

Mozambique News Agency

AIM Reports

Report no.405, 12th July 2010



Mozambique reaches turning point in struggle against poverty – President Guebuza

Mozambique has reached the turning point in attitudes towards the struggle against poverty, President Armando Guebuza declared on 25 June, addressing commemorations of the 35th anniversary of Mozambican independence at a ceremony in Maputo's Independence Square.

President Guebuza has been criticised for describing the current generation of young Mozambicans as “the generation of the turning point” – even his predecessor, Joaquim Chissano, in a newspaper interview has said it was not clear what the concept meant.

President Guebuza defended the term at the ceremony, arguing that Mozambique was at “a historic moment”. Previous generations had faced their own moments to choose a path. Thus in the early 1960s, Mozambicans took up arms to end Portuguese colonial rule – that was “the generation of 25 September” (the war for independence began on 25 September 1964).

After independence, another generation of Mozambicans faced the challenge of keeping the country running, as Portuguese settlers fled in their tens of thousands. This was “the generation of 8 March” – so called because it was on 8 March 1977 that the country's first President, Samora Machel called on young Mozambicans to abandon their studies and keep industry, the schools and other key aspects of economic and social life functioning.

Now, once again, Mozambique's youth was asked to step forward “to set an example of a change of attitude, and to do everything to rescue our country from the shroud of poverty”, said President Guebuza.

“This is an idea which galvanizes us”, he said, “because we hate poverty and each of us, in his own way, is mobilising energies to fight against it. In the Generation of the Turning Point, just as in the preceding historical moments, young people are again playing a role of great visibility and impact”.

At the start of the ceremony, President Guebuza lit a pyre with the “torch of unity” which has travelled from hand to hand across the length and breadth of Mozambique over the previous two and a half months. First lit on 7 April in Nangade, on the border with

Tanzania, the torch has been carried through all of Mozambique's 128 districts, symbolising the unity of the Mozambican people.

National unity, said President Guebuza, “is a magnetic force that structures us as a people and as a nation. It is more than something that we have. It is what we are, and it defines our essence”.

Prior to independence, he recalled, most Mozambicans lived and died without setting foot in a school, access to nurses or midwives was a luxury, and telephones were a privilege for the few.

However, since independence, tens of thousands of teachers have been trained, 38 institutions of higher education had been established, and Mozambicans now “have access to health units we have built, and health staff we have trained”. Fixed and mobile telephones were available to millions and the electricity grid was expanding across the country.

Perhaps most important of all, prior to Mozambican independence, southern Africa was a bastion of racist regimes. But apartheid and colonialism have been swept away “and today, with our contribution”, stressed the President, “southern Africa is a zone of freedom where, in peace, the project of SADC is being consolidated”.

Among the guests at the celebrations were the Presidents of Botswana, Ian Khama, and of Zimbabwe, Robert Mugabe, and the former presidents of Zambia, Kenneth Kaunda, of Tanzania, Benjamin Mkapa, of Namibia, Sam Nujoma, of Botswana, Quett Masire, and of South Africa, Thabo Mbeki.

The celebrations were boycotted by the main opposition party, Renamo. The other political party in parliament, the Mozambique Democratic Movement (MDM), was present as were several of the small extra-parliamentary parties.

Strong economic growth continues

Despite the international financial crisis, the Mozambican economy showed an annual growth rate of 9.5 per cent in the first quarter of this year, compared with 6.1 per cent in the same period of 2009.

According to Valdemar de Sousa of the Bank of Mozambique, there had been a positive performance by all sectors of the economy, except for fisheries, where production had shrunk by 2.6 per cent.

Sousa said that agriculture had grown by 11.9 per cent in the first quarter, the construction industry by 13.9 per cent and transport and communications by 14.8 per cent. Financial services showed a growth of 16.4 per cent, while the hotel and restaurant sector grew by a sharp 17.9 per cent. For manufacturing industry, growth was more sluggish, at 3.8 per cent, while mining grew by 4.5 per cent.

With the recovery in demand on the world market, Mozambican exports have begun to recover. Total commodity exports in the first quarter amounted to \$456.3 million, compared with \$407.7 million in the first quarter of 2009, a rise of 13.3 per cent.

This is mostly due to the sharp rise in the price of Mozambique's largest export, the aluminium ingots produced at the MOZAL smelter on the outskirts of Maputo. Aluminium exports rose in value by 48 per cent, and accounted for almost 60 per cent of total export earnings (\$268.5 million). That is because the average price of aluminium rose from \$1,366 a tonne in the first quarter of 2009 to \$2,165 a tonne in the first three months of this year.

The second most important export was electricity from the Cahora Bassa dam on the Zambezi. Although the total amount of power sold to South Africa fell by 3.9 per cent and to Zimbabwe by 7.9 per cent, the total earnings from Cahora Bassa rose by 19.8 per cent to \$73 million, because of a rise in the tariffs charged.

There was a huge rise in the value of ilmenite (iron titanium oxide) exported from the dredge mine in the northern district of Moma, operated by the Irish company Kenmare Resources. Exports of this titanium mineral brought in \$17.1 million, compared with \$4.5 million in the first quarter of 2009, a rise of 283.7 per cent. This was due to increased demand for ilmenite on the world market, and the consequent recovery in the ilmenite price.

Similarly with tobacco – rising world demand and prices pushed exports up by 145.4 per cent, from \$4.4 million in the first quarter of 2009 to \$10.8 million in the first quarter of this year.

Timber exports rose by 65.1 per cent, from \$4.4 to \$7.3 million, due to increased demand from China. A 48 per cent rise in world cotton prices ensured that cotton exports rose from \$7.4 to \$8.3 million, an increase of 13 per cent, despite a five per cent decline in the amount of cotton produced in 2009.

Two of Mozambique's main export products continue to suffer from low international prices. Despite an increase in production of 11 per cent,

earnings from the export of natural gas to South Africa fell by 9.4 per cent.

Demand for prawns remains sluggish, and the average world market price fell by a further 30 per cent. The value of Mozambican prawn exports declined from \$6.2 to \$2.4 million, a fall of 60.5 per cent.

Mozambique's import bill in the first quarter declined by 9.5 per cent compared with January-March 2009. Falling grain prices accounted for much of this. Mozambique's grain imports fell by 39.5 per cent, from \$58.9 to \$35.6 million. There was also a 25.9 per cent decline in the import of vehicles from \$77.1 to \$57.2 million. Imports for MOZAL and other mega-projects fell by 18.4 per cent, from \$153.6 to \$125.4 million.

The sharpest increase in imports was for fuel, where the bill more than doubled, rising from \$51.3 to \$104.1 million.

There was some unwelcome news to report on inflation. As measured by the Maputo City consumer price index, inflation in the first three months of 2010 was 5.07 per cent, compared with 2.21 per cent in the same period of 2009.

This was largely due to the depreciation of the Mozambican currency, the metical, by 6.58 per cent against the US dollar and by 7.07 per cent against the rand. The Bank of Mozambique argues that there has, in reality, been a rise in the value of the South African rand against other currencies due to the rise in the gold price, and the effects of the football World Cup held in South Africa.

Changes in the value of the rand hit Mozambique because of the huge quantity of foodstuffs imported from South Africa. There were sharp rises in the prices of imported vegetables (such as tomatoes, and lettuce).

Other factors in inflation cannot be blamed directly on the exchange rate. Water prices rose by 20 per cent, and in March the government began to remove the subsidy that had kept fuel prices unchanged for the previous year.

Although the full figures for the second quarter are not yet in, the Bank of Mozambique says that by the end of May inflation had reached 8.79 per cent. Inflation over the entire preceding year reached 12.69 per cent. The main factors were fruit and vegetable prices, and two further hikes in the price of fuel.

Indian investment might reach \$1 billion

Indian investment in Mozambique, particularly in mineral resources, energy and processing of agricultural products, might reach \$1 billion in 2010-2011, according to projections from the Mozambican government's Investment Promotion Centre (CPI).

The CPI is currently discussing a number of Indian investment projects. In July 26 Indian business people accompanied Indian Foreign Minister S.M. Krishna, during a two day official visit to Mozambique.

Indian investment in Mozambique last year amounted to about \$500 million.

Mozambique at extreme risk of natural disasters

The British-based global risks intelligence company Maplecroft has produced a Natural Disasters Economic Loss Index, which places Mozambique as the world's second most likely country to suffer economic hardship due to natural disasters.

The Index evaluates the global economic impact of earthquakes, volcanic eruptions, tsunamis, storms, flooding, drought, landslides, extreme temperatures and epidemics between 1980 and 2010. It measures the risk to property and infrastructure, and the indirect economic impact on populations.

Seven countries are rated at extreme risk with Haiti (1), Mozambique (2), Honduras (3), Vanuatu (4), Zimbabwe (5), El Salvador (6) and Nicaragua (7) topping the ranking. Italy (18), Japan (23), China (25), USA (29), Spain (37) and France (48) are all in the "high risk" category, whilst India (51), UK (53), Germany (54) and Canada (55) are rated medium risk.

According to Maplecroft analyst Dr Anna Moss "when economic losses are taken as absolute figures, it is predominantly the industrialised countries, such as the United States and China, that shoulder the greatest costs. However, when losses are calculated as a percentage of GDP, it is developing countries that are most exposed".

Moss gave the example of the effect of the El Niño weather phenomenon (caused by the warming of the surface waters of the Pacific) on the United States in 1997-98 that cost the country \$1.96 billion, or 0.03 per cent of GDP. In Ecuador, economic losses from the same phenomenon were \$2.9 billion, which represents 14.6 per cent of GDP.

Haiti was hit by a huge earthquake in January 2010, which resulted in the death of over 200,000 people and caused \$8 billion in economic damage – which represents 73 per cent of the country's GDP.

Maplecroft points out that Mozambique is particularly vulnerable to the impact of climate change and has been hit by an increasing number of floods and droughts in the last decade. In 2000, Mozambique was hit by flooding which killed around 800 people and caused economic losses estimated by Maplecroft at \$419 million.

A report by the World Bank found that Mozambique is at increased risk from storm surges (sea floods caused by wind and low pressure) due to climate change, and estimates that 41 per cent of the country's coastal area and 52 per cent of coastal GDP is vulnerable. The World Bank estimates that storm surges threaten 3,268 square kilometres of land in Mozambique and 380,000 people. In particular, it warns that Quelimane, Nacala and Beira are among the top ten African cities threatened by storm surges.

According to Maplecroft's Professor Alyson Warhurst "climate change has the potential to raise global temperatures and affect weather patterns - the fear for insurers is that this will lead to more frequent and extreme hydro-meteorological related losses".

HIV prevalence 11.5 per cent

The prevalence in Mozambique of HIV, the virus that causes AIDS, is now 11.5 per cent among people aged between 15 and 49, according to a national survey published by the Ministry of Health on 5 July.

At first sight, this looks like a significant drop in the HIV prevalence. In 2008, the prevalence was estimated at 16 per cent and in 2009 at 15 per cent. But Health Minister Ivo Garrido warned that the apparent drop of over three per cent in the prevalence figures is due to the way the data was collected.

The latest survey sampled of 6,232 households covering every district in Mozambique. It shows that women are much worse hit by the epidemic than men. 13.1 per cent of women aged 15 to 49 tested HIV-positive, as opposed to 9.2 per cent of men.

The urban prevalence is 15.9 per cent (18.4 per cent for women, and 12.8 per cent for men). In the rural areas, the prevalence is 9.2 per cent (10.7 per cent for women and 7.2 per cent for men).

Reasonably well-off, literate people in towns are substantially more at risk than illiterate and penniless peasant farmers.

The AIDS crisis is at its worst in the south of the country. In Gaza province, 30 per cent of women tested HIV-positive (but only 17 per cent of men). This is likely to be connected to Gaza's long history as a pool of migrant labour for the South African gold mines.

The northern provinces of Niassa and Nampula have the lowest prevalence rates, while the central provinces are in between.

Garrido was at pains to point out that, just because these figures are mostly lower than those generated by the epidemiological surveillance rounds at the sentinel health units, nobody should imagine that there had really been a substantial decline in the HIV prevalence.

He believed that the INSIDA results were more reliable than those from the epidemiological surveillance rounds. They were also much more expensive.

An epidemiological surveillance round costs about \$500,000. The INSIDA survey cost \$6 million. Garrido did not expect another such survey until 2014.

The Minister also noted that AIDS has become the main cause of death and hospitalisation among adult Mozambicans. Only among children does malaria outstrip AIDS as a cause of death.

Garrido called for more work to be done on changing the behaviour of young people – particularly young girls. The survey showed that women tend to become infected earlier than men – many before their 20th birthday. "A vigorous intervention is needed towards girls, and we have to act earlier", said Garrido. "The study shows us that by the time they are 20, it will be too late".

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

Capacity of Maputo-Matola water system to double

Expansion of the water supply system in the cities of Maputo and Matola and the neighbouring town of Boane, will more than double the number of people benefiting from piped water from the current 670,000 to 1.5 million, according to Mozambique's Minister of Public Works, Cadmiel Muthemba.

Speaking on 30 June at a session of his Ministry's Coordinating Council, held at the Pequenos Libombos resort, 40 kilometres west of Maputo, Muthemba said that the major work consists of building a new water treatment station on the Umbeluzi river, in Boane district, laying a new mains pipe from Umbeluzi to Matola, and rehabilitating the existing network of pipes.

New water distribution centres will be built at Belo Horizonte and Matola-Rio in Boane, and at Tsalala in Matola, while the existing Boane and Catembe distribution centres will be rebuilt.

In the centre of the country, Muthemba added, the government is building a new water system for Chimoio, capital of Manica province, which will also supply Manica and Gondola districts.

Among the major interventions in the first six months of this year, he said, was large scale work to improve water supply to the Mueda plateau in the northern province of Cabo Delgado. No watercourses run across the plateau, and so water must be pumped up to Mueda.

Muthemba said that seven new electric pumps have been acquired for the three systems that pump water up to the plateau, and the power is provided by four new generators for each of the systems.

The minister said that work to rehabilitate and expand the water supply system in Xai-Xai, capital of Gaza province, was also completed this year, as was a new water treatment station for the central city of Quelimane.

Currently the Public Works Ministry is designing projects for new water treatment stations and distribution centres for Lichinga and Cuamba, the two main urban centres in the northernmost province of Niassa.

The government's five year programme envisages supplying 70 per cent of the urban population and 69 per cent of the rural population with safe drinking water by the end of 2014.

Government to promote house building

The Mozambican government is planning to demarcate 1.2 million plots of land and promote the building of 480,000 new houses by 2014. According to a plan presented to the Coordinating Council of the Ministry of Public Works and Housing, on 2 July, this is part of the government's efforts to promote access of all Mozambicans to decent housing.

"During the current financial year, the housing sector is to design the Housing Policy Strategy, promote access to land with infrastructures, support self-construction of 96,000 houses, and improve the informal settlements", reads the document.

The housing policy is one of the biggest challenges in the Government's Five Year Programme for 2010-2014. Its goal is to promote decent housing, and facilitate building and the purchase of building materials for all Mozambicans.

One of the most serious problems Mozambicans face is the lack of decent housing. If in the rural areas people at least have a piece of land, in the urban areas the problem is more serious due to shortage or poor management of land on the part of the municipal authorities. But in both rural and urban areas, construction is made difficult by the high cost of building materials.

To support the self-building of the 96,000 houses, the Public Works and Housing Ministry plans to make available to citizens blueprints for low cost housing which can be expanded over time. The ministry also promises to define quality building parameters to reduce building costs, and to publicise new building technologies, which will be cheaper and accessible to every citizen.

Other aspects include empowering artisans to produce building materials, and installing building materials resource centres in the central province of Manica, and in Nampula, in the north of the country.

Addressing the meeting, Public Works Minister Cadmiel Muthemba said that housing is one of the "basic needs that all people seek to satisfy".

"It is deemed an elementary social need and of critical importance to improve living conditions and develop human capital", he said.

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