

Mozambique News Agency

AIM Reports

Report no.426, 7th June 2011



Donors promise \$379 million in budget support

Sixteen of the 19 donors and funding agencies who provide direct support to the Mozambican state budget have promised \$379 million in this form of aid for 2012. The pledges were delivered to Finance Minister Manuel Chang at a ceremony in Maputo on 1 June.

Three donors – Germany, Holland and Norway – have been unable to announce their commitments for 2012, since these are awaiting ministerial or parliamentary approval. But if these remain at the same level as this year, then total budget support for 2012 will reach \$452 million– somewhat higher than the 2011 figure of \$448 million.

This group of donors is known as the Programme Aid Partners (PAPs) or the G-19. They consist of the World Bank, the African Development Bank, the European Commission, thirteen individual European Union members, Canada, Norway and Switzerland.

Of the 16 who announced their commitments, ten pledged exactly the same sum as in 2010. The European Commission increased its commitment from €50 million to €50.625 million, while five other donors (Austria, Denmark, Ireland, Switzerland and Sweden) announced reductions.

The sharpest reduction is from one of the minor donors, Austria, which cut its support from €3.2 to €2.5 million, a reduction of 25 per cent. The Swiss contribution falls by 22 per cent from 4.5 to 3.5 million Swiss francs, while Ireland reduced its support by 18 per cent, from €11 to €9 million.

The Swedish reduction is 6.3 per cent – from 315 to 295 million Swedish crowns – while Denmark has made a cut of 6.1 per cent – from 65 to 61 million Danish crowns.

The major contributors to budget support remain the World Bank (\$85 million), Britain (£48 million– equivalent to \$76 million), and the European Commission (€50.6 million, equivalent to \$68.4 million). These three partners account for over 60 per cent of the \$379 million promised.

Pledges for Programme Sector Support rose sharply, from \$262.9 million this year to \$309.6 million for 2012. This is money earmarked for the common funds that support programmes in various social and economic areas.

The largest beneficiary is the Education Support Fund (FASE) – aid from the G-19 rises from \$84.6 to \$115.9 million. Similarly, contributions to the common fund for health, Prosaude, rise from \$75.4 million this year to \$111.9 million in 2012. However, a question mark hangs over this fund – the outgoing G-19 chairperson, British High Commissioner Sean Cleary, pointed out that the donors' contribution will depend on solving questions arising from the latest audit of the Health Ministry.

Taking budget support and the sector programme support together, and assuming that Germany, Norway and Holland maintain the same level of support as last year, the total programme aid from the G-19 for 2012 will be \$760 million.

The pledges follow the annual joint review of performance between the government and the G-19, which ended on 19 May, and concluded that the government is making sufficient progress to allow the donors to continue with general budget support.

But there are concerns among the G-19 at the slow pace of poverty reduction, and at continuing problems of governance and corruption.

Cleary told the ceremony that “budget support can only be justified on the basis of results. It is very important to show results to the Mozambican people, and to our peoples, and show that public funds are being used in an efficient and effective manner”.

Cleary assured Chang that the government “can count on our support in the implementation of its anti-poverty programme”. Furthermore, the fact that programme aid is increasing, despite the financial pressures faced by most G-19 members “proves the strength and depth of our relationship”.

Chang agreed – the fact that the G-19, in the face of an international financial crisis, had decided to maintain, and even increase, their aid to Mozambique showed how solid the relationship was.

He promised that the budget support would be used to carry out the government's new Poverty Reduction Action Plan (PARP) – at the heart of this plan were such matters as raising agricultural productivity, creating new jobs, good governance and macro-economic stability.

Chang said that the predictability of aid was “fundamental in planning and budgeting in the fight against poverty”, and he praised the G-19 for keeping to the agreed schedule for aid disbursements.

Despite some tension between government and donors in early 2010 arising from the 2009 general elections (and often referred to as a “donor strike”), in the end all the budget support pledged for 2010 had been disbursed. This year, said Chang, the aid is flowing normally.

Former minister jailed

Mozambique's Supreme Court has sent former Minister of Transport and Communications, Antonio Munguambe, to jail for four years.

On 27 February 2010, Judge Dimas Marroa, of the Maputo City Court sentenced Munguambe to 20 years imprisonment for his part in massive corruption at the publicly owned airports company, ADM, involving the draining of around 91 million meticais (over \$3 million) from the company's coffers.

Munguambe and his fellow accused appealed against Marroa's ruling, and on 23 May the Supreme Court maintaining the verdicts, but reducing the sentences.

Unlike the other four accused, Munguambe, who was Transport Minister from February 2005 to March 2008, was not held in preventive detention, but was allowed to await the trial in freedom. On 23 May that freedom came to an end, when he was served with an arrest warrant at his Maputo home, and taken to Maputo Central prison.

The person who received the longest jail term was the former chairperson of the ADM board, Diodino Cambaza. The Supreme Court reduced his prison term from 22 to 12 years.

The former ADM financial director, Antenor Pereira, sentenced to 20 years by Marroa, will now serve only four years. Antonio Bulande, former head of Munguambe's office, had been sentenced to four years, but the Supreme Court cut this to a suspended sentence of two years.

Deolinda Matos, former chief executive of the Mozambique Services Company (SMS), the catering company 50 per cent owned by ADM, saw her sentence reduced from two years and 15 days to twenty one months.

The Supreme Court reduced the sentences because its interpretation of the relevant laws differs from that of Marroa.

The main law concerned dates from 1979, and covers theft and diversion of state funds and assets. But in 1979 there were no such things as public companies, and so one legalistic interpretation of the law is that it only covers the state itself and state companies.

Marroa rejected this, and pointed out that ADM manages assets that are part of the state's public domain, and that its chairperson is appointed by a government body to represent the interests of the state.

The much narrower interpretation of the Supreme Court is that, in order to commit the offence of the theft of state funds, the accused must be a state functionary. This creates a distinction between state and public companies which is most unlikely to have been in the minds of the legislators of 1979.

The Supreme Court took the position that a different law, dating from 1987, was applicable – and which involves much milder sentences.

Five sentenced for theft of state funds

The Nampula Provincial Court on 26 May sentenced five people to jail terms of between 3 and 16 years for the theft of 1.4 million meticais (about \$47,000) from state coffers.

The longest prison term, 16 years, was imposed on Zaituna Reendra an official of the Mozambique Tax Authority (AT) who works in the unit dealing with major taxpayers. Another tax official, Ana Marquesa, received six years.

Two workers at the country's largest commercial bank, Millennium-BIM (International Bank of Mozambique), Celso Junior and Dionisio Mugabe, were sentenced to 12 and 4

years. An accomplice, Domingos Popoleque, received a three year sentence.

Reading out her verdict and sentence, Judge Nateria Mendes said Reendra and Junior received the longest sentences because they behaved "in a premeditated and fraudulent way". The other three accused had cooperated with the court, and had shown repentance for their acts.

According to the daily "Noticias", the director and deputy director of the Nampula Large Taxpayers Unit, Comanda Momade and Ismael Adamo, are now under investigation.

Government wants to cut prison budget

Justice Minister Benvinda Levi announced on 2 June that over the next four years the government wants to cut by 30 per cent the cost of the country's prisons. "To this end, a change in organizational culture is fundamental", she said, addressing the closing session of a meeting in Maputo of the Coordinating Council of the National Prisons Service (SNAPRI).

The minister called for good quality management of the prisons. Levi believed that this would contribute to considerable savings in the prisons. Currently, the prison service is the most expensive item in the Justice Ministry's budget, costing about \$6 million a year.

One measure that would make prisons more sustainable is for the inmates to grow their own food. Speaking to reporters at the end of the meeting, Levi said that each prison now has its own agricultural production plan, under the personal leadership of the prison director.

These plans are independent of each other, but the government intends to harmonise them nationally. This will involve collaboration with the Ministry of Agriculture in order to identify the most promising crops to be grown in each part of the country.

Levi also challenged prison officials to make the most of prison labour, by establishing partnerships with public and private bodies, in order to guarantee the use of the inmates in large scale agricultural and livestock production, but always bearing in mind that the main purpose is to rehabilitate prisoners so that, at the end of their sentences, they can re-join society.

"We have the responsibility to transform the prison system into a factor of correction, by giving the opportunity to those sentenced for the crimes they have committed to turn themselves into individuals who respect the most elementary rules of social life", she said.

The most significant way of cutting prison costs would be to reduce the number of prisoners. Levi said she expects the draft bill on alternatives to prison to be submitted to the Council of Ministers (Cabinet) in July. It would then go before the country's parliament, the Assembly of the Republic, which could pass the bill at its next sitting, due to be held between October and December.

Once the bill has become law, courts will be able to sentence petty offenders to fines or to community service rather than prison terms. Those already serving short prison terms could see the rest of their sentences converted into community service.

Since half of all convicted prisoners are serving sentences of two years or less, this measure could have a dramatic effect in reducing overcrowding in the prisons.

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

Drinking water supply expanded in Matola

Eight small scale water supply systems were officially inaugurated on 2 June in the southern city of Matola as part of a project undertaken by the government's Water Supply Investment and Assets Fund (FIPAG).

These systems, based on boreholes, reach people who are not covered by the main public water supply network in the outlying Matola neighbourhoods of Ndlavela, Khongolote, Sao Damaso, 1st May and Nkobe.

A further eight such systems have been built in the Maputo city neighbourhoods of Albazine, Zimpeto and Magoanine. Together the 16 systems will benefit about 100,000 people.

Work on the systems began in March 2010 and was concluded in December. The cost was 84.5 million meticaís (about \$2.8 million). The money was spent on opening the boreholes, installing the 16 systems and hiring operators to manage them.

This initiative is an integral part of the project to rehabilitate and expand the water supply system in Maputo, Matola and the adjoining district of Boane, budgeted at €95 million (about \$138 million). This project is co-financed by the European Investment Bank, the European Union, and the governments of France, Holland and Mozambique itself.

The eight small systems installed in Matola have a total production capacity of 224 cubic metres a day, and a reserve of 680 cubic metres. There is a primary network of 25 kilometres of piping, and it is expected that the systems will supply 50,000 people.

Speaking at the inauguration ceremony, the Mayor of Matola, Arao Nhancale, said that he hoped that when the major expansion project is complete, two thirds of Matola will be covered by the public network run by the company Aguas de Mocambique (in which FIPAG is the major shareholder) and the other third by the small systems.

The Chairperson of the FIPAG Board of Directors, Nelson Beete, told reporters that the expansion of the Maputo, Matola and Boane system is nearing completion.

The work includes expanding the water treatment station on the Umbeluzi River so that it can produce an extra 96,000 cubic metres of water a day, building a 19 kilometre long new water main from Umbeluzi to Matola and improving the existing mains, building new distribution centres in Tsalala, Boane, Katembe, Belo Horizonte and Matola Rio, and installing 600 kilometres of new pipes for the network.

Beete said the conclusion of this project will help Mozambique comply with the target set in the Millennium Development Goals to reduce by half, between 1990 and 2015, the number of people without permanent access to clean drinking water and decent sanitation. In Mozambique's case, the target is that 70 per cent of the urban population should have access to clean drinking water by 2015.

Most children have no pre-school education

Poor school performance in Mozambique may be due in large measure to the fact that most Mozambican children have had no access to pre-school education.

According to statistics quoted on 30 May by Education Minister Zeferino Martins, only four per cent of children aged five and under have had access to crèches or other forms of pre-school education.

"We all know how important it is for children to go through pre-school education before they enter primary school", said Martins, "since it is in the pre-school

institutions that children acquire the assumptions necessary for learning".

He was speaking to a delegation including a group of 40 children from Maputo crèches, who visited him as part of the celebrations of International Children's Day, 1 June.

Martins stressed that the children who visited him were from a fortunate minority, since the great majority of their peers are quite unable to attend pre-school education.

Pre-school education does not yet form part of the National Education System. Crèches, mostly privately owned, exist in the cities – but the cost of sending a child there puts them out of reach of most parents. In rural areas crèches barely exist.

It was in pre-school education, Martins said, that children had their first contact with reading and writing, which would stand them in good stead when they entered primary school.

The Ministry of Education is now studying the possibility of re-introducing standardized pre-primary education into the National Education System.

Movement of coal along Sena line postponed

Transport Minister Paulo Zucula has warned that the export of coal from Moatize, in Tete province, will be postponed once again due to faults along the Sena railway line, linking Moatize to the port of Beira.

It was hoped that the Sena line would be in fit condition to carry coal by July. But Zucula, cited in the daily newspaper "O Pais" on 31 May, said that the line would only be ready in September.

Zucula blamed the Indian consortium, Rites and Ircan (Ricon) for this situation. Management of the Beira rail system, consisting of the Sena line and the Machipanda line, from Beira to Zimbabwe, was awarded, by international tender, to Ricon in 2004.

Ricon holds 51 per cent of the shares in the Beira Railroad Company (CCFB), while the other 49 per cent are held by the Mozambican state through CFM.

But CCFB/Ricon has repeatedly failed to meet deadlines to complete the reconstruction of the Sena line. In 2008 Ricon had promised to deliver the rebuilt Sena line by September 2009.

This deadline was not met, and subsequent promises by Ricon proved equally hollow. When the line was still not ready by December 2010, the government set in motion the procedures to cancel the Ricon contract.

Ricon then promised to finish all major work on the line by 31 January. But when CFM Chairperson Rosario Mualeia, personally inspected the line in early February, he reported that "not a single kilometre is in good condition".

The government terminated the contract with Ricon, and Zucula said, without providing any details, that the government is seeking other partners to finish the reconstruction of the Sena line.

The first company to start extracting large quantities of coal from a Moatize open-cast mine, Vale of Brazil, had hoped to start exporting the coal in July.

A second open-cast mine, run by the Australian company Riversdale, will soon be operational.

Both Vale and Riversdale are looking at alternative means of moving the coal. For even when fully operational, the Sena line will not be able to move the huge amounts of coal expected to be flowing out of Moatize in a few years.

Vale plans a new railway linking Moatize to the northern port of Nacala. Such Riversdale has proposed taking the coal to the Indian Ocean on barges down the Zambezi River.

Saudi fund to support coastal protection

Mozambican Finance Minister Manuel Chang and the Managing Director of the Saudi Fund for Development, Yousef Ibrahim Al-Bassam, on 26 May signed an agreement under which the fund will provide \$10 million to finance work on protecting Maputo from coastal erosion.

The Saudi Fund is the second agency to support this project. Funds have also been pledged by the Arab Bank for Development in Africa (BADEA). Together the money promised is \$22.5 million.

The Indian Ocean is threatening the Maputo coast road. The sea defences are in a parlous condition, and many of the remaining trees on the edge of the beach have their roots exposed and are in danger of falling. Rising sea levels resulting from climate change could make matters much worse, threatening the survival of coastal neighbourhoods such as Triunfo and Costa do Sol.

Chang said the project will mitigate the effects of coastal erosion and guarantee the safety of public and private infrastructures. This would contribute to improving environmental conditions and to promoting tourism and leisure.

This is the first agreement between Mozambique and the Saudi Fund for Development. Chang said the Fund is also willing to finance the construction of two technical institutes and two technical schools in the northern provinces of Niassa and Cabo Delgado, as well as a new general hospital in the city of Nampula.

Rural development programme approved

The Mozambican and Italian governments on 26 May approved the first operational plan for the Rural Development Support Programme (PADR) for the central provinces of Manica and Sofala.

The plan was approved in the Manica provincial capital, Chimoio, at a ceremony attended by Deputy Minister of Agriculture, Antonio Limbau, the Manica provincial governor, Ana Comoane, and the Director of Cooperation at the Italian Embassy, Mariano Foti.

Under this programme four new agricultural and livestock processing centres will be set up in Sofala. There will be a pineapple processing unit in Chibabava district, and a tomato processing factory in Nhamatanda. A new sawmill and timber processing plant will be built in Gorongoa. There will also be a unit to produce bran for chicken feed, as part of a poultry production scheme.

The PADR national coordinator, Sergio Muteia, said the programme has three components – institutional support, support for services linked to agriculture and support for micro, small and medium companies.

Lines of credit, with preferential interest rates, have been set for small producers, in order to ensure that the programme reaches the goals outlined in the bilateral agreement.

Construction of silos severely delayed

A government project for the construction of silos for storing grain in Nhamatanda, in the central province of Sofala, has been delayed by a year.

The contractor “Kanes Alfaias Agricolas” alleges that the delay comes under the category of force majeure.

The company’s administrator, Joao Carlos Frade, told the Maputo daily “Noticias” that the completion of the work was scheduled for last year, but that floods in that part of the province had prevented the construction of the silos.

The governor of Sofala province, Carvalho Muaria, who has been visiting the districts along the Beira Corridor, which is regarded as one of the main granaries of the country, showed his displeasure at the delay, which he described as a major problem for the population.

Carvalho Muaria was told by the contractor that the construction of the silos will be concluded within 45 days.

The silos have the capacity to store about four thousand tonnes of grain. They will be ultra-modern with elevators, dryers and machines for pre-cleaning the grain.

Mozambique to relaunch seed production

Minister of Agriculture Jose Pacheco announced in Maputo on 26 May that Mozambique will resume seed production in the next agricultural campaign (2011/2012).

This is essentially an initiative to revive the defunct state company Sementes de Mocambique (SEMOC – Seeds of Mozambique), with support from India.

“We intend to relaunch seed production for all basic foodstuffs, such as maize, cassava, vegetables, and rice”, said Pacheco, speaking at a press conference alongside the Indian Minister of State for Agriculture and Food Processing Industries, Arun Yadav.

Pacheco did not specify the amount of seeds to be produced, but said it would be sufficient “to meet the needs of the country and even for export”.

India is becoming a major partner of Mozambique. In 2003 an agreement on agriculture was signed with India, covering agricultural research, rural extension, technical assistance and staff training.

During Yadav’s visit, the two sides have assessed their cooperation programme, and decided that it should be strengthened, particularly in the area of scientific training.

India also wants to increase the quantity of beans it imports from Mozambique, and start importing Mozambican cotton. India is already the largest importer of raw cashew nuts from Mozambique.

Arun Yadav stressed that his government’s priority “is to help Mozambique become self-sufficient”.

Mozambique News Agency, c/o 26 Withdean Crescent, Brighton BN1 6WH, UK. Tel: +44 (0)7941890630 - mozambique-news@geo2.poptel.org.uk

Subscription Rates (24 issues)	Individuals	Institutions
UK	£15.00	£25.00
Europe	£25.00	£40.00
Rest of the World	£30.00	£50.00

Overseas subscribers are requested to pay in sterling. If payment is made in another currency, add the equivalent of £6.00 to cover bank charges.