

# Mozambique News Agency

## AIM Reports

Report no.584, 23<sup>rd</sup> September 2019



## Government committed to sovereign wealth fund

President Filipe Nyusi on 16 September assured an election rally in his home district of Mueda, in the northern province of Cabo Delgado, that his government remains committed to setting up a sovereign wealth fund, despite the claims of critics that it is not interested in such a fund.

President Nyusi, who is seeking a second five-year term of office in the general elections on 15 October, said “we are considering keeping some of the money while investing the rest to produce more money”. He added that the ruling Frelimo Party does not want to follow the example of countries who opted for a sovereign fund which was no more than a way of storing money. “When the natural resource ran out, the fund was used and it was quickly exhausted”, he said. “We want a fund that can generate more money so that when our natural gas finishes, the country continues to reap benefits”.

President Nyusi scoffed at those who claim Frelimo is “stealing” from the natural gas industry. “Stealing what, if the gas isn’t being exploited yet?” he asked. Vast reserves of gas have been discovered in the Rovuma Basin, off the Cabo Delgado coast. But the earliest date for the production and export of liquefied natural gas is 2022.

The first thing to be done, the President stressed, is to pass laws to protect the interests of Mozambicans. “We don’t want to organise ourselves after the exploitation of the gas has already started”, he said. On the matter of involving local businesses in the gas industry, Mozambique is well advanced, he added – as there are countries which passed laws on local content decades after the start of exploitation of natural resources.

In Mocimboa da Praia district, earlier in the day, the President stressed that the gas belongs to all Mozambicans, and that the money resulting from its exploitation must serve the entire country, just as the entire country benefits from coal mined in Tete, electricity generated by the Cahora Bassa dam on the Zambezi, and prawns caught off the central Mozambican coast. He said the government hopes to use the money generated by natural gas to diversify the economy, particularly by financing the transformation of agriculture. He wanted to ensure that farmers have easier access to agricultural machinery and other inputs and that more dams and irrigation schemes are built.

He added that Mozambique has learnt from other countries that were dependent on hydrocarbons and went into crisis when the resources were exhausted, or the prices fell. Diversification of the economy would thus be “a strong point” of his government.

### Renamo promises to lower taxes and electricity prices

Ossufo Momade, the leader and presidential candidate of the main opposition party Renamo on 10 September promised that a future Renamo government will reduce taxes and cut electricity prices.

Speaking in the town of Marracuene, about 30 kilometres north of Maputo, Momade told an election rally that Renamo “has a good project to govern our country”, which includes wage rises, lower energy prices, lower Value Added Tax (VAT), employment for young people, and the fight against corruption.

“We know that you are suffering a lot”, he said. “We know that business people are being attacked by VAT, and so Renamo and Ossufo Momade will reduce VAT”.

“You suffer in order to buy electricity”, he said. “You pay a great deal for it, but this will stop. Renamo will end your suffering by cutting the price of electricity”. Momade saw no reason for high electricity prices, now that, as the government has repeatedly said, “Cahora Bassa is ours”. This refers to the government’s acquisition, in 2007, of a majority stake in HCB, the company that operates the Cahora Bassa dam on the Zambezi River.

Momade also denounced the alleged shortage of medicines in the pharmacies of public hospitals, although those medicines are readily available in privately owned pharmacies. He regarded this as the result of corruption.

The previous day, Momade had campaigned in the neighbouring district of Manhica, where he urged the electorate “don’t trust those whom I shall not name here. They are thieves and they are corrupt. They only want to fill their own pockets”. Turning to the scandal of Mozambique’s “hidden debts”, Momade claimed that former Finance Minister Manuel Chang (currently under police custody in South Africa, awaiting extradition to either Mozambique or to the United States) was “small fry”. “There are sharks who are sitting in their palaces”, he claimed. “We want them to go to jail too”. They deserved imprisonment for provoking a debt “which nobody should pay”.

## Simango campaigns along Nampula coastline

The leader and presidential candidate of the Mozambique Democratic Movement (MDM), Daviz Simango, spent much of the weekend of 7 and 8 September at election rallies in Memba and Nacala districts, on the coast of the northern province of Nampula, trying to persuade the crowds that only with the MDM in power will their lives change for the better.

He pledged that the MDM will eliminate corruption in education and health, where users are obliged to pay illegal charges. "When a record is scratched, you throw it out", said Simango. "Frelimo is past its expiry date. We have to unite so that things change".

"Things are in your hands", he told his audience, "we have everything so that, on 15 October (the date of the general elections), we can say what we want as a people. Whether or not we, as young people, want to spend the next four or five years sleeping and waking up, without ever doing anything".

Simango said that the future of young people cannot be delayed. "The youth want jobs today, they want to work today", he declared. "We can't postpone the future of our youth because of the selfishness, arrogance and greed of some people. We want young people to feel that they own the country, and not to feel colonised in their own land. Young Mozambicans have to be the people who change the country".

## Police arrests over vandalising posters

A court in the southern province of Inhambane has found a supporter of the ruling Frelimo Party guilty of destroying election posters of opposition parties, according to the spokesperson for the Inhambane Provincial Police Command, Juma Ali Dauto, cited in the "Mozambique Political Process Bulletin" on 10 September, which is published by the anti-corruption NGO, the Centre for Public Integrity (CIP).

The unnamed man was jailed for 15 days and ordered to pay a fine of five times the statutory minimum wage (22,335 meticais, equivalent to US\$363).

Three others, from the three main parties (Frelimo, and the two opposition parties, Renamo and the Mozambique Democratic Movement, MDM), have also been arrested in Inhambane for the same offence.

But in Maravia, in the western province of Tete, Renamo claimed it had been prevented from flyposting its election propaganda in the main street of the district capital, while in Milange, in Zambezia province, the Renamo political delegate, Antonio Dinal, claimed that it was only Renamo posters that are being ripped down.

The Bulletin also reports that in the Mulomwe area, in Mogincual district, in the northern province of Nampula, Renamo supporters armed with machetes blocked a road to deny entry to a Frelimo parade. A fight began but was broken up by the police.

The chairperson of the Tete Provincial Elections Commission (CPE), Ussumane Cassamo, told the Bulletin the Commission has received complaints from all three main parties, alleging aggression and violence.

## Araujo blames Frelimo for arson attack

The mayor of the central city of Quelimane, Manuel de Araujo, who is also candidate of the main opposition party, Renamo, for governor of Zambezia province in the forthcoming general and provincial elections, on 21 September once again accused the ruling Frelimo Party of responsibility for the fire that swept through his mother's house on 16 September.

The fire severely damaged the house, in the Quelimane neighbourhood of Coalane. Araujo's mother, Ines Alculete, was not at home when the fire was started. According to the security guard, who was overpowered by the arsonists, five armed and masked men set the house on fire.

Speaking at a Renamo press conference in Quelimane, Araujo declared "it's not a secret for anyone that the only force that ordered this crime is the Frelimo Party, which is intolerant towards the opposition, and particularly towards Renamo".

He added that one of his brothers was assaulted in Inhassunge district, shortly after Araujo had been campaigning there. This time there are suspects, and Araujo said they have confessed, but the case has not yet been heard by a court, despite its urgent nature.

Araujo also noted that local and municipal authorities in Zambezia have illegally banned Renamo from using public spaces for its campaign. This, he said, had happened in the districts of Nicoadala, Milange, Maganja da Costa, Alto-Molocue, Gurue, and Mocuba.

Araujo denounced the allegedly partisan behaviour of the Zambezia police and claimed that the electricity supply was "systematically cut off" in places where Renamo was holding its rallies. (However, many of these rallies, addressed by Ossufo Momade have been televised by the independent station STV, and the electricity was clearly working).

Despite these incidents, Araujo drew a positive balance of the Renamo campaign in Zambezia so far, which encouraged the party to press ahead to score "victorious results on polling day".

"Even in the midst of many difficulties, we are encouraged to continue in this struggle to place Ossufo Momade in the Presidency of the Republic, and myself as Governor of Zambezia", Araujo said. "The huge crowds that follow us are an unequivocal expression of the popular will to impose the necessary change to deepen democracy".

## Inflation low in August

The rate of inflation in Mozambique in August was 0.11 per cent, according to the latest figures from the National Statistics Institute (INE), drawn from the consumer price indices for the three largest cities (Maputo, Nampula and Beira). The August figure marks the end of a three month period of deflation. The average price levels fell by 0.31 per cent in May, 0.23 per cent in June, and 0.31 per cent in July.

The main price rises in August were for sweet potato (11.2 per cent), butter beans (3.6 per cent), dried fish

(3.5 per cent), fresh fish (1.8 per cent), restaurant meals (1.1 per cent), and bread (0.5 per cent).

On the other hand, the prices of several other goods fell. The main price reductions were for onions (12.6 per cent), tomatoes (5.9 per cent), lettuce (4.8 per cent), cabbage (2.9 per cent), brown sugar (2.8 per cent), beef (1.8 per cent), and petrol (0.3 per cent).

Inflation from January to August was only 1.18 per cent. As the festive season approaches, towards the end of the year, the rate of inflation is bound to increase. But on current trends inflation for the entire year is likely to be well below five per cent.

The August inflation varied between the three cities. In Nampula, prices rose by 0.65 per cent, and in Beira by 0.21 per cent. But deflation continued in Maputo, where prices fell over the month by 0.19 per cent.

### Major biodiversity study in Chimanimani

A biodiversity study in the Chimanimani National Reserve, in the central Mozambican province of Manica, near the border with Zimbabwe, has discovered over 1,000 animal and plant species, several of which may be new to science.

The survey was undertaken by the main wildlife conservation bodies in Mozambique, headed by the National Administration of Conservation Areas (ANAC). The two-week survey covered only a section of the Chimanimani Reserve, which has not previously been well studied.

A press release from ANAC and the other survey organisers said that the findings “underscore the importance of protecting this rich, biodiverse landscape from threats, including mining and logging”.

The survey team found 42 species of mammals, 231 species of birds, 22 species of amphibians, 45 species of reptiles, over 450 insect and 176 plant species. “One bat species is believed to be new to Mozambique and one frog, one lizard and a bush cricket are believed to be new to science”, announced the release.

“Within Chimanimani”, it notes, “the unique combination of different altitudes, soils, rain and fire has resulted in a high level of endemism, especially in flora”. “This conservation area as a whole”, it continues, “has a critical role to play in the functioning of ecosystems over a wide area but faces land-use conversion pressures in its buffer zone. As a result, stewardship efforts are focused on preventing encroachment and safeguarding the integrity of the site”.

The release cites Leonel Massicane, Warden of the Chimanimani National Reserve, warning “it is critical that threats to the landscape, including illegal mining, as well as poaching, logging and damaging agricultural practices are tackled so we can protect this unique landscape for generations to come”.

The Reserve also plays an important role in local culture, the release adds, since its mountains have been inhabited for hundreds of years, and contain important historical sites, including Stone Age rock paintings, and ruins from the Great Zimbabwe era, dating back to the 14th and 15th centuries.

### Work begins on new bridge on Licungo River

Work on building a metallic bridge across the Licungo River in the central province of Zambezia, linking Namacurra district on the west bank, to Maganja da Costa, Mocubela and Pebane on the east, began on 17 September.

The Minister of Public Works, Joao Machatine, accompanied by Zambezia provincial governor Abdul Razak, laid the first stone.

The Mozambican government is financing the bridge, which will cost 914 million meticaís (about US\$14.8 million) disbursed by the government’s Road Fund. The contractor is the China Road and Bridge Corporation (CRBC), which also built the suspension bridge over the Bay of Maputo, linking the centre of the Mozambican capital to the outlying district of Katembe.

The bridge will be 925 metres long and seven metres wide. It should be completed within a year. The construction work will provide jobs for about 100 people.

The previous bridge was destroyed by massive flooding on the Licungo in early 2015. People from Pebane and Maganja da Costa districts who wanted to travel to Malei, on the Namacurra bank of the river, had to make an enormous detour to reach another river crossing. That journey, from Pebane, was 400 kilometres long and took seven hours.

Machatine said that, with the new bridge, the journey from Pebane to Malei would be cut to 120 kilometres, and from Maganja da Costa town to Malei, the distance would be just 50 kilometres.

The Minister explained that the scale of the damage to the bridge was such that “it required large sums of money for its repair. So the government drew up a technical solution that would be possible with the funds available. That solution involves the construction of this metallic bridge which will guarantee the flow of traffic”.

He added that the government will continue seeking funds to build a conventional bridge at Malei.

The new bridge, he continued, was a further unequivocal demonstration of the government’s efforts to improve conditions for the circulation of people and goods, and thus stimulate economic development.

Machatine believed that Namacurra, Maganja da Costa, Movubela and Pebane districts “will, thanks to this bridge, make a gigantic leap in income generation from the agricultural and fisheries potential they possess. With the bridge concluded, access to the main markets will be facilitated. The public will expand its income base, and the cost of living will fall substantially”.

---

This is a condensed version of the AIM daily news service - for details contact [pfauvet@live.com](mailto:pfauvet@live.com)

---

## World Bank funds electricity interconnection between Mozambique and Malawi

The World Bank has approved grants and loans totalling US\$57 million for the project to interconnect the Mozambican and Malawian electricity grids.

According to a World Bank press release, the Bank's Board of Executive Directors decided on 17 September to provide Mozambique with a US\$42 million grant, and Malawi with a loan of US\$15 million, both from the International Development Association (IDA), the part of the World Bank group that provides soft loans and grants for the world's poorest countries.

The release adds that Mozambique is expected to receive a grant of US\$24 million from a Norwegian trust fund administered by the World Bank and a grant of €20 million euros (US\$22.1 million) from the German government.

The project, says the release, will interconnect the Mozambique and Malawi transmission systems to enable both countries to engage in bilateral and regional power trade in the Southern African Power Pool (SAPP).

"The new Mozambique-Malawi Regional Interconnector project will establish a transmission link between the two countries to meet increasing electricity demand in Malawi and create opportunities for trading in the SAPP", said Dhruva Sahai, the Task Team Leader of the project.

The project includes the construction of a 218 kilometre, 400 kV high voltage alternating current transmission line, grid connections, and associated infrastructure including substation works.

The new line will start at the Matambo substation in the western Mozambican province of Tete, and end at Phombeya substation in Balaka District in southern Malawi. "Malawian households, businesses, and farmers will benefit from increased access to reliable electricity services, that are vital to improving the country's productivity and competitiveness in the domestic and regional markets", says the release, while the Mozambican electricity company, EDM, "will receive additional hard currency revenues, which could be utilized for the country's ongoing domestic electrification efforts".

Deborah Wetzel, the World Bank Director for Regional Integration for Africa, the Middle East and Northern Africa, commented "This is an important project for the region. It will create conditions to expand access to millions of people in the region

living without electricity, and help decarbonize the Southern African power systems, which are currently dominated by coal generation."

It "responds to Mozambique's sectoral priorities to emerge as a regional energy hub, by exporting power to Malawi. It also increases the country's potential for exporting electricity through the SAPP to many other countries in future," noted Mark Lundell, the World Bank country director for Mozambique.

## EDM to sell electricity to Zimbabwe

Mozambique's publicly-owned electricity company, EDM, has agreed to sell 50 megawatts of power to Zimbabwe. A memorandum of understanding to this effect was signed in Maputo on 12 September between EDM chairperson Ali Sicola, and his counterpart in the Zimbabwe Electricity Supply Authority (ZESA), Patrick Chivaura. The sale of EDM power to ZESA will begin in October.

Sicola told the signing ceremony that the 50 megawatts from EDM will help minimise Zimbabwe's energy deficit, which currently stands at 400 megawatts.

Electricity is in such short supply in Zimbabwe that even the capital, Harare, has been suffering 18-hour long power cuts.

Sicola said that the sales to ZESA will earn EDM US\$4 million a month. Currently, EDM cannot sell more than 50 megawatts, but the two companies will look for additional sources of power. New solar power stations are coming on stream in Mozambique and Sicola thought these could provide EDM with a surplus that can be exported.

The sales contract between EDM and ZESA will be valid for two years renewable – but renewing it will depend on Zimbabwe's needs and its capacity to pay.

EDM will rent to ZESA the line used to transmit the power: this is the line from Songo in the western Mozambican province of Tete to Bindura in northern Zimbabwe.

A second agreement regularised an existing sales contract that had expired in 2017 – leaving a debt of US\$9 million. ZESA has agreed to pay US\$3 million this month, and then liquidate the rest of the debt in weekly payments of US\$250,000.

This arrangement is separate from the 50 megawatts that ZESA has been buying from Hidroelectrica de Cahora Bassa, the company that operates the Cahora Bassa dam on the Zambezi.

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

| Subscription Rates (20 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.