (23 June) at the first fair on renewable energy, organised by the Ministry in partnership with the Maputo Municipal Council, as part of the celebrations of the 40<sup>th</sup> anniversary of Mozambican independence on 25 June 1975.

The fair is intended to show the potential of renewable energies, with displays of photovoltaic systems, solar panels and other technologies that produce energy in a sustainable manner.

Mataveia said that the country has, in recent years, been banking on renewable sources of energy to overcome the country's electricity deficit, since it is quite impossible to hook up every remote locality to the national electricity grid based on the Cahora Bassa dam on the Zambezi River.

"We are electrifying rural areas that are a long way from the national grid", she said. "We have been prioritising solar panels to provide electricity for social infrastructures such as schools and hospitals".

Before the installation of the solar panels there were certain health units which could not offer care which depended on the availability of electricity. But once the solar panels were in place the range of care provided by these health units expanded greatly.

The government, Mataveia added, is committed to the mass use of renewable energies, and believes they have a key role to play in the socio-economic development of Mozambique. A range of policy documents have been approved – including the Policy and Strategy on the Development of New and Renewable Energies; the Biofuel Policy and Strategy;

and the Strategy for the Conservation and Sustainable Use of Renewable Energies.

This policy framework, Mataveia said, is intended to create a favourable environment for the development of new and renewable energies. The ministry, she added, will continue electrification based on renewable sources of power. She believed that they are having an enormous impact on the quality of life, particularly in areas that cannot yet be reached by the national grid.

*Source: Agencia de Informacao de Moçambique*

### **General Electric establishes an office in Mozambique**

Last Thursday (18 June) North American General Electric (GE) opened its office in Maputo at a ceremony marking a decisive step in the company's commitment to bringing technology and equipment into Mozambique.

The opening of GE's first office in Mozambique coincided with the visit of a business delegation from the USA, made up of managers from 14 companies and led by US Transport Minister, Anthony Foxx.

According to GE, the discovery of the huge coal reserves in Mozambique boosted the country's railway industry which now aims to expand its operations not only in the mining sector services, but in other national development key segments as well. GE stated that it is committed to supporting the modernisation and resumption of the railway system for Mozambique's development.

*Source: Notícias*

### **Business group from Mozambique plans to grow soybeans**

The Mozambique Agriculture Company (Mozaco), a company of the João Ferreira dos Santos group, has requested the government to grant it 2,000 acres in the Malema district of Nampula, for soybean cultivation, said the managing director of the company.

Manuel Delgado said that the request stems from the development process carried out on a plot of 280 hectares having shown that Malema has appropriate land and climate conditions for farming soybeans.

According to reports, Delgado told the provincial governor of Nampula, Victor Borges, who a few days ago visited the company, that last year (2014) Mozaco produced a crop of 500 tons of soybeans and another 40 tons on another 20-hectare plot of land.

Soybean production has increased in Mozambique, particularly in the provinces of the centre and north of the country, due to the incentives granted by the government and its partners.

These incentives include provision of improved seeds to farmers, which has led to an immediate increase in soy production in the provinces where it is farmed.

The Ministry of Agriculture and Food Security said that since the beginning of soybean production (2003/2004) the average yield per hectare increased by 100%, from 500 kilograms to 1,000 kilograms.

*Source: Macauhub*

### **Turkish company to build cement factory in Maputo area**

The Turkish company Limak Holding has promised to invest US\$150 million in a cement factory in Mozambique that will have the capacity to produce two million tons of cement per year.

Speaking in Maputo on Monday (22 June), at a meeting with the Mozambican Minister of Industry and Trade, Max Tonela, the founder and chairperson of Limak Holding, Nihat Ozdemir, said that his company could guarantee at least 500 jobs in the first phase of the factory, to be built in the Maputo area.

That phase will involve investment of US\$38 million in the first quarter of 2016 in a complete production line. The factory could then produce 600,000 tons of cement a year. A second phase will see rail lines built as the main form of access to the factory. Ozdemir added that the factory's production capacity would then be more than trebled.

Ozdemir said that Limak is also interested in entering the Mozambican energy sector, and later intends to assess the viability of investment in ports, railways and tourism.

Tonela thanked Ozdemir for the decision to invest in Mozambique. "Our role as a government is that of a facilitator", he said. "You can rely on our support for implementing your initiative in Mozambique, particularly in cement production, since currently our country is a net importer of cement".

Inside Turkey, Limak has major interests in construction, cement, electricity and tourism. Among the other countries it is

currently investing in are Egypt, Pakistan, Saudi Arabia, Albania and Macedonia.

*Source: Agencia de Informacao de Moçambique*

### **Cimpor invests more than US\$250 million in new cement plant in Nacala**

On Wednesday (24 June) Cimentos de Mozambique, owned by Cimpor, announced that they intend to invest US\$250 million in a new integrated cement plant in Nacala.

The new unit, which will join five others the company already owns in Mozambique, is scheduled to be operational by 2018, with production capacity of 1.5 million tons per year. The new unit is expected to create over 500 jobs, said Jorge Reis, director general of Cimentos de Mozambique.

According to the company, the Nampula factory provides for complete cement production, thereby reducing cement imports (totalling up to approximately US\$100 million per year), and lower the final cost to the consumer.

Cimentos de Mozambique is majority-owned by Cimpor. Cimpor, together with its subsidiary in South Africa, Natal Portland, forms part of the Intercement Group.

Intercement is the world's eighth largest cement producer, and market leader in Mozambique, Portugal, Argentina and Cape Verde.

In Mozambique, the company currently produces 3.1 million tons of cement per year, with a fully operational factory in Matola (Maputo Province) and four grinding units: one in Matola, two in

Nacala and one in Dondo (Sofala Province). In total, the company currently employs 1,200 people.

Over the past three years, the company has invested over US\$100 million in Mozambique, not including the most recent investment.

Source: *RTP Notícias*

### **Qatar Airways suspends Maputo flights**

Qatar Airways has suspended its scheduled flights between Maputo and Doha until mid-August.

A laconic note on the Qatar Airways website stated that the flights have been cancelled “for operational reasons” between 1 May and 19 August.

Qatar Airways flew the route three times a week. The first flight from Doha landed at Maputo International Airport on 31 October 2012, and was greeted by several high ranking officials, including the then transport minister, Paulo Zucula.

The flight went via Johannesburg (South Africa). Now a flight with the same number flies between Johannesburg and Doha, with no extension to Maputo.

According to a report, among the reasons Qatar Airways cancelled the route was that too few people boarded the plane in Maputo. Independent weekly *Savana* puts the average number of passengers at 60.

But Qatar Airways always knew that there would not be hundreds of people boarding the flights in Maputo. That is why the plane stopped in Johannesburg, where it took on most of its passengers.

A further problem, *Savana* claims, was the fees charged by Maputo airport, which the airlines pass on to their passengers. This, however, should affect all airlines – and it does not stop Kenya Airways from offering what are currently the cheapest flights between Maputo and London, at £482 (US\$783) for a return ticket, changing planes in Nairobi.

*Savana* argues that, according to the paper’s sources, Qatar Airways on several occasions queried the high fees charged by Maputo airport, but never received a satisfactory answer.

A further problem cited by the paper is the quality of the Maputo runway, which was not rehabilitated at the same time as new terminals were built. Twice Qatar Airways planes suffered burst tyres at Maputo, blamed on the state of the runway.

Rehabilitating the runway is the third stage of the modernisation of the airport, and the French government and the European Investment Bank (EIB) are among those who have pledged to finance this work.

When contacted by *Savana*, the Qatar Airways representative in Maputo said he had no authorisation from Doha to speak to the press.

The Mozambican Airport Company (ADM) denied that the state of the runway had anything to do with the Qatar Airways decision, and claimed that the flights to Doha would resume within a month.

The “within a month” is optimistic. But when reporters tried to book a Maputo-Doha flight, they found that Qatar Airways will indeed restore its direct flights, using a Boeing 787 “Dreamliner”, after 19 August.

Source: *Agencia de Informacao de Moçambique*

### **SAA increases Maputo flights**

South African Airways (SAA), has celebrated almost eight decades of flying to Maputo.

“Maputo is a star in our African route network and, in keeping with the strategic objectives of our long-term turnaround strategy, we are focused on maintaining a commercially sustainable African route network, and on further expanding those star-performing African routes”, says Nico Bezuidenhout, SAA acting chief executive.

From humble beginnings, the route has shown considerable growth. Frequencies were increased late last year and SAA now serves Maputo with three flights a day (21 a week) on A319 aircraft.

“SAA will continue to support and expand this route, as Maputo is one of the most popular in its network serving Southern African Development Community (SADC) countries. South Africa and Mozambique enjoy a strong trade and social ties, and Mozambique is South Africa’s top trading partner in Africa”, said Bezuidenhout.

SAA introduced flights to Maputo in 1937, when it began flying to what was then Lourenco Marques with an experimental flight on 18 July, 1937, using an Airspeed Envoy, which connected with the Imperial Airways Flying Boat en route from London to Durban, picking up air mail. The service used the Junkers Ju 86 from 5 May, 1938. After the war De Havilland Doves were used on this service.

Although Mozambique’s economy is reliant on fuel, gas and mining, tourism is showing a strong improvement.

SAA’s service makes travel convenient, affordable and fairly quick. It takes no more than 50 minutes to fly from Johannesburg to Maputo.

Jane Flood, who conducts walking tours in Maputo, told reporters that: “Maputo is safe and, as much as we do not have that many tourists here at the moment, as they mostly prefer to go to the islands, those we get enjoy the programme we have for them”.

She said that walking tour groups were most interested in the architecture of the city.

“Among other attractions are Independence Square, (former) president Samora Machel’s City Hall, the Roman Catholic Church, CFM Station, the fresh produce market, the money museum and others”. According to the Forbes report, by 2020 4.5 million people will be visit Maputo a year.

“There is infrastructure here which should be taken advantage of, and there is potential growth. Luckily the new government is working on a new tourism strategy and we can only get better”, said Flood.

This can only benefit the likes of SAA in the long term.

The airline’s country manager in Mozambique, Lorino Rodrigues, said that: “There is great potential here for tourism. Our operating revenue, passenger numbers and flying frequency have all gone up. The basics for good business are there, but more work needs to be



done. Develop the tourism potential, then you'll see how it brings in more people, more traffic and revenue will improve for the better", he said.

According to the African Development Bank, Mozambique's real GDP posted robust growth in 2013 of 7%, although lower-than-expected, due to severe floods. Growth was projected at 8.5% in 2014 and 8.2% this year (2015).

*Source: Pretoria News*

### **Zimbabwean Dendairy launches in Mozambique**

Kwekwe-based Zimbabwean milk processor, Dendairy Limited, has initiated exports to Mozambique, where it hopes to capture a large market share and has further plans for expansion in Zambia. Riding on the back of a 25% levy, introduced by the government to curb the influx of dairy imports, Dendairy has witnessed tremendous growth in the last six months, with output increasing by 35%.

Dendairy managing director, Darren Coetzee, says that the company has exported long-life shelf milk, yoghurt, among other products to the country's eastern neighbour.

"We've seen growth in the last six months, due to the fact that the government put levies on milk imports. We've benefited immensely from it and at the moment we're increasing exports to Mozambique", he said.

"We've already exported two batches of our products and we've had a good response. Soon we'll be looking at exporting into Zambia as well.

"We've seen our juices, long-life milk and yoghurts become popular in Mozambique. There's quite a big range that we're sending out, and we'll continue to explore new markets for our products".

Coetzee said that the company had shelved exports to South Africa due to the firming of the greenback against the rand, which has made local products uncompetitive across the Limpopo.

Increased production for the Kwekwe based dairy firm has reduced its prices by up to 15%, which has improved the firm's competitiveness against foreign imports mainly coming from South Africa.

Coetzee said that going forward the company would be investing in introducing a new range of products onto the market in the next six months.

Following the company's commissioning of two new Tetra Pak A1 for Tetra Fino Aseptic (TFA) plant, a packaging machine for production of dairy products for long-life shelf milk, the company has introduced 100 and 200 millilitre (ml) sachets, which have been targeted mainly for the hospitality industry.

*Source: Commercial Farmers Union of Zimbabwe*

### **Government to build 7,000 houses by December**

In line with its 2015-2019 Five-Year Programme, the government will build 7,000 low-cost houses by December 2015, deputy minister of housing and water resources, João Osvaldo Machatine announced on Thursday (18 June).

Speaking at the opening of the seventh meeting of the Mozambique Fund for

Housing Development, Machatine said that the government also expects to demarcate no fewer than 200,500 plots of land over the next five years, and construct 350,000 residential homes in all regions across the country.

“We hope that this meeting will result in concrete resolutions addressing all the constraints around access to houses, particularly in relation to price and access to finance”, said the deputy minister.

Machatine acknowledged that the project had been delayed somewhat due to the debate and subsequent approval of the State Budget and Economic and Social Plan in Parliament, but reiterated his intention of bringing it to completion, urging all those involved to work towards the project’s fulfilment.

*Source: Lusa*

### **Maputo Ring Road to be completed in December 2015**

The Maputo Ring Road will only be complete in December 2015, despite the fact that it was originally scheduled for completion in December 2014, after the project began in early 2012.

This announcement was made on Tuesday (23 June) by Cabinet spokesperson, Mouzinho Saíde, at the end of another working session.

To allow for the extension of the project, the government applied for a loan from the Exim Bank of China.

According to Saíde, the project is currently in its final stages and all that remains to be done is to build the various bridges and viaducts.

The project includes the construction of a 74 kilometre road, 52 kilometres of which were built from scratch.

Despite the delay, the Council of Ministers concluded that the various projects being carried out by the Maputo South Development Company, particularly the ring road and the Maputo-Catembe Bridge, are continuing at a satisfactory pace.

*Source: Canal de Moçambique/Notícias Moçambique*

### **Independence celebrations: construction of Machava Stadium goes over budget**

The refurbishment of the Machava Stadium, which hosted the celebrations of the 40<sup>th</sup> anniversary of national independence, has cost the country more than the budgeted MT30 million (roughly US\$857,142).

According to Sancho Quipiço, the executive director of Mozambique Railways (CFM), the refurbishments have already exceeded the budgeted amount, however, it is not yet known by how much.

*Source: O País*

## POLITICS

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### **Renamo still not giving the list of its militia – Nyusi**

On Thursday (18 June) residents of the town of Montepuez told President Filipe Nyusi that: “we don't want to go back to war again, because war only brings poverty and sorrow to our families”.

The message was conveyed at a rally addressed by the president, as he continued his working visit to the northern province of Cabo Delgado.

One of those who spoke at the event expressed concern that the main opposition party, the former rebel movement Renamo, still keeps a force of armed men in the bush.

In response, Nyusi said that the government was still waiting for Renamo to deliver a list of the members of its militia, so that they could be integrated into the armed forces (FADM) and the police of the Republic of Mozambique (PRM).

This is unfinished business from the agreement of 5 September last year (2014) on the cessation of military hostilities, signed by Nyusi's predecessor, Armando Guebuza and Renamo leader Afonso Dhlakama. The agreement envisaged the disarming and dismantling of the Renamo militia, with its members recruited into the FADM and the police, or reintegrated into civilian life.

But that was entirely dependent on Renamo handing over the list of its men, which it has refused to do. For nine months the government has asked for the list, and for nine months Renamo

has refused to provide it. Instead it has demanded a share-out of senior military and police positions, with Renamo appointing half of all the commanding officers - a demand which has no basis at all in the 5 September agreement.

Nyusi said that the government is still waiting for the list. He recognised that some of the Renamo militia would be too old, or physically unfit, to join the army or the police. In such cases they would return to civilian life, but would be guaranteed a military pension.

Referring to the visits to the provinces made by Dhlakama and other Renamo leaders, Nyusi told the crowd “since they habitually come here and meet with people, the next time they show up, ask them to give me the list”.

He said that the Renamo gunmen should not be condemned to spend the rest of their lives in the bush, when they had a duty to look after their families, and to return to a productive life. “It is enough for them to give us the list and then we shall help them”, he added. “That is our duty, for I am the President of all Mozambicans”.

Later that day, Nyusi asked for suggestions from academics on how effective peace can be guaranteed in Mozambique, when he met with teachers, students and administrators of the Montepuez delegation of the Pedagogic University. The Pedagogic University, responsible for higher level teacher training, is now the largest university in the country.

The President asked his audience to come up with proposals that would

encourage peace and better co-existence among Mozambicans. He also wanted to hear their suggestions about how to improve the Mozambican education system, which has recently come under fire for its poor quality.

This meeting with students and academics, he added, was part of his principle of “inclusive and participatory governance”.

“I want to free you from lamentations, murmurings and suppositions, so that it is you yourselves who say what we should do to live in peace”, said Nyusi. “You are part of a class with the capacity to judge what should be done, and in a sustainable manner”.

Accepting the president’s invitation, Erasmo Elias, a fourth year student from the Educational Psychology department, stressed that the government had to ensure improved living conditions.

To guarantee peace in society, “I must be at peace, and so must my neighbours, my family and the entire community”, he said. “As long as I do not have basic living conditions, I will not be at peace”.

João Maurício, a professor of the Education and Psychology Department, said “new techniques” were required “to improve the productivity” of the dialogue between the government and Renamo.

As for the quality of education, Mauricio said that the problem lay with primary schools which are the source of the “raw material” for the subsequent levels. “What we have found is that often students come here with difficulties in reading and writing”, he added - and it

was not the responsibility of higher education to correct this deficit.

Silvestre Jafar, of the Philosophy Department, said that, for effective peace, all of society, including those regarded as “enemies”, had to be involved.

“Peace is not a matter just for the government, but for all Mozambican citizens”, he said. “I must be at peace. The others must be at peace. Everybody must be at peace. Peace shouldn’t be for just one group. This means we have to think more about a permanent dialogue. It must be a dialogue that brings results, and then we shall promote effective peace”.

Nyusi took the opportunity to explain what he meant by his frequently cited phrase “in my heart there is room for all Mozambicans”.

“I mean that all the concerns of the other parties should be solved”, he said. “It means that there is a place for all thoughts, so that we can discuss various aspects of our lives”.

*Source: Agencia de Informacao de Moçambique*

### **Prime Minister meets US transport secretary**

The United States Secretary for Transportation, Antony Foxx, told reporters in Maputo on Friday (19 June) that the US is interested in exporting opportunities for investment in Mozambican infrastructure.

He was speaking after an audience with Prime Minister Carlos Agostinho do Rosario. Foxx was visiting Mozambique

at the head of a delegation of 14 companies, mostly in the areas of transport, energy and agriculture.

“Many of the companies who have come with me have a great deal of experience in the area of infrastructure”, he said, and thus the sector was discussed in detail between the two politicians.

“We had a very productive meeting with the Prime Minister and we discussed how to create jobs and economic opportunities”, said Foxx,

This was the first ever trade mission sent by the US government to Mozambique, and is part of the initiative “Doing Business in Africa” of US President Barack Obama, which has the central objective of promoting contacts between US companies and African partners. Later in the day, the US Assistant Secretary of Commerce for Global Markets, Arun Kumar, officially inaugurated the US trade offices in Maputo.

“Through these offices, and in partnership with our team of professionals, we intend to respond to those who desire commercial co-operation with Mozambique, and to increase our volume of investment to satisfy the market”, said Kumar.

*Source: Agencia de Informacao de Moçambique*

### **Nyusi criticises ‘failure to exercise power’**

On Friday (19 June) President Filipe Nyusi expressed his frustration and anger at the decay of the Secondary School in the town of Chiure, in the northern province of Cabo Delgado,

describing its degraded condition as a result of mismanaged and failure to exercise power by the local authorities.

He was speaking during an unannounced visit to the school. Nyusi decided to visit the school after hearing denunciations of the situation by Chiure residents at a rally he addressed on Friday morning.

A man named Benjamim Benedito, speaking on behalf of the residents, expressed concern at “the decayed state of the roof of the Secondary School, which led to the closure of the school’s boarding home”.

A few hours later, Nyusi was at the school, and found that the large building was under a leafy tree which had not been pruned. As a result branches were damaging the roof, which threatened to collapse at any moment.

Nyusi also found there was grass growing on the roof, quite visibly. Yet the school director and the Chiure district authorities seemed indifferent to the damage.

Nyusi turned to the district administrator and the school director and told them “You are murdering the school. Here power is not exercised”.

“How do you exercise power?” he asked, and immediately answered his own question, “By solving the concerns of the people”.

At the end of his visit to Chiure, Nyusi told reporters that he regarded the incident as evidence that the people are indeed participating in governance.

That the local people had invited him to visit the school, in their presence, was irrefutable evidence that they trust the government to solve their problems.

“What we see here is that the school requires rehabilitation or reconstruction in some aspects”, he said. “The other question is the lack of maintenance. As you saw, there is grass on the roof, and it prevents water from running off, and so naturally the water becomes stagnant”.

The situation inside the classrooms was also chaotic, with desks scattered around in a disorderly fashion, even in those rooms where there was no sign of infiltration by water.

School director Saíde Abubacar said that the school caters for 2,095 pupils, studying 8th to 10th grades, and a further 250 night students. He admitted that seven dormitories have been transformed into classrooms, because of the serious degradation in the condition of the real classrooms.

*Source: Agencia de Informacao de Moçambique*

### **Nyusi urges private businesses to be “part of the solution and not part of the problem”**

On Saturday (20 June) President Filipe Nyusi urged the country’s private businesses to be “part of the solution and not part of the problem”.

Speaking to representatives of the business community of the northern province of Cabo Delgado, at a meeting in the provincial capital, Pemba, Nyusi said that Mozambican business people

should be presenting solutions, rather than simply criticising the government.

At the start of the meeting, the Chairperson of the Cabo Delgado Business Council, Chabane Combo, read out a message listing a series of problems that the business community would like to see solved by the government.

He wanted to see greater speed from government institutions in such matters as the issuing of environmental licences, and in Value Added Tax (VAT) rebates. He called for greater opportunities for Mozambican businesses in the foreign investment mega-projects, and an increase in their local content.

“We are not asking for any protectionism – we are asking for more inclusion and more opportunities”, he said. He did not want to hear any more officials claiming that Cabo Delgado businesses “have no capacity”.

Controversially, he wanted the government to authorise the export of unprocessed logs. He claimed the policy of prioritising the export of processed timber “is not benefitting local businesses, because the exporters prefer logs. When they can’t buy them in Mozambique, they abandon the Mozambican market in favour of neighbouring countries”.

“National operators make little use of sawn wood”, he said. “We have sawmills that are closed because there is no market for their products”.

The message also complained of the lengthy delays by state institutions in paying invoices. For many businesses, the State is their largest client, and

when state bodies fail to pay-up on time, it has a serious domino effect, compromising the ability of the companies to pay their own bills, including taxes.

“Some sectors of the government should understand that paying invoices is not a favour, but a duty”, stressed Combo.

The businesses also urged the government to revive coastal shipping services, because of the huge transport costs of moving all merchandise and raw materials by road. Building anything in Pemba is extremely expensive, they said, because all the construction materials come from outside the province and by road, whereas it would be much cheaper to move it up the coast by boat.

Although Nyusi recognised that some of the concerns presented by the businesses depend on interventions by the government in its role as “facilitator”, he urged the business community to adopt a new attitude. “The private sector should help solve problems”, he stressed.

“I would like to suggest that you be more aggressive and stop painting yourselves as victims”, he said. “Otherwise we shall not evolve”.

Nyusi also did not like his audience’s constant reference to “we in Cabo Delgado”, regarding this as a narrow, parochial vision. “You can’t think of yourselves just as business people of Cabo Delgado, since you can also carry out your activities elsewhere, and some people have already begun doing that”, he said.

He was sceptical about Combo’s timber claims, which contrasted with what he had heard two days earlier, in Montepuez district, where people at a rally had complained that unprocessed logs were being packed into containers for export. He also doubted that foreign importers were really rejecting processed Mozambican timber.

The matter deserved further investigation, Nyusi said. He told the ensuing press conference that a government team will visit the province and meet with local businesses, to find solutions to the problems raised.

At a rally in Pemba, marking the end of his visit to Cabo Delgado, he invited members of his government to explain the projects under way that would improve life in the province.

The Minister of Mineral Resources and Energy, Pedro Couto, recalled the energy crisis that had hit the entire province at the beginning of the year. This was because a massive flood on the Licungo River (Zambézia Province), on 12 January, had swept away 10 pylons on the only transmission line supplying energy to the north of the country. All of Nampula, Niassa and Cabo Delgado provinces and the northern districts of Zambézia were deprived of electricity for a month.

“We made provisional repairs”, said Couto, adding that a definitive restoration of the transmission line is underway and should be completed by October, before the start of the next rainy season.

He admitted that the country is running out of power, because the main source

of electricity, the Cahora Bassa dam on the Zambezi River, has reached its limit.

It was therefore urgent to generate more power for Cabo Delgado. The publicly-owned electricity company, EdM, “will start building a new power station in Metoro district, with the capacity to produce 30 MW. It should be complete within two years”.

As for water supply, the Minister of Public Works, Carlos Bonete, said that work is under way to increase the time during which water is pumped to Pemba from six to eight hours a day. This depends on installing new equipment and replacing the pipes carrying water from Metuge district to Pemba.

As from 2016, the government would mobilise more funds to improve the Pemba water supply through building a second water main. Projects are also under way to improve water supply in Mueda, Nangade, Montepuez and Chiure districts.

“Over the next five years in the rural areas we shall continue to drill more and more boreholes until we have reached a satisfactory level of coverage”, said Bonete.

The deputy minister of industry and trade, Omar Mitha, stressed that Cabo Delgado’s potential for natural resources and agriculture. He stressed the need to boost local agro-industry to replace food imports.

“We now have rice processing plants in Montepuez, and we shall replicate the cashew processing plants in Nangade and Chiure, and in other areas with cashew potential, such as Mocimboa da Praia”, he said.

“This is very important, because here in Cabo Delgado we only talk about gas, gas and gas, when we have many other riches that we can exploit”, said Mitha.

Among the industries the government is promoting, he said, is a furniture factory in Mocimboa da Praia, the fruit of a Mozambique-China partnership, and two cement factories, in Pemba and Metuge.

*Source: Agencia de Informacao de Moçambique*

### **Nametil asks Nyusi for municipalisation**

Residents of Nametil, the district headquarters of Mogovolas (Nampula Province) have expressed their desire to see their village incorporated as a municipality, and have thus asked the government to look into the possibility. These residents believe that Nametil’s municipalisation could help fast-track the village’s socio-economic development.

Their desire was expressed to President Filipe Nyusi during a popular meeting that he conducted in Nametil as part of his recent working visit to Nampula.

According to data from the local government, the Mogovolas district is the largest contributor to the economy of Nampula. Nampula’s economy is mainly supported by the production of cotton, peanuts and cashew nuts - Mogovolas being the largest domestic producer.

Precious and semi-precious stones, wood and cattle are other economic contributors in the district.



The village of Nametil is the main centre for business and commercial transactions between managers and local economic operators, both regional and national.

However, Nametil, with an estimated population of 90,000 inhabitants, still faces difficulties related to the supply of drinking water, health care, roads access and expansion of electricity supply to residential neighbourhoods.

The residents of Nametil told Nyusi that the decentralisation of state powers to their administrative division of Nampula Province would be beneficial. “The villagers will be able to decide what to prioritise to foster local development and how to actively participate in that process”, they said in their message.

The president, who spoke about a new project of works, including expansion of the village health centre and the paving of 72 kilometres of road linking Nametil to Nampula city, both scheduled to start before the end of the year, promised a concrete answer from government in relation to the concerns presented by the residents.

*Source: Notícias*

### **Sofala governor angered by unfinished work**

The governor of the central Mozambican province of Sofala, Helena Taipo, has promised to investigate why construction work, for which the government has paid, lies abandoned and unfinished across the province.

Speaking to reporters at the end of a four day working visit to Gorongosa and Maringue districts, Taipo said that she

was saddened to find state buildings unfinished. Among them were the official residence of the Gorongosa district administrator, and the residence of the Maringue district attorney. Both of these buildings should have been finished over two years ago.

She said that she did not know why the contractors had abandoned these works. She pointed out that the government had paid 100% of the value of the agreed contracts. This led her to suspect corruption, or theft, on the part of the contractors.

She was also angered by the failure to complete a dam on the Nhandare River. This should have been completed in May but, to date, only 50% of the work has been done.

“I am worried about the state infrastructures”, said Taipo. “What I have seen and heard is not pleasant. The contractor received 100% of the money, but only 20% of the work has been done, and the building has been paralysed for years. So what’s going on?”

As for the Nhandare dam, which is intended to provide drinking water and water for irrigation in Gorongosa, Taipo recommended that the work should be completed by September at the latest.

She promised “tough measures” against those who are defrauding the state. “We have to find out who are the culprits for work that is not finished”, Taipo said.

*Source: Agencia de Informacao de Moçambique*

## **Ematum loan – “something went wrong”: Luisa Diogo**

Mozambique’s former Prime Minister, Luisa Diogo, has expressed serious concern at the level of the country’s indebtedness, and particularly the government guarantee for the US\$850 million loan that Ematum took on the Eurobond market in 2013.

According to Diogo: “Something went wrong in the Ematum study, in structuring the debt at such a high level, because it’s not a small debt. There was a failure in structuring the debt”.

“This debt is very heavy, that’s the reality”, she added. “We saw the Minister of Economy and Finance (Adriano Maleiane) present the situation in Parliament. And, as economists, and with the access to information that we have, we feel that the debt is heavy”.

“When we accept a debt, we must always bear in mind what are the sources for paying it, and when a private company with public entities within it (Ematum is technically a private company), brings a package for guarantees from the State, the sustainability of the State debt must be analysed”, she said. “We must always pose the worst scenario, which is when the company is unable to 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 said that if, for example, a company has to pay US\$200 million a year in debt servicing “then it must produce at least US\$700 million to US\$800 million”. The Ematum debt is to be repaid over seven years, with a two

year grace period, and an interest rate of LIBOR plus 6.5%. Yet the most optimistic forecast (from the government) is that when the Ematum fleet is fully operational, it will bring in revenue of only US\$196 million a year.

Diogo advised letting Maleiane find a solution. “We cannot throw stones at the solution he finds”, she said. “If he does find a solution, it’s because he studied it with the government economic team. It’s the best solution they found so that the country continues to work. We have to give him room to find the best solutions”.

There was no way of scrapping Ematum, since it was now part of the Mozambican economy. “The credibility of that company, from the point of view of paying the debt, (a debt guaranteed by the state), is the credibility of the state itself”, Diogo stressed. “So the state must accept it”.

Diogo, when she was Finance Minister, was the head of the team negotiating the cancellation of Mozambique’s foreign debts, in the framework of the Heavily Indebted Poor Countries (HIPC) debt relief initiative, but she is now afraid that those gains were now being lost.

“Once again, I am beginning to have nightmares about the Mozambican debt”, she told reporters. She looked at the current situation “with a great deal of concern and apprehension”.

“We are still some years away from the natural gas flowing (referring to the gas fields in the Rovuma Basin in the north of the country), but we already have a debt, and the debt service must be paid immediately”, she said. “What is in question here is the quality of the debt.

There are countries who can take on a commercial debt, with a year of grace and five years to repay. Mozambique still can't. It can take a little debt under these conditions, but not much".

"I think we have gone off-the-rails a bit", she warned. "We have to use this term: we have derailed".

She expressed her solidarity with Maleiane, and said she was confident that he would find the best solutions to see the country through the difficult years before the huge reserves of gas come on stream. When the gas revenues are available, Mozambique will be in a position to pay its debts "with greater composure".

"But there are going to be difficult moments, particularly this year, which is not at all an easy year from the budgetary point of view", Diogo said.

Commercial debt, rather than soft loans, is an act of economic aggression, she stressed. "The country can't stand it. When I say it can't stand it, I'm not saying it won't pay. It ends up paying one way or another, but it will delay the construction of classrooms and of health centres".

"The debt must be restructured", Diogo stressed, "so that the country can continue to invest correctly in the areas where it ought to invest".

In the meantime, *Reuters* reported this week that Mozambique is standing-by state guarantees given to international investors behind a US\$850-million bond to finance a tuna-fishing fleet and increased coastal security, Finance Minister Adriano Maleiane said on Wednesday (24 June).

In a letter obtained by Reuters, Maleiane clarifies that a debt 'restructuring' announced in Parliament last week (12 to 19 June) was actually about the government cleaning up the accounting relating to the 2013 bond, and was not because it could not pay.

*Source: Agencia de Informacao de Moçambique/Reuters*

### **Chissano urges the country to pay attention to agriculture**

On Monday (22 June) former president Joaquim Chissano stated that the country must continue to make agriculture and industry its number one priority as the drive for the economic development of the country.

Chissano argued that the discovery of natural resources shouldn't change this approach, even though the new mineral resources discoveries may appear to be facilities for development.

"We have a very clear indication that that agriculture will be the basis for development and industry, the drive towards that development, now a priority since the transition government", said Chissano.

Chissano added that above all, the government must give as much attention to human capital as possible, so that ordinary people can become resource owners. On the same day, the Ministry of Agriculture and Food Security announced that it expects a growth of 12% in food production for the current season 2014/15. In the last season the production was registered at 18 million food products.

*Source: Xinhua*

## **Principles on separation of party and state signed after two delays**

On Monday (22 June) the delegations of both Renamo and the government once again postponed the signing of the Agreement on the Separation of Party and State.

The agreement was originally scheduled to be signed on Friday (19 June), after consensus was reached on 15 June. However, the signing date was subsequently postponed to Monday and again to Tuesday (23 June) for unknown reasons.

On Tuesday night the government and Renamo signed in Maputo the “Declaration of Principles” on the separation of political parties from the state.

The matter had been under discussion for months in the weekly dialogue between the government and Renamo. What was signed on Tuesday is much the same as a document drawn up by the Mozambican mediators in February. Renamo, however, added last minute demands which the government found unacceptable.

Renamo leader, Afonso Dhlakama, dropped these demands and, at a meeting of the Renamo National Council in Beira earlier in the month, told the Renamo negotiating team to go ahead and sign what was consensually agreed.

The agreement states that political parties may not have branches in public institutions, and may not use state-owned premises for political party activities. The ruling Frelimo Party is the only political party which admits to having branches inside public

institutions. These branches will not be immediately dissolved since the declaration does not yet have the force of law.

The Frelimo Central Committee Secretary for Mobilisation and Propaganda, Damiao Jose, told reporters on Wednesday (24 June) that Frelimo will wait to see what Parliament decides on the enforcement of the proposed agreement.

“Frelimo will wait until the agreement is discussed and analysed in the National Assembly”, Jose said. “Frelimo will comply with whatever decision is taken by the National Assembly. There will be no immediate action”.

The proposed agreement bars public servants from undertaking party-political or religious activities in their workplace. Public servants must refrain from party-political activities during working hours. Also magistrates, ambassadors and members of the defence and security forces are barred from political activities at all times.

The practice of deducting sums from public servants’ wages for political purposes must end. The proposed agreement seeks to outlaw deductions from wages “for any purposes except those envisaged by law”.

It is, in fact, already illegal to make political or trade union deductions from workers’ wages without their express consent. But despite this legal restriction, deductions have been made from wages, particularly of teachers, to finance Frelimo. This has sometimes created scandals. Frelimo has formally denied authorising the practice.

The proposed agreement states that vacancies in the state apparatus must be advertised, and recruitment must be by tender rather than appointment. This requirement covers the permanent secretaries in provincial and district governments, the heads of administrative posts and presidents of localities and villages. Tenders must also be held for the chairpersons of publicly owned companies, or companies in which the state holds shares, and the chairpersons or general managers of public institutes.

All phases of the tenders must be publicised, including the launch, the presentation of candidates, the recommendation of the deciding body, and the final result.

The proposed agreement insists on state recognition of “traditional authorities”, and that chiefs must come from “the family lineage”. In other words, despite Renamo’s claim to champion democracy, it has succeeded in imposing hereditary chieftainships on the Mozambican rural population.

The document also proposes revising the powers and attributes of the Supreme Mass Media Council (CSCS), the press freedom watchdog set-up under the constitution. But the main powers are stipulated by the Constitution and cannot be changed without a constitutional amendment.

The Council, the Constitution states, must “ensure the independence of the media, in exercising the right to information and the freedom of the press”. It must also give its opinion prior to the licensing of private radio or television stations, and be involved in the appointment and dismissal of the

general directors of the publicly-owned media.

In recent years the CSCS has been supine and inactive, and certainly has not defended the interests of press freedom. This may be about to change, since President Filipe Nyusi recently appointed a prominent and critical journalist, Tomas Vieira Mario, as the chairperson of the CSCS.

The declaration also proposes a commission to monitor the separation of parties from the state. This body will be set up by the National Assembly, and will consist of representatives of the government, the parliamentary political parties, and civil society.

Renamo is enthusiastic about the proposed agreement, but the government regards it as largely irrelevant. The head of the government delegation to the dialogue, Agriculture Minister José Pacheco, said it was “a redundant document, since its content is expressed in several laws that are already in force in the country”. He cited as examples of these laws the General Statute of State Functionaries and Agents, and the Law on Public Probity (which deals with conflicts of interest).

Nonetheless, the government had agreed to sign the document in the interests of peace. “Effective and lasting peace has no price”, said Pacheco, “and since we recognise this, we accepted the agreement”.

The government is willing to sign documents that might lead Mozambique to lasting peace, he added. He was also hopeful that Renamo had now understood “that its project to divide the state between two parties (Frelimo and

Renamo), in the name of separating party and state, is contrary to the Constitution and to the application of the rule of law”.

The head of the Renamo delegation, Saimone Macuiana, claimed the signing ceremony was “an important act for the country and for future generations”. The success in the dialogue meant “a new page in the history of the country”.

He admitted that some points demanded by Renamo had been excluded, but declined to go into detail. However, it is already known that the most important of these was an attempt by Renamo to bar the President, and the Ministers he appoints, from involvement in party politics during working hours.

The government delegation regarded this as absurd, since the president was elected on a political party manifesto which he has a duty to implement. If Renamo expects the National Assembly to rubber-stamp the proposed agreement, it may be in for a shock. For there is a third force in the National Assembly, the MDM, which has drawn-up and submitted its own bill on the separation of party and state, which is already on the agenda for the current parliamentary sitting.

*Source: Radio France International/Canal de Moçambique/O País/Notícias/Agencia de Informacao de Moçambique*

### **Government/Renamo dialogue: mediators unhappy with the lack of consensus over military issues**

Mediators in the dialogue between the government and Renamo have again expressed their dissatisfaction

concerning the deadlock over ‘military matters’, the second item of the negotiations agenda.

“Once again, the parties have failed to reach consensus”, said Saíde Habibo, speaking on behalf of the mediators at the end of the 109<sup>th</sup> negotiating round, adding that: “We, as mediators, think that the reason for this impasse might have to do with inconsistencies of speech on matters under discussion”.

The agenda item relating to military issues calls for the demilitarisation of the remaining Renamo forces and their integration into the police, army and socio-economic life of the country.

“Renamo’s priority is to integrate its officers into the FADM, and the government, for its part, emphasises the integration of Renamo’s residual forces. We wanted the parties to discuss one thing at a time”, said Habibo.

If the parties fail to reach consensus on this point, the mediators will stress the need to take the dialogue to the highest level – a meeting between the head of state, Filipe Nyusi, and the Renamo leader, Afonso Dhlakama.

“We have suggested the possibility of this matter being dealt with at the highest level – between the president and the leader of Renamo – on previous occasions. We would like this to happen, because this is the best way to find a solution concerning the issue”, said Habibo.

Meanwhile, looking beyond the dissatisfaction over the second item, mediators were rejoicing over the consensus reached last week concerning the separation between

political parties and State apparatus, the third item on the agenda.

“At least they managed to reach consensus over a declaration of principles about the separation of party activities and the civil service. They have also agreed to the signing of this document on Tuesday. This is good news”, said Habibo.

Since the beginning of the dialogue sessions, which have been going on for two years now, the parties had managed to reach consensus on only the first item, regarding the ‘election package’ (new electoral rules, composition of National Electoral Commission and Electoral bodies). Up until the latest agreement, there has been only a series of impasses.

*Source: Agencia de Informacao de Moçambique*

### **Dhlakama proposes joint committee to negotiate autonomous provinces**

Renamo leader, Afonso Dhlakama, has proposed the creation of a joint committee of government and Renamo representatives to negotiate the establishment of the autonomous Renamo provinces he claims for Mozambique.

“The proposal has already been put to the government, so any meeting with [President of the Republic, Filipe] Nyusi will not just be for handshakes, because that would be disappointing the people in six provinces who expect Renamo to govern them”, Dhlakama told reporters.

Dhlakama is suggesting a commission composed of six members, three from each party, which would work in parallel

with the long-term dialogue taking place weekly in Maputo, but with the additional mandate of working specifically towards decentralisation

“Frelimo has said that it also has a plan to decentralise state administration in 11 provinces”, said Dhlakama, adding that he hopes that a political agreement would incorporate Renamo’s ideas but could still “enter Parliament as if coming from the government”.

Dhlakama advocates that the government’s decentralisation plans must meet the autonomy criteria that his party demands and, on that basis, the autonomy of the six provinces (where it claims election victory) must be implemented before the end of the current year (2015), and the other five after the general elections of 2019.

In this case, Renamo would govern Niassa, Nampula, Tete, Zambézia, Manica and Sofala in the centre and north of the country and the current governors, appointed by the central government, would remain in office but without executive functions.

“Nyusi has said that he is ready to meet me to address peace issues. I am definitely also prepared. Let him accept the creation of teams to draw the decentralisation framework; this is the government’s function and we will assist it”, said the Renamo leader, adding that this initiative would bring about a better form of democracy for the population, “complete the cycle of nominations”, and end the current political and military instability.

“What I fear is that I will be forced to tell the population to act as it wants to act”,

he said, warning that such a situation would be disastrous for the country.

Renamo does not recognise the results of the last general election and is demanding the creation of provincial authorities across the country, as well as the management of the six regions where it claims election victory, threatening, on-and-off, to seize power by force if its demands are not met.

*Source: Lusa*

### **Delay in disarming Renamo could put pressure on budget**

The delay in implementing last September's agreement on a cessation of military hostilities between the government and Renamo could create "additional budgetary pressures", which would be difficult to accommodate in the 2015 state budget, Agriculture Minister José Pacheco warned on Wednesday (24 June).

Pacheco was speaking in Parliament, in his capacity as head of the government delegation at the government-Renamo dialogue which has now held 109 sessions.

The 5 September 2014 agreement envisaged the disarming and dismantling of the Renamo militia. Its members were supposed to have been recruited into the FADM and the police, or reintegrated into civilian life.

But none of this happened. To date, over nine months after the September agreement, not a single Renamo militiaman has been disarmed.

A military observer mission, known by the acronym, EMOCHM, was to monitor

implementation of the September agreement. It consisted of 70 Mozambican officers (half appointed by the government and half by Renamo), and foreign observers from eight countries (Botswana, South Africa, Zimbabwe, Cape Verde, Kenya, Italy, Portugal and Britain).

EMOCHM had a mandate for 135 days, which was extended for a further 60 days. Throughout this period it could do nothing, since Renamo refused to deliver a list of names of those of its militiamen whom it wanted to join the FADM or the police. These were months of inactivity entirely paid for by the Mozambican government.

"The government created the conditions for Renamo's residual forces to be recruited into the FADM or the police, or for their social and economic reintegration", Pacheco stressed.

He gave the Assembly details about the expenditure on EMOCHM. The government had approved a budget for EMOCHM of MT540.2 million (approximately US\$13.7 million at current exchange rates). Running costs accounted for 60% of this, and capital expenditure for 40%.

By the time EMOCHM was wound up, only MT370.3 million had been spent. So there was an unspent balance of MT169.9 million (or 31.46% of the total budget approved). Expenditure would presumably have been considerably higher if EMOCHM had been allowed to do its job, rather than simply sitting in hotels.

Pacheco said that the largest item of expenditure was vehicles. 59 vehicles were purchased for EMOCHM, costing



MT83 million (22.44% of the total). The allowances paid to the foreign and Mozambican members of EMOCHM amounted to MT83.7 million (20.61%).

MT59.9 million (16.1%) was spent on equipment for accommodating the Renamo “residual forces” - such as beds, refrigerators, water tanks, generators, stoves and other kitchen materials. But since the Renamo militiamen never left their bases in the bush, this material could not be used.

Food cost MT33.9 million (8.9%), and accommodation for EMOCHM members cost a further MT31.8 million (8.6%). EMOCHM office equipment cost MT15.7 million (4.3%). All unused EMOCHM assets are now being transferred to the defence and security budget.

Pacheco said the government had decided against any further extension of EMOCHM, and would instead “prioritise dialogue to establish consensus for an effective and lasting peace”. That peace must rest, not only on a cessation of military hostilities, but on an end to “incitement to division and violence, and disinformation”. Crucially, it would also depend on “the demilitarisation of Renamo”.

*Source: Agencia de Informacao de Moçambique*

### **Cuban delegation in Mozambique for a working visit**

The Cuban deputy minister of foreign affairs, Rogelio Sierra Díaz, conducted a working visit to Mozambique on 24 and 25 June as to strengthen the relations of friendship and co-operation between the two countries.

Díaz’s visit will allow countries to assess the current state of bilateral co-operation and review the political, economic and social situations prevailing between Mozambique and Cuba. Whilst in Maputo, Díaz held talks with the Parliamentary Speaker, Veronica Macamo, Prime Minister Carlos Agostinho do Rosario and deputy minister of foreign affairs and cooperation, Nyeleti Mondlane.

*Source: Rádio Moçambique*

### **India-Mozambique ties will strengthen further**

On Wednesday (24 June) President Pranab Mukherjee expressed confidence that Mozambican President Filipe Nyusi’s visit to India in August (2015) will “further strengthen” ties between the two nations.

“I look forward to your visit to India in August this year. I am confident that the relations between our two countries will further strengthen in the years to come”, Mukherjee said extending his greetings and congratulations to Nyusi on the eve of the country’s Independence Day (25 June).

“India and Mozambique share warm and close bilateral relations, which have been expanding in recent years, to the mutual benefit of both our peoples”.

“On behalf of the government and people of India, as well as on my own behalf, it gives me great pleasure to convey to Your Excellency and to the people of Mozambique warm greetings and felicitations on the occasion of your Independence Day”, he said.

*Source: Daiji World*

## **Vietnam and Mozambique mark diplomatic ties**

On Thursday (25 June) the Mozambican Embassy in Vietnam held a ceremony in Hanoi to celebrate the 40<sup>th</sup> anniversary of diplomatic ties between the two countries.

On the occasion, Ambassador Gamiliel Munguambe said that the founding of diplomatic relations in 1975 marked the beginning of friendship, peace and development of the two nations.

Vietnam and Mozambique supported each other during the cause of national independence, reunification, and development, he said.

The two sides have strengthened co-operation in various fields such as politics; external affairs; and economics to culture; education-training; and telecommunications, he added.

Minister of Agriculture and Rural Development, Cao Duc Phat, said that Vietnam is a close friend of the Mozambican people.

Vietnam is pleased with the impressive achievements that Mozambique has gained in the political, social and economic realms, which helps Mozambique become one of the African countries with the highest growth, he said.

He added that the two countries have expanded bilateral co-operative ties in various fields for mutual development.

The minister said that he hopes that the bilateral relations will be further strengthened in the coming years for the benefits of the two countries.

In the meantime, a Mozambique-Vietnam Business Forum was held in Maputo on Wednesday (24 June), during which a rice production agreement was struck between the two countries.

According to the agreement, Vietnam will invest approximately US\$2 million in Mozambique for the study of seeds, to be used in a large-scale rice production project in Zambézia Province.

The project aims to ensure food security for the province, which is still suffering from the adverse effects of the floods earlier this year (2015).

*Source: VNA/Canal de Moçambique*

## **Angolan diplomat optimistic on co-operation with Mozambique**

On Wednesday (24 June) the Angolan Ambassador to Mozambique, Brito Sozinho, voiced his confidence in strengthening and diversifying co-operation between the two countries in the coming years.

The Angolan diplomat was speaking to the press as part of the festivities of the 40<sup>th</sup> anniversary of the national independence of Mozambique.

The Angolan delegation at the event was led by vice president, Manuel Domingos Vicente, on behalf of the Head of State, José Eduardo dos Santos.

Relations are said to be “good” between the two countries, who co-operate in several areas such as: education; arts and culture, and defence, among others.

Sozinho said that the relations between the two States date back to 1978 when the former presidents Samora Machel (Mozambique) and Agostinho Neto (Angola) met and signed a General Cooperation Agreement.

In 2014 the two States reviewed all such co-operation, during which they decided to sign an agreement on the abolition of visas in diplomatic and service passports.

As for the financial sector, the ambassador stressed the co-operation between Angola and Mozambique, adding that both countries have been working toward its improvement.

Asked on how the Angolan authorities regard the political situation in Mozambique, the diplomat voiced confidence that Mozambicans will manage to address the issues.

*Source: Angola Press*

### **Vice-president of Angola attends Mozambique's Independence Day celebrations**

On Wednesday (24 June) the vice-president of Angola, Manuel Domingos Vicente, travelled to Mozambique to participate in the commemoration of the 40 years of national independence.

Vicente was representing the Angolan Head of State, José Eduardo dos Santos, during the celebrations.

Other African presidents, who arrived in the country on Wednesday to attend the Independence Day celebrations include: President Robert Mugabe, President Jakaya Kikwete and President Peter Mutharika.

The Portuguese Minister of Foreign Affairs, Rui Machete, represented Prime Minister Pedro Passos Coelho during Thursday's (25 June) celebrations.

*Source: Angola Press/New Zimbabwe/Xinhua/Lusa*

### **President Lungu expected in Mozambique**

On Wednesday (24 June) Zambian President Edgar Lungu arrived in Mozambique to attend the country's celebrations, marking the 40<sup>th</sup> anniversary of Mozambican independence.

In a press briefing, held on Tuesday (23 June) at the Zambian Embassy in Maputo, Zambia's High Commissioner to Mozambique, Japhen Mwakalombe, told journalists that President Lungu's attendance was important, as it signifies the sound relations that exist between Zambia and Mozambique.

Mwakalombe said that President Lungu visited Mozambique for the first time since assuming office in January this year (2015).

He expressed his optimism that President Lungu's visit will further enhance trade relations between the two countries.

According to Mwakalombe, President Lungu attended an evening gala on Wednesday (24 June), held at the Cultural Centre of the University of Eduardo Mondlane in Maputo ahead of the independence celebrations.

On Thursday (25 June) President Lungu attended a wreath laying ceremony at the Mozambique Heroes Stadium to pay

his respects to former president Samora Machel. Later that same day, Lungu visited the Machava stadium for the independence celebrations.

Following the celebrations, President Lungu proceeded to the Ponta Vermelha palace, the State House of Mozambique, for a luncheon hosted by his counterpart, Filipe Nyusi.

President Lungu's delegation during his visit to Mozambique included: Zambia's first president, Kenneth Kaunda; Foreign Affairs Minister, Harry Kalaba; Special Assistant to the president for Political Affairs, Kaizer Zulu; and Special Assistant for Press and Public Relations, Amos Chanda.

Mwakalombe described Kaunda's participation in Mozambique's 40<sup>th</sup> anniversary celebrations as a demonstration of Zambia's sacrifice towards Mozambique's fight for independence.

"During the inauguration of President Filipe Nyusi early this year, President Lungu assigned Kaunda as his representative. The government of Mozambique acknowledged Zambia's representation", he said.

Mwakalombe said (on the side-lines of the Independence Day celebrations) that the Acting Managing Director of ZESCO, Victor Mundende, is also expected to hold discussions on how to increase electricity trade within the SADC region.

*Source: Lusaka Times*

### **"National unity remains key weapon for Mozambique" – Nyusi**

On Thursday (25 June) President Filipe Nyusi declared that national unity remains the key weapon for Mozambique's success as a nation.

Addressing the celebrations of the 40<sup>th</sup> anniversary of Mozambican independence, Nyusi stressed that it was only lack of unity that had kept the Portuguese in control of Mozambique for so long.

"More than the power of the enemy, we were beaten by the lack of an integrated and unitary vision", he said. "We lost many battles, because of lack of unity, dialogue and consensus".

With the foundation of Frelimo, in 1962, "national unity was adopted as the best weapon to fight against the Portuguese colonial machine", Nyusi said. "40 years later the same weapon continues to be the secret of our strength and of our future successes".

Speaking at the Machava stadium, on the outskirts of Maputo, the same place where the country's first president, Samora Machel, proclaimed independence 40 years earlier, Nyusi stressed that: "there is no future for a nation which is divided by ambitions for power".

Likewise there was no future "for a nation over which hangs the threat of war and violence. The unity of all Mozambicans under a single flag is as vital as the air we breathe".

Nyusi recalled the achievements of Mozambique in its 40 years of independence, particularly in abolishing

the discriminatory colonial model of education. The illiteracy rate was a shocking 93% in 1975, but has now dropped to 48%.

The number of primary schools rose from 5,260 in 1975 to 17,150 now. There were just 12 secondary schools in 1975, and currently there are 920. There was one university in 1975, and today there are 48 institutions of higher education in Mozambique.

Similarly in health care, in 1975, Nyusi recalled, there were only 100 doctors in the country, but now there are 1,600. The number of nurses has risen from 1,200 to 15,000. And life expectancy has risen from 41 years in 1975 to 52 now.

Nyusi stressed that his government intends to create wealth “by generating balanced and inclusive development, in an environment of peace, stability and security. The government will continue to promote harmony, solidarity, justice and cohesion among Mozambicans”.

Later in the day, at a reception in the presidential palace in Maputo, Nyusi stressed that: “our enemy today is poverty, and we cannot invent another one. All of us will win, together, the battle under way, in national unity, since without unity we are weakened”.

The country must remain united “from the Rovuma to the Maputo” (the rivers marking Mozambique’s northern and southern boundaries).

The Mozambique of the future “must have no ideological islands which want to see the country cut into pieces”. This would be a Mozambique where “selfish

interests are subordinate to collective ones”.

*Source: Agencia de Informacao de Moçambique*

### **Frelimo internal elections in Tete postponed**

The internal elections for the new first secretary of Frelimo in Tete Province was postponed from 20 June to Saturday (27 June).

The elections were postponed owing to the fact that the Policy Commission, the internal department responsible for approving/rejecting the candidate applications, failed to meet on Wednesday (17 June) ahead of the vote.

Following the announcement, the electoral commission received another candidate application from Dominic Viola, the district administrator. Viola is the sixth candidate running in Saturday’s vote.

*Source: Canal de Moçambique*

### **Mozambique to 2018 - managers, mediators and magnates**

Mozambique’s ambitious new executive must find ways to bridge a set of gaps: between the core and the periphery; between political parties - established and new; and between the interests of business and the stark fact that Mozambique remains extremely poor, according to a new report.

Recent political developments in Mozambique mark the beginning of an important era. The party of government, Frelimo, is clearly anxious to back the

newly elected head of state, Filipe Nyusi, who - following an initial tussle with his predecessor - is apparently keen to open a different style of dialogue with his rivals both among the country's opposition parties and within Frelimo itself. This apparent political maturing comes at a time when the prospect of significant economic transition is gaining ground.

Opportunities bring challenges:

Foreign investors are committing to Mozambique, and this can only have been encouraged by recent political developments. Of particular note has been the arrival of the LNG industry in the context of some globally significant offshore gas finds in the north.

Despite likely high development costs, the market for LNG is strong - especially in East Asia. Looking ahead by some years to 2020-25, LNG markets in the US and Europe should also become more attractive, as domestic production winds down in the former and North Africa's supply to Europe begins to dwindle. The long-term view of Mozambique's LNG prospects is good - albeit more modest than spectacular. In addition to LNG development, there are significant investments under way in agribusiness (biofuels production), coal, non-hydrocarbon minerals and fisheries.

To a greater or lesser extent, however, such developments present challenges to local communities, and all have the potential to create serious conflict through the disaffection of local people. Investments have not yet reached a stage at which they are providing the government of Mozambique with taxes and its people with jobs. Many key poverty indicators for Mozambique have

largely stagnated over the past decade, and the country's infrastructure of roads, telecommunications, railways and electricity is inadequate to keep up with the demands of investors, let alone population growth. What infrastructure that is in place is vulnerable to crippling damage by floods over much of central and northern Mozambique.

The country is also prone to serious outbreaks of political violence. The fighting that took place between April 2013 and July 2014 showed clearly that the Renamo movement was able to arm and conduct operations in the centre of the country. While its fighters may not be able to start a civil war or a war of secession, they made a political point: Renamo is a force to be reckoned with. In addition to political violence, there is persistent unrest in Mozambique over social issues, with food prices or land claims at the centre of most protests and outbreaks of violence.

The challenges for Mozambique's government are interlinked. The lack of large-scale revenues and the persistence of a constrained tax base mean that it does not have the funding required to develop the roads, railways and electrification that would hugely benefit internal and external trade, and bring investment into the business sector. Furthermore, the country's economic growth is partly offset by the scale of the 'youth bulge' coming on to the labour market. Unless its young people are able to find employment, any real gains in alleviating Mozambique's persistent poverty will be lost.

Cognisant of the political sensitivities involved, and working with international donors and investors, Mozambique's

policy-makers have to select and undertake a clear and unambiguous set of measures that balance the short-term needs of commercially competitive industries - which can provide a strong return for the government - with the social needs as well as the constitutional rights and expectations of the country's citizens.

Recommendations:

- Mozambique has already experienced dissent and conflict where land has been taken for new industrial or agro-industrial initiatives. The current laws governing changes of use require that investors and affected communities together achieve full, free and informed consent before land is handed over. In practice, processes concerned with community engagement and negotiation have been uneven. More work needs to be done with investing companies by providing clear benchmarks for social performance; and, at a policy level, for the government to enhance the role, capacity and authority of provincial authorities to act on behalf of communities and to ensure that standards of process are commensurate with the scale of impacts.
- Forming an independent producers' association for the hydrocarbons sector could bring a range of benefits to the government, the private sector and civil society - particularly if this was funded not by the private sector but by a donor. The mandate of the producers' association should be to lobby the government on issues that could otherwise detract from individual company interests. The government should use the association to ensure that all operators - including contractors - work on a level playing field. Civil society would be able to use such an association as a forum via which to raise their concerns.
- Land and landownership is an issue that is growing in scale as Mozambique develops. As much as any other, it can lead to outbreaks of violence. There is a broad range of donor-funded activities in the land registration sector - usually linked to agricultural development. By extending existing work on community land use and working to develop replicable skills and processes at provincial level, it is to be hoped that provincial administrations can find ways of reversing the trend whereby central government makes key decisions and ignores provincial priorities.
- Mozambique has an opportunity to gain ground in line with the IMF's ongoing Policy Support Instrument (which enables Mozambique to access IMF advice and support without a borrowing arrangement). The IMF has consistently emphasised rural infrastructure development in order to enhance agricultural productivity, along with the promotion of employment in the private sector. The development of a mechanism to address the

large variation in resource rents would be very helpful in this respect. Specifically, the government could extend the current revenue-sharing mechanism in order to eliminate the discrepancies between budgeted and transferred revenues to Mozambique both within the year and from year to year

- Mozambique should take advantage of the international labour pool to bring major projects online in a cost-effective and timely fashion, while in the meantime deliberately building national skills to replace international labour in the medium and long term.
- In the short term, and before LNG production comes on stream, coal will overtake aluminium as Mozambique's main export. Enhancing the civil responsibility of the country's mine operators is an obvious and attractive proposition. Thus, Mozambique's interest in the Voluntary Principles on Security and Human Rights is to be encouraged.
- Mozambique's obligations under the Extractive Industries Transparency Initiative (EITI) currently cover mining and hydrocarbons. While the performance of EITI in Mozambique is uneven, it is improving. EITI remains the best mechanism in place for ensuring that there is clarity and transparency in the primary

extractives industry. Developing collaboration between the EITI international secretariat and the IMF in extending the classification of resource revenues in the latter's Government Finance Statistics Manual 2014 could be applied to the Mozambican context.

- The G19 group of Mozambique's international partners should encourage amendment of the current electoral legislation to provide a clear system of complaints and appeals. If successful, they should also consider funding expert training for judges, electoral managing bodies and political parties on how to use these procedures. There is also a need to train electoral managing bodies in counting and tabulation procedures.
- If Mozambique's political leadership allows the legislature to become more assertive, a task-focused committee (including the relevant donors) should review past training exercises to see what worked and consider a new training programme on best practice in accountability for parliamentary committee members of all parties.
- War veterans - especially from Renamo - have felt disadvantaged in trying to get access to state pensions. This has enhanced a sense of marginalisation and frustration. Donors, in conjunction with the



IMF, could assist the government in setting up a more accessible and efficient national pension system for veterans. The failed disarmament by Renamo over the past two decades was a driver of the 2013-14 conflict. If relations between Renamo and Frelimo improve, international agencies should support faith groups and NGOs in disarmament and peacebuilding efforts, especially in Manica and Sofala provinces.

#### Bridging divides:

The new executive must find ways to bridge a set of gaps: between the core and the periphery; between political parties - established and new; and between the interests of business and the stark fact that Mozambique remains extremely poor. In sharp contrast to Mozambique's successful elections, occasional breakdowns in security

detract from the development agenda. Under the Nyusi government, there is a new imperative to address processes of reconciliation and disarmament, and its efforts should be warmly supported by the international community.

Balancing these competing interests, and maintaining both peace and a healthy dialogue among detractors, will not be easy. Expectations of resource rents run high, and are promoted by the investors themselves. Managing such expectations while shifting authority to the provinces is new political territory for Frelimo. Its newly elected members of parliament will be busy, and will need guidance and support through the coming term. Despite the rhetoric, experience shows that - in general - good things happen slowly, while bad things can happen very fast.

*Source: Chatham House Report: Mozambique to 2018: Managers, Mediators and Magnates*

## SECURITY

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### **Dhlakama admits ordering ambush in Tete**

Renamo leader, Afonso Dhlakama, has admitted that he personally gave the order for an ambush against government forces in the western province of Tete on 14 June.

Speaking on Monday (22 June), in the central city of Beira, Dhlakama said that the attack took place three kilometres from a Renamo military base at Mucombedzi, in Moatize district.

"I can't hide it. I gave the orders", said Dhlakama. He claimed that more than 35 members of the riot police died in the ambush, and a further ten died in hospital.

But according to the spokesperson for the General Command of the PRM, Pedro Cossa, two policemen were wounded in the ambush, one of whom died on the way to hospital.

According to Cossa, the police unit concerned had been taking supplies to a police post in the Tete interior. If this is the case, it will have been a small unit,

certainly not consisting of 45 or more men.

Dhlakama's statement contradicted that given immediately after the ambush by Renamo spokesperson António Muchanga, who claimed that it was the armed forces who had attacked Renamo, and not the other way round.

The ambush was a blatant violation of the agreement on a cessation of military hostilities, signed between Dhlakama and the then president, Armando Guebuza, on 5 September, 2014.

Dhlakama claimed there had earlier been four government attacks against the Renamo militia – one in the Mocimbedzi area, one in Funhalouro district, in the southern province of Inhambane, and two in Guija and Dindiza, in the neighbouring province of Gaza.

Dhlakama said that he had authorised the ambush, after the Mocimbedzi commander had contacted him for instructions.

“Our force noted that government troops were about five kilometres from the base”, he said. “The commander, who is a major, asked – do we have to move the base again, because they're going to attack us? I said – no, go and meet them, and the clash occurred three kilometres from the base”.

Dhlakama said that his patience was running out, because of what he called “frequent provocations”. He threatened that he would retaliate against any future government attack, and claimed he was under pressure from local Renamo commanders to respond. The government, however, has repeatedly denied that it is mounting such attacks.

“I am a man of peace”, claimed Dhlakama. “I fought for democracy. I shall continue fighting, and I don't want to frighten away local and foreign investment, or to scare the public, but I am tired of Frelimo playing around”.

Despite the ambush, and Dhlakama's sabre-rattling, government and Renamo delegations are continuing to hold a political dialogues in Maputo, and have reached agreement on a declaration of principles on separating political parties from the state. This declaration was signed on Tuesday evening (23 June).

*Source: Agencia de Informacao de Moçambique/Independence Online*

### **Overview of Human Rights Practices in Mozambique for 2014**

On Thursday (25 June) the “2014 Country Reports on Human Rights Practices” was released. In the report, Mozambique was criticised for its high levels of corruption and impunity, despite the fact that the Mozambican government has taken various steps over the years to ensure greater prosecution and conviction rates for guilty officials.

Principal human rights abuses included the government's failure to protect political rights and freedom of assembly, unlawful killings and abuses by government and opposition-party security forces, and domestic violence.

Other major human rights problems included lengthy pre-trial detention; ruling party influence on an inefficient, understaffed, and inadequately trained judiciary; harsh prison conditions; infringement of political rights of opposition parties; and government pressure on the media.

Societal problems highlighted in the document include: discrimination against women; abuse, exploitation, and forced labour of children; discrimination against persons with disabilities; trafficking in women and children; and discrimination against lesbian, gay, bisexual, and transgender (LGBT) persons and persons with HIV/AIDS.

There were several reports by human rights activists and domestic media sources that the government and/or its agents committed arbitrary or unlawful killings. Most reports concerned military and police officers. For example, on 25 February (2014), three men were found shot and burned inside a vehicle in Maputo, nine miles from the detention centre where the Criminal Investigative Police (PIC) had arrested and detained them the day before. The police did not announce the reason for the detention.

A PIC spokesperson stated unknown gunmen killed the victims, but the Mozambican League of Human Rights (LDH) stated the deaths appeared to be the result of summary execution. The case remained unresolved at year's end.

In July, Renamo accused the government of arbitrarily arresting and unlawfully killing Zacarias Madjuta, a high-ranking member of Renamo, who died inside a Gorongosa police station one day after his arrest. The case was also unresolved at year's end.

There were numerous reports Renamo committed arbitrary or unlawful killings of civilians. From April 2013 through June 2014, the press and the government accused Renamo forces of more than 30 incidents of attacking vehicles traveling on the central highway between the Save River and Muxungué in Sofala Province,

resulting in numerous government and civilian deaths.

In April the then attorney general, Augusto Paulino, announced 18 open criminal cases concerning deaths and destruction of property associated with armed clashes between Renamo and government forces. The criminal cases were dropped due to the August general amnesty law enacted following peace negotiations between the government and Renamo.

Despite the fact that the Constitution and law prohibits practises of torture and other cruel, inhuman or degrading treatment and/or punishment, the report found that poorly trained PRM officers frequently used excessive force and harsh physical abuse when apprehending, interrogating, and detaining criminal suspects and prisoners. Human rights advocates and the media reported occurrences of torture and other cruel, inhuman or degrading treatment, physical abuse, and prolonged detention. The LDH reported the level of abuse in prisons declined during the year. Abuses by the PIC in police station jails, however, continued as in the past.

In respect of the conditions of prisons and detention centres, the report found that, despite the fact that there were improvements at some national penitentiaries, prison conditions remained harsh and potentially life threatening. Inadequate funding, staffing, and facilities resulted in overcrowding, substandard sanitation, and poor nutrition and health care.

While the constitution and law prohibit arbitrary arrest and detention, both practices continued to occur. For example, on April 14 (2014), the PRM detained Jose de Araujo, a member of the MDM, in Inhambane while he was

collecting signatures for the party's presidential candidate for the October elections. Authorities released de Araujo several hours after the arrest but did not return the signatures collected or the 20 voter identification cards. In April the PGR also highlighted a continuing problem in various provinces of arrest warrants issued without due process.

In respect of corruption within the State institutions, the law provides criminal penalties for corruption by officials, and in contrast with 2013, the government more readily implemented the law for minor corruption offenses.

For example, in April (2014) the Minister of Public Service, Victoria Dias Diaogo, announced disciplinary action against 1,019 government employees for corrupt activities, of whom 126 were terminated, 122 demoted, 226 fined, 374 warned, and 88 publicly reprimanded. The remaining cases are pending.

Infractions included misappropriation of state-owned property and falsification of documents and signatures. Nevertheless, officials sometimes engaged in corrupt practices with impunity, because the government did not always enforce the law for high-profile cases.

Some internationally respected organisations, including the World Bank,

indicated corruption was a serious problem. Petty corruption by low-level government officials to supplement modest salaries and high-level corruption by politically and economically connected elites continued to be the norm. In some cases high-level bribery was related to narcotics trafficking.

In December the government passed a new penal code law with provisions to combat financial crimes, including corruption, soliciting bribes, fraud, abuse of power for financial gain, and illicit accumulation of wealth. The government must still pass a criminal procedure code to implement the new penal code law effectively.

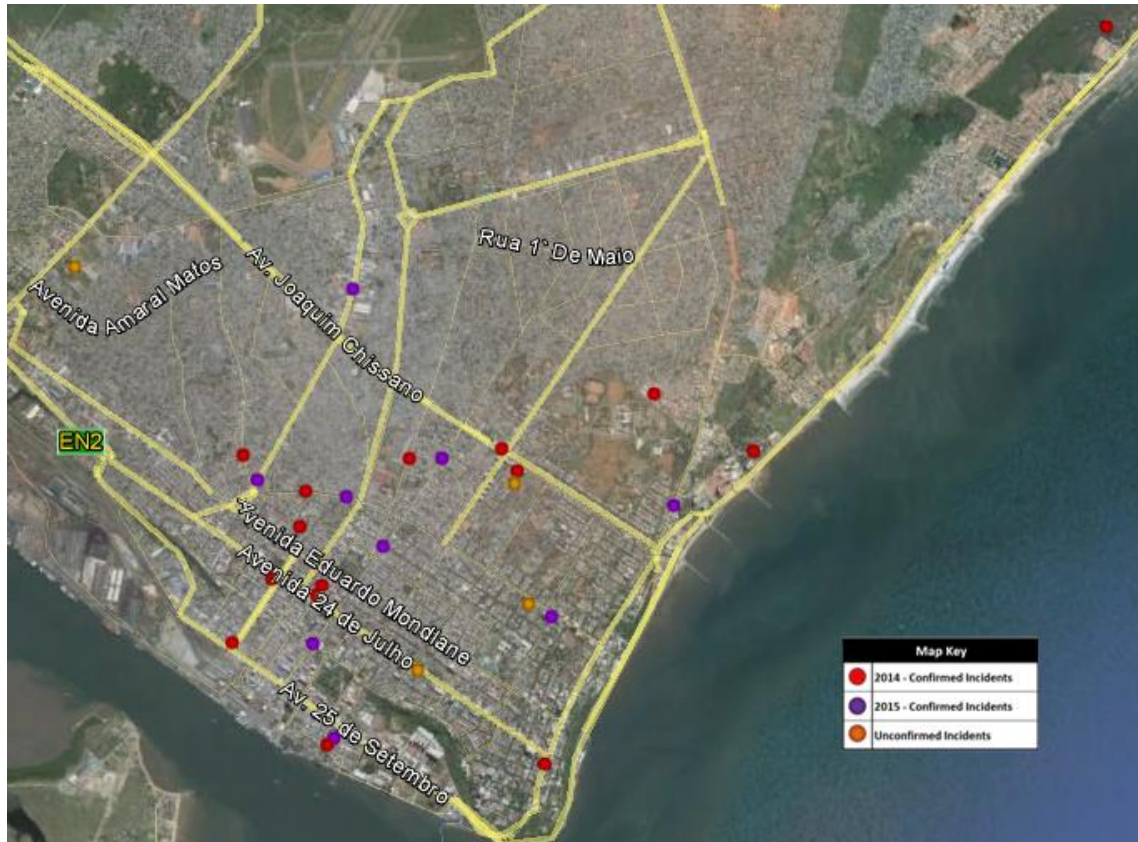
Corruption, including extortion by police, was widespread in 2014, and impunity remained a serious problem. Police regularly detained individuals for arbitrary reasons and demanded identification documents solely to extort payments. Many crime victims reportedly declined to seek police assistance because of a lack of confidence in the police and their ability and willingness to help.

Refer to: [www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper](http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper) for the full report.

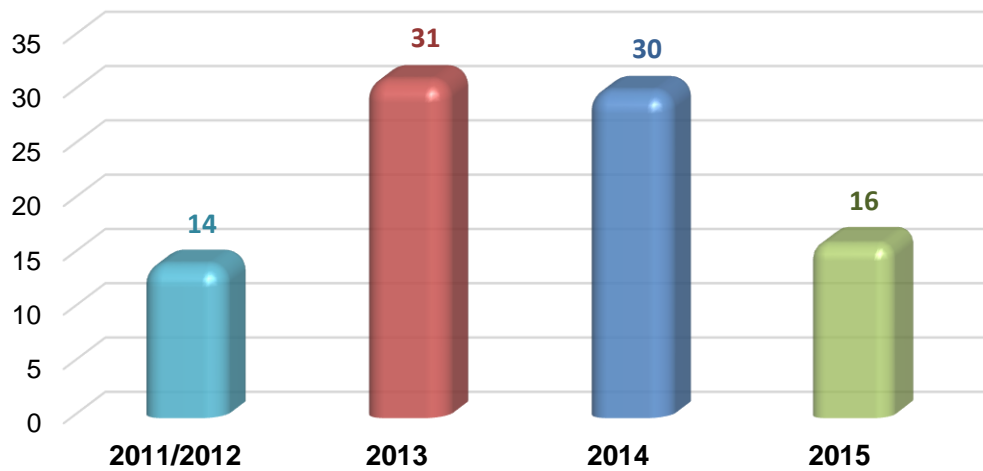
*Source: US Department of State*

**CRIME**

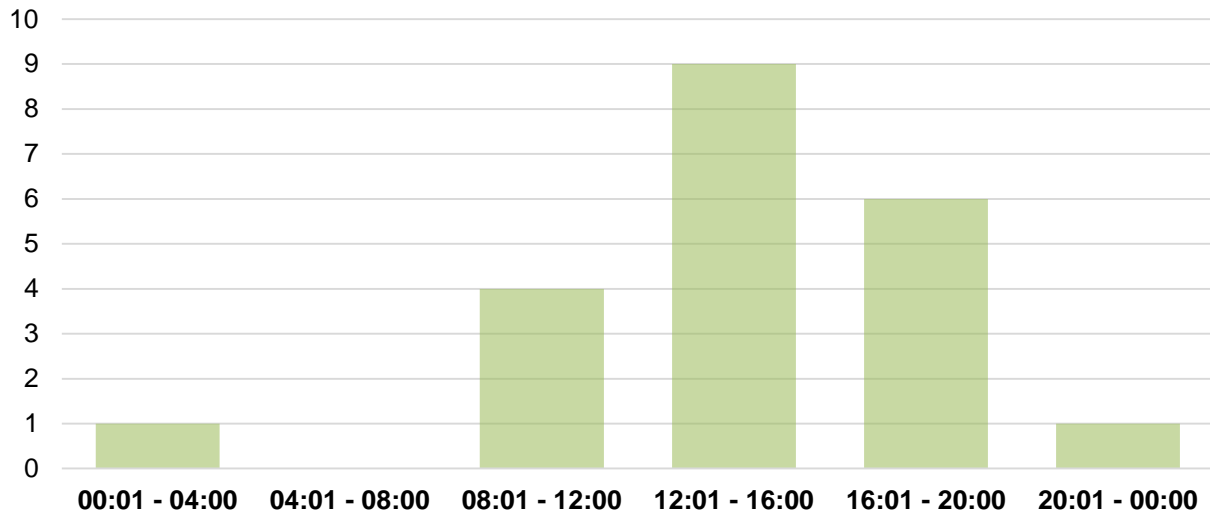
**MAP 1: KIDNAPPING INCIDENTS IN CENTRAL MAPUTO 2014 & 2015**



**GRAPH 2: REPORTED KIDNAPPINGS PER YEAR**

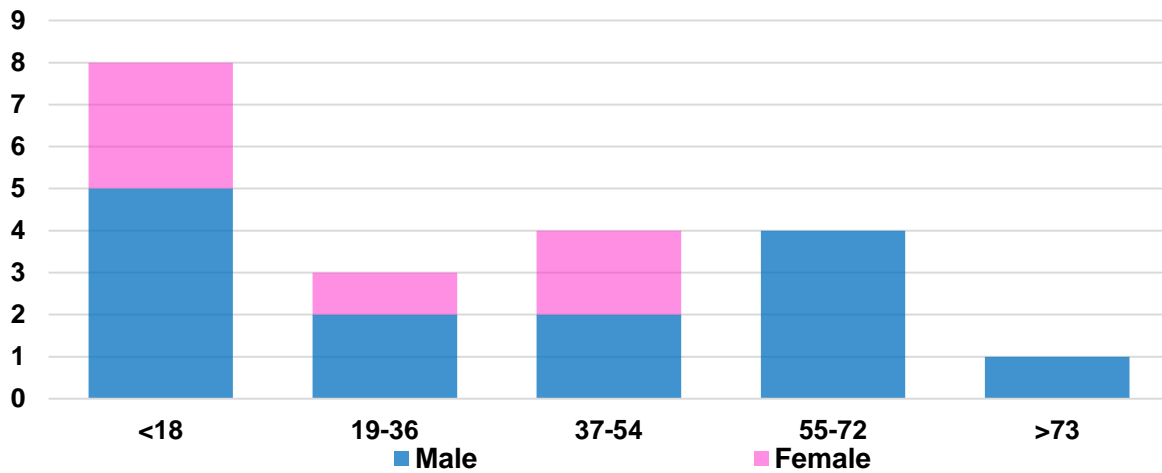


**GRAPH 3: TIME OF KIDNAPPINGS 2014 & 2015**



*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.*

### **Chinese national arrested for ivory possession**

During the course of last week (12 to 19 June), a 42-year-old Chinese national, identified only as Chien, was detained at the Maputo International Airport in illicit possession of three kilograms of worked ivory.

He was about to embark on an Ethiopian Airlines flight to Addis Ababa, but his final destination was China.

Also at the same airport, the PRM detained a Paraguayan citizen, identified only as Delse, who was attempting to smuggle cocaine into the country.

Delse, who arrived on a South African Airways flight from Johannesburg, was carrying 3.6 kilograms of cocaine hidden in his suitcase.

During the same week, 2,199 people were arrested by the PRM: 1,979 for border violations, 133 for various crimes and 17 for illegal immigration (the remaining 70 charges have not yet been released to the public).

The Republic of South Africa repatriated 840 Mozambicans for illegally entering the country. The majority of those repatriated (833) were men.

*Source: @Verdade/Agencia de Informacao de Moçambique*

### **Kidnapped baby rescued in Matola**

On Monday (15 June) a 15-month-old infant (Amelia Langa) was abducted in the neighbourhood of Nkobe, Matola (Maputo Province).

According to the police spokesman of Maputo Provincial Command, the kidnapping took place at the home of the victim's parents in Nkobe at approximately 19:00hrs. The kidnappers threatened the family with an AKM-type weapon and a pistol before leaving with the baby.

Initially, a ransom of MT1 million (around US\$28,571) was demanded for the release of Amelia, but the amount was later lowered to MT100,000 (roughly US\$2,857).

On Wednesday (17 June) the PRM rescued the child and detained four people in connection with the abduction, however, the alleged ringleader managed to evade arrest.

One of the detained suspects, 40-year-old A. Rosa, kept the child in her house, while her three accomplices negotiated with the family.

The accomplices were identified as two domestic servants working in the victim's house, and a former servant.

Rosa claimed that she did not know the child had been kidnapped. She said that her brother-in-law, H. Jorge, brought the child to her house and claimed it was his son.

Jorge H. confessed to the crime, but claimed he was carrying out the instructions of someone he named only as João.

Another of the kidnappers, M. Eugenio, also confessed, and said that he had been promised MT100,000 for his part in the crime. The third alleged kidnapper, T. Horacio, admitted that he had been contacted by João, but said

he had not been directly involved in abducting the child.

Police managed to track the perpetrators by tracing calls that the gang made while negotiating with the infant's family.

The alleged ringleader escaped during the PRM operation, taking the weapons used in the abduction with him.

*Source: Agencia de Informacao de Moçambique/Notícias*

### **Criminal gang robs Nampula police station**

Four criminals, posing as weary travellers with no place to stay, successfully robbed the local Nampula police station on Wednesday night (17 June).

The four men arrived at the police station on Wednesday evening, pretending to be tired travellers with no accommodation, the PRM subsequently allowed the men to spend the night at the station, preparing makeshift beds in the station's evidence and storage room.

The four men then offered the officer on duty some alcohol as a means of thanking him for his kindness. The intoxicated officer later fell asleep on duty and the four men subsequently raided the storage room, stealing televisions and an unspecified number of stolen mobile phones that had been recovered in a police operation the previous day.

The PRM continue to deny the report.

*Source: @Verdade*

### **“Significant progress” in the investigation of Cistac’s murder - Mozambique Attorney General**

On Thursday (18 June) the Attorney General, Beatriz Buchili, stated that: “significant advances have been made” in the investigation of the murder of Mozambique constitutional lawyer Gilles Cistac.

Asked to comment on criticism by Renamo and the MDM in respect of how the Public Attorney's Office was addressing Cistac's murder, Buchili said that advances were being made, but declined to offer any more information on the grounds that the matter was still under investigation, therefore under 'segredo de justiça' (judicial secrecy).

Renamo criticised what it called the “casual way the Attorney General was treating the murder of Gilles Cistac”, who died in the centre of Maputo on 3 March of this year (2015) after being shot by unknown individuals. The MDM has also complained about the lack of information surrounding the assassination of a judge.

Buchili was speaking on the side-lines of a visit to the National Institute of Legal Medicine in Coimbra, Portugal, at the invitation of the Attorney General of the Portuguese Republic, Joana Marques Vidal.

*Source: Lusa*

### **Chitima poisoning suspect to be set free**

The Public Attorney has released the sole suspect accused of poisoning a drum of homemade 'phombe' that killed 75 people and hospitalised more than



100 in Chitima (Tete Province) in January.

According to reports, the suspect was freed on Friday (19 June) due to insufficient evidence.

*Source: O País*

### **PRM foil fraudulent prison release**

On Friday (19 June) the PRM of Maputo foiled an attempt to release a dangerous inmate from the Maximum Security Prison (BO).

According to reports, the inmate's family falsified release documents from the Judicial Court of KaMavota.

The PRM immediately recognised that the documentation was fake and denied the inmate (identified as Daniel Stephen Muianga) his freedom. The PRM also arrested Arnaldo Humberto Daveira (registrar of the Judicial Tribunal of KaMavota), Solas Gideon Tivane (prison guard at the BO), Rosa Luisa Dimande (Muianga's wife) and Egidio Elias Mandlate (Muianga's friend).

The four were arrested in possession of MT145,000 and nine mobile phones, which were allegedly to be used as bribes.

*Source: Canal de Moçambique*

### **Two alleged kidnappers killed in police shootout**

Two suspected kidnappers were shot dead on Saturday morning (20 June) in the Jardim neighbourhood of Maputo in a police shootout during a rescue operation.

The two men killed were reportedly part of a gang that kidnapped 25-year-old university student Mohamed Raniz Moti in the Malhangalene neighbourhood of central Maputo on Thursday morning (18 June).

The suspected kidnappers were killed in a police shootout at approximately 11:30hrs at the house where the student was being held captive. Two pistols were recovered at the scene.

Having traced the criminals' movements the police placed a strong contingent of uniformed police and plain-clothes agents at the premises, behind the Rua da Agricultura. Once they realised that they had been cornered, the criminals opened fire on the police who were forced to respond, shooting dead the two alleged kidnappers.

One police officer was injured in the operation. According to police spokesman, Orlando Mudumane, his condition is not critical.

Mudumane stressed that efforts to apprehend the remaining members of the gang continue. Five gang members participated in the kidnapping of the young student and, according to Mudumane, the gang had sufficient members to take turns watching the victim as they waited for the ransom to be paid. The ransom amount in question was not revealed.

Speaking to the press, the victim said that the kidnappers demanded his father's mobile number and told him that if he did not obey them he would be tortured to death.

"They first told me that I was the owner of the company where I work [Zahra

Engines], and they wanted the company's phone numbers. I told them that I didn't have any pre-set number and that the only contact I had was my aunt's. They said that they didn't want that number, but my father's or the number of the owner of the company where I work. When I told them I didn't know any numbers by heart apart from that one, and that all the others I kept in my cellphone contacts, they said that they would leave me tied up on the railway line to be run over by a train. They handcuffed me and covered my face. During all this time (in captivity) one of the kidnappers was always with me. Other members of the gang came at night and took over", said the victim after being released.

Moti was kidnapped on Thursday morning at the intersection of Castelo Branco and Manica streets in Malhangalene. Eyewitnesses said that the abduction was carried out by five individuals in a grey Toyota Corolla. The registration number was not known.

At the time he was kidnapped, the young man was driving a Toyota IST, registration number ADJ 064 MP.

Having pulled off the kidnapping, the criminals fled the scene, abandoning the victim's car, which was recovered by police officers and taken to the Sixth Precinct police station.

On Tuesday (23 June) the spokesman for the General Command of the PRM, Pedro Cossa, confirmed that one of the kidnappers killed on Saturday was positively identified as Arsenic Ocuane, a former police officer of the Protection of Important Personalities Unit.

Ocuane was expelled from the PRM in 2013 for undisclosed reasons and on his Facebook page he claims to be related to the president of the Board of Directors of ENH, but this information was not confirmed.

*Source: O País/ Folha de Maputo/Canal de Moçambique*

### **Arsonists set fire to Sofala provincial court**

On Saturday (20 June) unknown arsonists set fire to the criminal investigation section of the Sofala provincial law court, in the central city of Beira.

According to reports, some of the case files and the computer equipment in the court were destroyed. Also damaged by the flames were the first and second sections of the Beira City Court.

Intervention by the Beira fire brigade stopped the fire from spreading to other parts of the building, which also contains residential flats.

The authorities investigating the fire have not ruled out the possibility that the arsonists had help from people inside the court. The main doors to the court were not forced, which indicates that those who set the fire had keys.

The fire brigade worked quickly and efficiently, and so the evidence was not all destroyed. Inside some of the rooms 20 litres of fuel, candles and matches were found.

The presiding judge of the Sofala court, Ana Muanheue, told reporters it was "too early" for her to say much about the fire. But she was thankful that prompt

intervention by the fire brigade had prevented further damage.

It is not yet known to what extent the fire has compromised criminal proceedings.

*Source: Agencia de Informacao de Moçambique*

### **Brazilian national arrested in possession of cocaine**

On Saturday (20 June) the PRM arrested a 50-year-old Brazilian national at the Mavalane International Airport for drug trafficking.

The detainee was found to be in possession of 3.6 kilograms of cocaine at the time of his arrest.

Also at the Mavalane International Airport, the PRM prevented 18 foreign nationals from entering the country owing to the fact that they were in possession of fake visas and failed to indicate as to where they would live and work.

*Source: @Verdade*

### **PRM kill two alleged robbers in Maputo shootout**

On Sunday (21 June) the PRM intercepted a gang of three suspected robbers in the Laulane neighbourhood (Maputo Province).

The three men were travelling in a vehicle (registration plate: ADP 761 MC) when they realised that they were being followed by the PRM. The gang subsequently attempted to escape by opening fire.

The PRM returned fire, killing two of the suspected robbers. The third robber successfully escaped.

Upon searching the vehicle, the PRM discovered an AK-47 and 14 rounds of ammunition.

The PRM are currently searching for the third member.

*Source: @Verdade*

### **Suspected fuel thieves die in explosion**

On Sunday (21 June), at approximately 21:00hrs, two alleged fuel thieves died when their house exploded in Beira (Sofala Province).

The explosion is believed to have occurred when one of the stolen drums, containing gasoline stolen from Beira port, caught fire while the two thieves lay sleeping.

A 15-year-old boy was seriously injured during the explosion and was taken to the Beira Central Hospital where he is currently receiving treatment.

*Source: O País*

### **INE delegate murdered in Gaza**

On Tuesday (23 June) it was revealed that Salvador Siteo, a delegate of the National Statistics Institute (INE) in the province of Inhambane, was beaten to death in Gaza Province.

Despite the fact that the incident occurred on 14 June, the details surrounding the incident were only released this week (19 to 26 June).

According to reports, Siteo was murdered at the intersection of praia de Chizavane (Gaza Province), after he had returned from a working mission to Maputo Province.

According to the PRM, on 12 June Siteo travelled to Maputo in order to deal with labour issues. On the way to Maputo, Siteo met a woman by the name of Lucia Langa in Gaza Province. The pair exchanged contact numbers and began a relationship.

On 14 June, on his way back to Inhambane, where he was permanently stationed, Siteo arranged to meet with Langa at the intersection of praia de Chizavane.

When Siteo arrived at the meeting place, he was ambushed by a gang of men at the instruction of Langa. The men were armed with machetes and other blunt objects, which they utilised to beat Siteo to death before dumping his body near the Mwanza lagoon and fleeing with his wallet and mobile phone.

The PRM have detained three of the four suspected murderers and Siteo's body has been released to his family for burial in Chibuto.

*Source: O País/Jornal Notícias*

### **46 guns seized from alleged Renamo member in Sofala**

The PRM recently seized 46 AK-47 assault rifles from a man identified only as Carlitos, who is believed to be a Renamo member.

The spokesperson for the General Command of the Mozambican police, Pedro Cossa, at his weekly press

briefing on Tuesday (23 June), told reporters that the guns were found in Carlitos' house in Cheringoma district (Sofala Province).

Carlitos told the police the guns had been given to him to sell on the black market at the price of MT5,000 (approximately US\$126) each. He did not say who had given him the guns. Carlitos is now being held in police custody.

Two weeks ago (13 to 19 June) the PRM discovered a cache of 46 AK-47s abandoned in the Cheringoma forest. This latest incident brings the total number of confiscated AK-47s in the Cheringoma district to 92.

Investigations are ongoing.

*Source: Visão/O País/Agencia de Informacao de Moçambique*

### **Lynching in Nampula**

During the course of last week (12 to 19 June) at least four people were lynched to death in the Natikiri neighbourhood (Nampula Province) for crimes such as burglary and assault.

In Nampula lynchings tend to occur frequently as the population is notably frustrated with the failure of the local authorities.

This year alone there have been a minimum of eight recorded lynchings in the area. The population is angered by the PRM's slow response times and the disproportionate sentences which see speedy release of convicted criminals.

According to data on the area, lynchings (whereby a mob physically assaults a

suspected perpetrator before tying him up and publically setting him on fire) typically affect young, unemployed males who are suspected of criminal activity. The lynching itself usually takes place in a dimly-lit area with little or no police patrols.

A large number of lynchings occur against those suspected of robbery, burglary or rape (which is relatively common in Nampula, often with little or no punitive action taken against the suspect).

The main problem in the area is that the majority of criminals caught by vigilante mobs are repeat offenders, a fact that frustrates the locals who feel that their only choice is to completely remove the individual.

Sérgio Mourinho, spokesman for the provincial command of the PRM in Nampula, has confirmed the current situation and stated that, in his view, lynchings will continue unabated in the near future until the local authorities can deal with the root causes. However, Mourinho has appealed to the local population to rather hand over possible suspects, instead of taking the law into their own hands.

In the annual report on justice in Mozambique, the Attorney General, Beatriz Buchili, said that in 2014 lynchings resulted in 24 deaths, with a significant number of lynchings occurring in Zambezia (seven), Tete (six) and Sofala (three). However, it is suggested that the actual number is much higher – especially since Buchili's report suggests that no lynchings occurred in Nampula in 2014, which is simply not the case. *Source: @Verdade*

## **Journalists appealing against libel sentence**

Two Mozambican journalists who were ordered to pay MT10 million (approximately US\$256,000) in damages for libelling Filipe Paunde, the former general secretary of the ruling Frelimo Party, are planning to appeal against their sentence.

The author of the offending piece, Nelson Mucandze, and the paper in which it was published, the now defunct weekly *Expresso Moz*, and its editor, Anselmo Sengo, were tried by the court in the Maputo Municipal District of KaMpfumo.

The judge, Ana Carla Sousa, sentenced the two journalists to the damages, plus a suspended four month prison sentence. Since *Expresso Moz* has gone bankrupt, and is no longer published, it is difficult to see how the money to pay the damages will be raised.

Paunde sued after the paper published, in February 2014, an article entitled "Paunde sells customs exemptions".

A scandal was already erupting over political parties abusing their right to import vehicles free of customs duty. An investigation by the anti-corruption NGO, the Centre for Public Integrity (CIP) found that political parties were abusing their exemptions by importing large numbers of vehicles and then selling them on to other people. Many of the parties involved were tiny organisations which have no offices, no publications, few votes and fewer members, and which are completely unknown to most of the Mozambican public, but the CIP investigation also

discovered large amounts of suspicious imports by Frelimo, particularly in Beira and Nacala ports.

While the CIP investigation used customs sources, and denounced parties rather than individuals, the *Expresso Moz* story attacked Paunde by name, and did not cite any sources.

In court, Judge Sousa said the two journalists had been unable to prove the truth of their allegations against Paunde, and she therefore found them guilty of libelling him.

Contacted by *Mediafax*, Sengo refused to comment - however, the paper learnt that the two journalists have indeed appealed.

Paunde told *Mediafax* that he was disappointed that Sengo and Mucandze had not revealed their sources (although they are, under the Mozambican Constitution and press law, absolutely entitled to protect their sources).

“Unfortunately the people who accused me did not tell the court where they got the story from, and who is behind this”, he said. “This disturbs me”.

Asked whether he believed that the accusation might have come from within Frelimo, Paunde said it was up to the authors of the article to say whether or not that was true.

Paunde said that he was happy about the outcome of the case, in that his name had been cleared. He was more concerned about his good name than about payment of any damages. “The way in which my name was publicly abused has no price”, he said. “I’m pleased because the court showed that it was not true. The authors of the libel were not able to prove their accusations”.

He added that, far from abusing customs exemptions, when he was Frelimo General Secretary he bought and imported vehicles and personally paid all the duties and taxes owing.

“I know that the paper in question is in difficulties”, Paunde said. “I know the media market in Mozambique and I know the paper would have serious difficulties in paying this sum. But I’ve got what I was interested in. I’ve restored my good name”.

*Source: Agencia de Informacao de Moçambique*

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## WILDLIFE PRESERVATION

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### Rhino will not go extinct – SANParks

More than a third of the world’s rhino poaching cases occur in Mpumalanga (South Africa). Although we are at risk of losing countless individuals within the species from poaching, rhino as a species will not go extinct.

This is according to retired General Major Johan Jooste, commanding officer of special projects at the South African National Parks (SANParks), who addressed the South African Rotary Club at their biggest function of the year at Ingwenyama Conference and Sports Resort.

More than 400 delegates of the South African Rotary Club gathered there over the past week for the grand event, which commenced on Tuesday and concluded on Saturday (16 to 20 June).

Jooste, responsible for matters relating to anti-poaching strategy, planning and execution, was one of many speakers who addressed the party on important issues in our country.

During his speech, aptly named “The So-Called Rhino War”, Jooste highlighted the “successful” operations in which Mozambican rangers were involved, as well as the importance of community co-operation in the war against poaching.

Because of the sensitivity of reporting on poaching, numbers cannot be revealed in the media, but it has been reported that South Africa’s co-operation with Mozambique has been successful and beneficial in the war against poaching.

“Our co-operation with our neighbours has become vital. The sad reality is that the Kruger National Park (KNP) has become a supermarket for poachers”, Jooste told the attendees. “The south of the KNP is the hottest target. The borders have basically become fault lines across which the rhino horn travel”.

According to him, rhino horn is the most expensive commodity in the world and the fourth largest criminal activity on the globe. He further pointed out that the prevalence of poaching has increased tenfold over the past 10 years.

“There are no quick solutions because the increase in poaching activity is ascribed to one major driver – lifestyle.

Consuming rhino horn has become a matter of status and lifestyle, rather than medicinal.

“One long-term solution is for the community to own all the national parks, but that would be too late for the rhino.

“Another is more technological, and that is social media. I believe spreading knowledge and encouraging global co-operation can and will help our cause if we do it right, if we mobilise our resources and expose poachers; it can be done with the help of everyone”, Jooste said.

*Source: Caxton News Service*

### **Mozambican poacher sentenced to seven and a half years in prison by South African court**

A Mozambican rhino poacher has been sentenced to seven and a half years in prison for illegally entering the KNP, reports SANParks via its Facebook page.

SANParks welcomes the sentencing “of a Mozambican National to seven and a half years in prison for illegally entering the KNP with the intention to poach rhino and related offences. He was sentenced in the Skukuza Periodical Court”.

On 29 May (2015) the poacher, identified as Elliot Manzini, was arrested by SANParks Rangers in the Crocodile Bridge Section of the park in possession of a .458 rifle and ammunition. Manzini was convicted for illegal possession of a firearm with the intention to kill rhino, possession of ammunition and trespassing.

Two of his companions allegedly fled back into Mozambique.

The Managing Executive of KNP, Glenn Phillips, commended the courts for imposing the lengthy jail term. “We are happy that the courts have rewarded the hard work done by the Rangers, our Environmental Crime Investigative Unit and the South African Police. The sentencing will also help to lift the morale of all men and women in uniform who constantly have to react to dangerous situations involving rhino poaching”, said Phillips.

*Source: SANParks*

### **Howard Hughes Medical Institute to support science education at Gorongosa National Park**

The Howard Hughes Medical Institute (HHMI) has announced that they will provide a five-year, US\$2.3 million grant to support educational activities and infrastructure development at the E.O. Wilson Biodiversity Laboratory in the Gorongosa National Park.

The programme will be carried out through the Gorongosa Restoration Project (GRP), a US philanthropy that has led extraordinary efforts to restore the Gorongosa National Park over the last 10 years. The GRP has been on the frontlines in combatting the loss of biodiversity – one of the most important biological and environmental issues in the world today.

The United States Agency for International Development (USAID) is a donor, and the adviser to the GRP and US Ambassador Douglas Griffiths said that: “Gorongosa is a magical place, not only as a cauldron of biodiversity, but

also for the confluence of scientists, conservationists and development experts working to understand it and improve the livelihoods of people living around the park. We are delighted that the Howard Hughes Medical Institute is joining one of the world’s most productive private-public partnerships for conservation. This grant will inspire a new generation of Mozambican and international scientists to explore the mysteries of life on our planet”.

The Gorongosa National Park and its buffer zone cover about 10,000 square kilometres in the Great African Rift Valley in central Mozambique. Although Mozambique achieved independence from Portugal in 1975, the ensuing civil war took a toll on the country and Gorongosa. In 2008, the government of Mozambique signed a 20-year public-private partnership with the GRP, a non-profit organisation formed by the Carr Foundation.

“Young Mozambicans are eager to study conservation sciences and this support from HHMI will make it possible to train a generation of Mozambicans in a variety of disciplines, who will then lead Gorongosa and other national parks and reserves throughout the country”, said Greg Carr, president of the GRP.

During the last 10 years, the GRP has assisted local farmers, built health clinics and schools, rebuilt Park infrastructure, hired and trained rangers, reintroduced species to the ecosystem and re-established a tourism industry in Gorongosa. In 2014, the GRP celebrated another milestone with the inauguration of the E.O. Wilson Biodiversity Laboratory, which is poised



to greatly increase both research in the park and science education for Mozambican students.

HHMI funding will be used to support personnel, new educational programmes, and classroom infrastructure at the E. O. Wilson Biodiversity Laboratory in the park. Funding will begin in July 2015.

“HHMI will be helping to build vital science capacity for managing the park’s and Mozambique’s extensive

biodiversity resources”, said Sean Carroll, PhD., vice president for Science Education at HHMI. “Gorongosa National Park is one of the crown jewels of Africa, and it is also equally important as a destination for science education. This training will build science capacity in Mozambique, which will pay long-term dividends by preserving biodiversity and in helping sustain stewardship of this country’s vast national park and reserve system”.

*Source: Howard Hughes Medical Institute*

#### 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](http://www.focus-africa.org)

## OTHER

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### No public holiday on Friday

The Mozambican Labour Ministry has denied malicious rumours, circulating via social media, that Friday (26 June) had been declared a public holiday.

Thursday (25 June), the 40<sup>th</sup> anniversary of Mozambican independence, is a holiday. Somebody has forged a press release, dated 22 June and supposedly signed by Labour Minister Vitoria Diogo, making Friday a holiday too, and thus creating a long weekend. The fake release has appeared on Facebook and Whatsapp.

The real Labour Ministry release says that the minister’s signature has been

forged, and nobody has taken any decision to decree an extra holiday on Friday. It points out that statements from the ministry are never signed by the minister herself.

Friday will thus be a normal working day, the ministry says, adding that it is going through “appropriate channels” to discover the authors of the hoax press release.

This will come as a relief to employers who have repeatedly complained about ad-hoc public holidays, sprung on them with little or no warning.

*Source: Agencia de Informacao de Moçambique*

## **24% of Mozambicans affected by food insecurity**

On Wednesday (24 June) the Minister of Agriculture, José Pacheco, told a Maputo press conference that approximately 24% of the Mozambican population remains affected by food insecurity.

Despite this, Mozambique has met the Millennium Development Goal (MDG) of cutting hunger by 50%, since in 1997, the proportion of the population which lacked food security was around 61%.

But Pacheco stressed that greater efforts were needed to combat hunger and chronic malnutrition, in Mozambique, and indeed in all of Africa.

“We have to be more daring in the fight against this great enemy which is hunger”, he said. But despite this, the United Nations Food and Agriculture Organization (FAO) recognised Mozambique as one of 72 countries (out of 129 monitored by FAO) which had reached their goal with regards to food insecurity.

Pacheco said that one of the methods used by Mozambique to combat food insecurity had been to look at the entire value chain, from production through to final consumption, including the transfer of technology, the marketing of foodstuffs and the conservation of crops.

Although a large number of people are still facing food insecurity, Pacheco argued that the number of Mozambican families who enjoy an adequate diet is increasing.

The FAO representative in Mozambique, Castro Camarada, confirmed that there has been a significant reduction in the number of people suffering from hunger in Mozambique. At a recent FAO conference in Rome, he added that: “it was decided to recognise those countries who have made progress in the fight against hunger and malnutrition. Mozambique was one of those distinguished”.

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

## **The teachings of Mozambican Independence is characterised by ideological bias**

According to a professor at the University of Eduardo Mondlane, the country’s history is being related as “closed speech”, rhythmically punctuated by Frelimo congresses.

According to the professor, the way in which the independence of Mozambique has been taught in schools over the last 40 years has a political and ideological bias and betrays a simplistic and inadequate perspective of history.

Historian and Mozambican writer João Paulo Borges Coelho says that the teaching of independence in Mozambique has been encoded in a political and ideological way, and has adopted a simple, binary formula based on oppositions.

“The whole process, as far as teaching is concerned, has ended up encoded in a political and ideological way, according to a simple formula. It is a binary history, based on the opposition

of coloniser and colonised, revolutionary and reactionary”, says Coelho.

“There is a closed version of history, marked by Frelimo congresses. In each cycle, there is a new problem to be solved”, says Coelho, pointing out that a history told as closed is sentenced to “death”.

Forty years on, he stressed, “there is enough distance for the emergence of new ways of telling history”, and is calling for the opening of the archives of the ‘libertadores’ (liberators).

“Unfortunately, there is no public debate about the historical sources of this period and this is paradoxical, because it is a critical period in the emergence of the Mozambican identity”, said Coelho, adding that the history of the independence of Mozambique “ennobles Frelimo itself”.

“History only exists if we continue to discuss it”, said the writer, stressing that “independence is a phenomenon too large for, and greater than simple political discourse” and in need of a broader cultural perspective, incorporating the arts and the specific realities of the people.

In turn, Romeu da Silva, a journalist and 12<sup>th</sup> grade history teacher at Laulane Secondary School in Maputo, told reporters that the history of independence in Mozambique is not taught in its entirety, probably for political reasons.

“Our school books don’t say much about our independence. What we have are just dates, but we don’t, for example, have anything on how the independence process began. Even with regards to the

civil war, there are many things that the curriculum does not cover”, da Silva said.

According to the teacher, the consequences of this are harmful to the extent that students end up going on to higher education without knowing how their own country achieved independence.

“We have cases of students in their final year of college who cannot trace even the outlines of the independence process. But in countries like Portugal, Germany and Brazil, for example, students speak of the history of their country as if it were their own, which does not happen here”, lamented da Silva, pointing out that there is already enough historical distance for history to be taught more comprehensively.

“We have students who ask us, for example, how Renamo appeared. However, because these issues are not covered in the programmes, we don’t have the answers”, said the teacher, proposing a review of the curriculum adopted by the Ministry of Education and Development.

*Source: Lusa*

### **Marcelino dos Santos receives honorary title of Hero of the Republic of Mozambique**

The politician and poet Marcelino dos Santos, one of the key figures in the history of Mozambique, was recently awarded the title of National Hero.

In a ceremony that took place early on Wednesday (24 June) in Maputo, conducted by President Filipe Nyusi, dos Santos was referred to as the

country's most prominent figure in the 1950s.

Marcelino dos Santos was a student and a refugee in Paris, where he began to develop his political activity. He was also vice president of Frelimo, minister

of planning and development in the first government led by former president Samora Machel, president of the People's Assembly and minister in Sofala Province.

*Source: A Bola*

**END**