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Unsustainable subsidies withdrawn

President Filipe Nyusi on 24 April defended the withdrawal of subsidies on such goods as fuel and wheat flour, arguing that the economic situation of the country made this move imperative. Speaking at a meeting with the Mozambican community resident in Botswana, President Nyusi explained that “for years and years we were handing out impossible subsidies, and later it would just not be sustainable. Where would the money come from?”

The President added that it required great courage on the part of the government to take these measures, and Mozambicans should understand why it did so - because otherwise, sooner or later, the Mozambican economy would have collapsed.

President Nyusi pointed out that foreign aid had begun to shrink as from 2015 when some of the country’s cooperation partners started to reduce their support. The situation became much worse in 2016 when the government found it had to work only with domestic resources.

This was because the International Monetary Fund (IMF) suspended its programme with Mozambique, and most other western partners followed suit. All 14 donors who used to provide direct support to the state budget suspended further disbursements as from April 2016. They were reacting to the discovery that the previous government, headed by President Armando Guebuza, had illicitly issued guarantees for over two billion dollars’ worth of loans from European banks to security-related companies Ematum, Proindicus and MAM.

As part of its strategy to overcome the situation, the government felt obliged to reduce or eliminate subsidies and raise the prices of goods such as fuel and electricity.

The fuel subsidy was generalised and meant that the price at the pumps was far lower than the international price which the fuel companies had paid when importing petrol and diesel. The government promised to compensate the companies for this difference but was late in paying the subsidy – leading fuel companies to warn that the whole fuel import and distribution system might collapse.

Less damaging was the subsidy paid to bakers for wheat flour used to make bread. The government withdrew the subsidy on 1 April, but this was not followed by any general increase in bread prices. President Nyusi pointed out that not all bakeries had benefitted from the subsidy – in Beira and Nampula less than ten per cent received the subsidy.

To overcome the current economic difficulties, and to reduce the impact of the reduction in foreign aid, President Nyusi recommended efforts to increase production and productivity. He also took advantage of the meeting to express his conviction that very soon an agreement will be reached between the government and the leader of the opposition party Renamo, Afonso Dhlakama, to re-establish effective peace in Mozambique.

“I am hopeful that, at any moment, things can change”, said President Nyusi. “What is important is trust in what we are building between Mozambicans”.

“Trust is very important”, the President stressed. “When people have trust – or rather when they don’t distrust – then they believe in what the others are saying”. When that happens, “it’s easy to attain consensus”, he added.

Gang springs criminals from police vehicle

Armed criminals attacked a police vehicle in downtown Maputo on 24 April, and released the two men which it was carrying to an interrogation in a nearby police station.

The attack took place at around midday in the narrow Rua de Imprensa, at a time when the whole area is normally swarming with people.

Eyewitnesses, cited by the independent television station STV, said that the gang used a Toyota Runex to block the police vehicle, a Land Cruiser, when it was stopped at a set of traffic lights. Two of the criminals, wearing hoods, jumped out of their car and used AK-47 assault rifles to shoot out the tyres of the police vehicle. The two policemen in the car then fled, allowing the gang to rescue the two criminals without hindrance.

According to the newsheet “Mediafax”, one of the escapees is Jose Aly Coutinho, one of three men accused of the murder last year of prominent Maputo prosecutor Marcelino Vilanculos. His case had not yet come to trial. The paper named the other escapee as Alfredo Jose Muchanga.

This is the second time Muchanga has escaped. The first was in February 2015, when he, and two other inmates, used a saw to cut through the bars on the window in a bathroom in a Maputo prison, and then attacked a guard, seizing his AK-47. They shot the guard with his own gun, seriously injuring him, before making their getaway.

Mudumane said the two men were being taken in a car belonging to the Criminal Investigation Police (PIC), to answer questions about earlier attempts to escape.

Marcelino Vilanculos was murdered outside his home in the city of Matola on 11 April 2016. In August three men were arrested, and charged with the murder. One of the three, Abdul Tembe, who allegedly drove the car used by the hit squad, escaped from Maputo central prison on 24 October. This led to the arrests of the director of the prison, Castigo Machaieie, and eight other prison staff.

With the escape of Coutinho, only one of the three original suspects, Amade Antonio, is still in detention.

President dismayed by “cemetery of buses”

President Filipe Nyusi on 14 April called for a far-reaching restructuring of the Maputo municipal bus company (EMTPM) so that it can meet the increasing demand for passenger transport in the capital.

When he visited the company, as part of his tour of institutions supervised by the Transport and Communications Ministry, President Nyusi was faced with the carcasses of dozens of buses that are off the roads because of various breakdowns, and lack of parts.

In the workshops, President Nyusi found several young mechanics, apparently idle, and chatting among themselves. They told him “there’s no work. All the buses are circulating. Today we have had no breakdowns”.

But as President Nyusi could see with his own eyes, all the EMTPM buses were clearly not circulating. “You say you have no work”, the President declared. “But here there are buses that are not moving. Aren’t you able to repair tyres?”

The mechanics told him the tyres are repaired outside the country. In all, they said, there are more than 30 buses off the roads because of problems with tyres and batteries.

President Nyusi called all the workers together and asked why they were so unable to repair the company’s buses – and they complained of a shortage of spare parts. They urged that when the company acquires new buses, the contract should deal with questions of maintenance. They said that EMTPM has the equipment to repair tyres, but that it is no good for the type of buses currently circulating.

“You are telling me that more than 30 buses are stopped because you can’t solve problems of tyres and batteries”, said President Nyusi incredulously. “A further 80 buses are on the way (from China), and by December the number will rise to 300. But I see we will have the same problems”.

“You have to understand that this company is yours. It’s where you earn your bread”, the President told the workers. “So you must not be indifferent to small problems”.

At the ensuing meeting of the Consultative Council of the Transport Ministry, President Nyusi said the problem was not just a shortage of buses. There was also a problem of attitude. He was sure that if the carcasses of broken down EMTPM buses were sold off, private operators would soon put them back on the roads.

“In the hands of private businessmen, all those buses can circulate”, he said. “The problem is us – we relax because we will always receive our wages”.

President Nyusi warned the managers of public transport companies that, although transport is a social service, that fact does not justify the problems he had seen. “The workshops of the public transport companies are becoming cemeteries of buses”, he said. “We are going to import more buses, but it will always be money lost”.

Restructuring EMTPM, he added, did not just mean replacing the company’s leadership – it was an exercise “in transforming and clarifying responsibilities at the workplace”.

President Nyusi was also dismayed to find that the company Transmaritima had acquired boats for coastal shipping in 2011, but they proved inappropriate, and are now paralysed in Zambezia province, waiting to be scrapped. Another eight Transmaritima vessels are destined for the scrapyards. Yet, President Nyusi noted, there are countless bay, lake and river crossings that need ferries to carry passengers and cargo.

President Nyusi wanted “radical decisions” to revive the whole transport sector – and Transport Minister Carlos Mesquita promised that the President’s recommendations will be implemented.

Tender launched for allocation of air routes

The Civil Aviation Authority, the aviation regulatory body, on 25 April launched a public tender for the allocation of domestic, regional and intercontinental routes.

This follows strong criticism of LAM (Mozambique Airlines) by many of its customers over flight delays and cancellations – criticism that was supported by President Filipe Nyusi, when he visited LAM on 13 April, and later that day addressed an extraordinary meeting of the Consultative Council of the Transport Ministry.

President Nyusi also called for competition in civil aviation and claimed there are senior figures in the Transport Ministry “who find it difficult to let the competition flow. We don’t have planes flying, but we don’t let others fly. We say that our airspace is open, but we don’t say what this means”.

He urged the IACM to take a flexible approach to the entry of new companies into the domestic market. “You are closing the circuit so that things operate as they did in the past”, he accused. “The problems of transport result from this closure”.

The routes covered by the tender include virtually every conceivable domestic route, along with regional and intercontinental routes.

Airlines applying for these routes must hold a licence issued by the IACM. They must have a sales code approved by the IACM, and their flights must be included in an integrated reservation and sales system. Companies have 30 days to send their applications for the routes to the IACM.

Agreement on women’s empowerment signed

UN Women, the United Nations body that fights for gender equality and the government of Iceland will invest US\$2.5 million over the next three years in the empowerment of women and girls in Mozambique.

An agreement to this effect was signed in Maputo on 20 April, launching the project entitled “Promoting the Effective Participation of Women and Girls in Peace, Security and Recovery in Mozambique”.

This project aims to ensure that peace and security processes in Mozambique contribute to gender equality and to the social, political and economic empowerment of women.

The project will be implemented as from this month and will run until December 2020. It will cover four districts in the central provinces of Manica, Sofala, Tete and Zambezia.

Speaking to reporters, the representative in Mozambique of UN Women, Florence Raes, said that the project will attend to the economic and social needs of women affected by the recent conflict between the opposition party Renamo and the government’s defence and security forces.

The charge d’affaires at the Icelandic Embassy, Vilhjalmur Wiium, said that with this funding for women’s empowerment he hoped that some of the main difficulties they face will be solved. He believed that the assistance for women and girls will have a significant impact on their development.

The Deputy National Director for Gender and HIV/AIDS, at Mozambique’s Ministry for Gender, Children and Social Welfare, Sansao Buque, said that the project will allow greater participation by women in decision-making, as well as their integration into the Defence and Security Forces.

President supports new airport for Gaza

President Filipe Nyusi on 19 April defended the planned construction of an international airport in the southern province of Gaza, on the grounds that this would have an enormous potential for stimulating economic development.

Speaking in the locality of Poiombo, in the Gaza district of Chonguene, President Nyusi said that tourism in Gaza could take a leap forward if there was an international airport in the province.

The site for the new airport is about 17 kilometres from the provincial capital, Xai-Xai. The runway will be 1,600 metres long, and the entire airport is budgeted at US\$50 million.

“Just imagine the tourism that is being born here, in Massingir”, said President Nyusi, cited by Mozambique Television (TVM). “Less than a month ago I was with some international investors who want to transform this area into a major southern African tourist zone”.

Massingir is a district in the northern part of Gaza, which contains the Limpopo National Park, and borders on South Africa’s Kruger Park.

President Nyusi added that an airport in the Xai-Xai area is also required so that aircraft have somewhere to land in the event of floods in the Limpopo valley. He added that a Gaza airport would be an alternative for Maputo-bound planes to land, in the event of bad weather over the capital, rather than being forced to fly on to an airport in South Africa.

Xai-Xai is the only provincial capital in Mozambique that does not have an airport. Critics of the scheme point out that Xai-Xai is only about three hours drive from Maputo, and doubt that there is any real demand for a new airport.

The last new airport built in Mozambique was at the northern port city of Nacala, inaugurated by President Nyusi’s predecessor Armando Guebuza in late 2014. This was billed as an international airport, which could act as a hub connected southern Africa to the Middle East and Asia. But to date, the only aircraft that land at Nacala are domestic flights operated by Mozambique Airlines (LAM), and it is at risk of becoming a highly expensive white elephant.

Fruit juice exported to South Africa

The Portuguese company SUMOL+COMPAL has begun to export fruit juice produced at its factory in Boane, 30 kilometres west of Maputo, to the South African supermarket chain Pick n’ Pay.

Minister of Industry and Trade, Max Tonela, on 19 April witnessed the first shipment of drinks being loaded onto trucks at the Boane premises of SUMOL+COMPAL-Mozambique.

Tonela stressed the importance of the Boane factory in creating wealth and jobs and generating exports. “The growth of exports is fundamental for strengthening the Mozambican economy through the entry of foreign exchange”, he said.

The Minister challenged SUMOL+COMPAL to use Mozambican raw materials, rather than rely on imports.

The Chief Executive Office of SUMOL+COMPAL-Mozambique, Fernando Oliveira, said the agreement with Pick n’ Pay “is confirmation of the excellent work the company has undertaken and a recognition of the high-quality standards of Compal brand goods produced in Mozambique”.

US\$12.6 million was invested in the Boane factory, which opened in May 2013. It employs 102 people and has the installed capacity to produce 20 million litres of fruit juices and nectars per year.

Government halts subsidy to salt producers

The government announced on 18 April that it is ending its subsidy to national salt producers, which was intended to ensure that they iodize their salt.

According to the national director of industry, Mateus Matusse, speaking to reporters in the central city of Beira, the subsidy is no longer necessary, since many of the producers are now self-sufficient in the production of iodised salt.

Matusse was attending a meeting on the iodation of salt in which the government’s partners in nutrition issues, such as the United Nations Children’s Fund (UNICEF) and the Global Alliance for Improved Nutrition (GAIN), were also participating.

Matusse said the partners accepted the end of the subsidy, and UNICEF representative Michel le Pechoux also announced the end of financial support for iodation initiatives. He believed that the initiatives to date had been positive and that the health of women and children had “improved substantially” because of iodation.

Iodine is an essential micronutrient, and iodine deficiency, which affects about two billion people across the globe, can cause a range of health problems, including goitre, stunted growth and mental disabilities. Adding iodine to salt is the cheapest and most effective way of combating iodine deficiency.

US support for WFP programme

The United Nations World Food Programme (WFP) has welcomed an additional contribution of US\$2.7 million from the United States to support pregnant and nursing women, and people living with HIV (PLHIV) or TB on anti-retroviral treatment in Mozambique.

According to the WFP Maputo office, the money will be used “to buy, transport and distribute fortified blended food for the treatment of malnutrition among these vulnerable groups, whose situation has been made worse by the recent drought”.

WFP says that the additional funding will allow 170 health centres in the provinces worst affected by last year’s drought (Gaza, Inhambane, Manica, Sofala and Tete) to provide 21,000 people with nutritional assistance throughout 2017. So far, 100 tonnes of fortified food has been distributed. WFP pledges that a further 770 tonnes is on its way.

The contribution comes from the US President’s Emergency Plan for AIDS Relief (PEPFAR), via the US Agency for International Development (USAID). Mozambique is one of 22 countries in Africa receiving PEPFAR support and one of eight UNAIDS priority countries within the Southern Africa region.

“A nutritious diet is an inherent component of care and treatment in the context of food insecurity,” according to WFP Country Representative and Director Karin Manente. “Support from the United States will enhance the uptake of, adherence to, and success of treatment amongst the most vulnerable groups.”

WFP adds that people suffering from HIV or tuberculosis “are particularly vulnerable to food insecurity and malnutrition. Moreover, the antiretroviral medication they take loses efficiency unless combined with good nutrition. When people living with HIV do not have enough to eat, they are less likely to adhere to their treatment – this can lead to increased viral load, opportunistic infections and progression of the disease”.

Attorney-General details anti-corruption steps

Acts of corruption cost the Mozambican state at least 459.2 million meticaais (US\$7 million) in 2016, according to Attorney-General Beatriz Buchili.

Giving her annual report to the country's parliament, the Assembly of the Republic, on 19 April, Buchili said that, during prosecutors' investigations into the crime of corruption, 20.6 million meticaais and US\$240,000 had been seized, as well as 11 buildings and eight vehicles. 957 alleged cases of corruption entered the central and provincial anti-corruption offices. With 278 cases carried over from 2015, the anti-corruption prosecutors were handling 1,235 cases.

Charges were brought in 493 cases, Buchili said, and in 114 cases there was insufficient evidence to press charges. In 36 cases no crime at all had been committed, while 59 cases were considered not to fall under the powers of the anti-corruption offices. That left 533 cases still under investigation as 2017 began.

Turning to the best-known corruption scandals, Buchili confirmed that three people are regarded as suspects in the case of the US\$800,000 bribe paid by the Brazilian company Embraer to ensure that Mozambique Airlines (LAM) purchased two Embraer aircraft in 2009.

She did not give any names – but in Embraer's own confessions last year, given to Brazilian and United States prosecutors, the company said the bribe was demanded by the then chairperson of LAM, Jose Viegas, and that it was paid via a shell company registered in Sao Tome and Principe, set up by Mateus Zimba, then the Mozambican representative of the South African petrochemical company, Sasol.

Buchili said that, given the international ramifications of the scandal, her office has been working with its counterparts in Brazil, the US, Portugal and Sao Tome and Principe.

A second major scandal involved officials of the government's Agricultural Development Fund (FDA), including its former chairperson, Setina Titosse, who are accused of stealing over 167 million meticaais of public money. Buchili said that in this case 27 people have been charged with offences including corruption, abuse of office and money laundering.

As for the loans obtained from European banks (mainly Credit Suisse and VTB of Russia) by the security-related companies Ematum, Proindicus and MAM, using guarantees issued illicitly by the previous government under President Armando Guebuza, Buchili repeated what is already well-known – namely that the deadline for the independent audit of the three companies by the London office of the company Kroll Associates has been extended to 28 April, due to the complexity of the material.

Buchili urged the Assembly to pass a new law on the recovery of assets from criminals. Given the damage caused to the state by corruption and embezzlement, "the recovery of assets is an imperative for the Public Prosecutor's Office", she said. "We have to strengthen our capacity to seek out assets illicitly diverted from the state".

"We cannot allow crime to be a source of enrichment", said Buchili, "so we must take away from offenders all

the benefits resulting from illicit behaviour, to compensate the victims and the State or annul the benefits of crime".

The Attorney-General also revealed that the majority of senior figures in the state apparatus are not making the declarations of their income and assets which is obligatory under the Law on Public Probity.

In 2016 there were 6,757 state officials who should have made these declarations, but only 44 per cent of them did so. The Attorney-General's Office is in contact with the Ministry of Economy and Finance to take measures against officials who do not declare their assets. These measures could include fines and suspension of their wages.

Beira Central Hospital in debt

Beira Central Hospital, the largest health unit in Sofala province, currently owes its suppliers 80 million meticaais (US\$1.2 million), according to "Diario de Mocambique".

The hospital director, Nelson Mucopo, explained that the debt gradually built up, as the hospital found itself unable to pay bills for many crucial items, including water, electricity or rent for doctors' houses.

The debt is much larger than the hospital's 2017 budget for goods and services, which is only 38 million meticaais. Mucopo said the hospital is seriously worried at the situation since there are now some companies which are refusing to provide any further services to the hospital until it clears all or part of its debt to them.

Visa waiver period extended

The Mozambican and South African governments have agreed to extend the period in which citizens of one of the two countries can visit the other without an entry visa from 30 to 90 days. According to a note from the Mozambican National Immigration Service (SENAMI), the extension falls under the visa waiver agreement between the two countries which dates from 2005.

The extension of the waiver to 90 days took effect on 19 April. It covers Mozambicans visiting South Africa or South Africans visiting Mozambique for purposes of tourism, family visits, health care, business, conferences, seminars, workshops, student exchanges and sporting visits – a list which covers the vast majority of visits made for three months or less.

Rhino horns seized at Maputo airport

The police and customs authorities on 15 April seized 10.5 kilogrammes of rhinoceros horn at Maputo International Airport. Announcing the seizure, the spokesperson for the Maputo City Police command, Orlando Mudumane, said the horns were hidden in an aluminium case but were discovered during check-in.

The police have not yet been able to identify the owner of the case. "The individual fled when he realised the police had seized the case", said Mudumane. "Investigations are under way to discover who owns the case".

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