

MOZAMBIQUE 187

News reports & clippings

23 Nov 2011

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NOTE OF EXPLANATION:

This mailing list is used to distribute two publications, both edited by Joseph Hanlon. This is my own sporadic "News reports & clippings", which is entirely my own responsibility. This list is also used to distribute the *Mozambique Political Process Bulletin*, published by CIP and AWEPA, but those organisations are not linked to "News reports & clippings"

Joseph Hanlon

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This is the first of three newsletters over the next few days.

Attached file: This newsletter in pdf

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First big land concession in two years, but secrecy continues

Tectona Forest of Zambezia was granted 19,540 hectares in Gurue, Namarroi, Milange and Morrumbala districts by the Council of Ministers on 6 October.

Land concessions of over 10,000 ha are made only by the CoM, and this is the first large land concession made by the CoM since December 2009.

Concessions under 1000 ha are made by provincial governors, and these have continued.

Between 1000 ha and 10,000 ha the decision is made by the Minister of Agriculture. It is believed the no concessions were made in 2010, but that some have been made this year and they are still secret. We have been pressing the Ministry of Agriculture since August for information, and this has been repeatedly refused.

The Tectona concession is controversial. Tectonia plans to invest \$100 mn and grow teak (*Tectona grandis*) and the native species messassa (*Brachystegia spiciformis*). It already had 1,007 ha, and says it will create 1000 permanent jobs. Its shareholders are Global Solidarity Forest

Fund (GSFF) 59%, Diversified International Timber Holdings - DITH (A US fund believed to be owned by Harvard College) 30%, Diocese of Niassa 10%, and Silvestria Utveckling (a Swedish company) 1%. GSFF, in turn, was set up as a Sweden-based private equity, ethical investment fund that would also generate high profits. It was founded by the Diocese of Västerås, Lutheran Church of Sweden and the Norwegian Lutheran Church Endowment (Opplysningsvesenets fond, OVF), and was later joined by one of the world's largest pension funds, Stichting Pensioenfonds ABP, a pension fund for teachers and Dutch government employees, which has now become the majority owner.

GSFF controls three other forestry projects: Companhia Florestal de Messangulo, Ntacia Florestas da Zambezia (9005 ha), and Chikweti Forests of Niassa (28,970 ha). Chikweti ran into huge conflicts with the government and local communities – pushing peasants off land, knocking down native forests, and planting on land it had not been given. Peasants responded by burning trees. This is detailed in the *Mozambique Political Process Bulletin* (Issue 48, 22 Feb 2011).

Then in the middle of this year, GSFF replaced its entire management in Mozambique and in Sweden.

Land briefs

+ Between 2005 and 2010 concessions (known as DUATs) were given to Mozambicans and foreigners for 2.5 mn hectares, Agriculture Minister Jose Pacheco told parliament on 16 November. But a survey found 913,000 ha of this land left idle, 37% of the concessions.

+ The agro-ecological zoning of the country continues. Zambezia has been concluded and Sofala, Nampula and Cabo Delgado should be complete by the end of the year, he said. This zoning is intended to form the basis of future decisions on investments.

+ Since 2005, 738 communities have received \$3.6 mn under the law which says that 20% of the fees paid by forestry and wildlife operators should go to local communities, Pacheco told parliament. (AIM 16 Nov 2011)

+ More than 90% of the arable farmland in Tete province has been concessioned to mining companies for exploration and/or mining, according to José Francisco, head of the economics department of the Tete provincial agriculture directorate.

+ Communities' rights to the land they occupy must take priority over any investment, no matter how important, argued Reinaldo Jorge, vice president of ORAM (Associação Rural de Ajuda Mútua; Rural Mutual Aid Association). ORAM has been the most active in gaining recognition for community land delimitations, and he warned that too often community rights are trampled in the rush to give land to investors. (Noticias 27 Oct 2011)

Logging crackdown

Government is cracking down on illegal logging. More forest inspectors have been recruited and been given more equipment. As a result over 1,500 containers, holding over 18,000 cubic metres of illegal logs, had been seized, Agriculture Minister Jose Pacheco told Parliament 17 November. That wood was sold at public auctions for \$1.1 million. In addition, the National Directorate of Land and Forests of the Agriculture Ministry cancelled licences of 16 Mozambican and foreign companies caught trying to export logs and ivory illegally. Several of these companies are owned by Chinese citizens. (AIM 17 Nov 2011)

Huge gas reserves in Ruvuma basin

Recent gas discoveries in the Ruvuma basin could turn Mozambique into one of the largest gas producers in Africa. The US company Anadarko has invested \$809 million and expects to invest another \$2 billion, and has found 10 trillion cubic feet (283 bn cubic metres) of gas. The Italian company ENI has identified 22 trillion cubic feet (623 bn cu m) of gas. Statoil (Norway) and Petronas Carigalli (Malaysian government) are also exploring in the Ruvuma basin. (Noticias 18 Nov 2011)

The CIA World Factbook lists Mozambique as having the 49th largest gas reserves in the world and the second largest reserves in southern Africa, after Angola. But if these finds are proven, it would push Mozambique into 25th place, ahead of Angola. Estimated gas reserves in the Ruvuma basin are 10 times those in the Mpande and Temane basins off Inhambane, currently being exploited by Sasol and largely exported to South Africa.

Exploration for gas in the Maniamba basin adjoining Lake Niassa should begin shortly, according to the president of the National Petroleum Institute (Instituto Nacional do Petróleo, INP), Arsénio Mabote. Large coal reserves have already been found there.

The government, through Empresa Nacional de Hidrocarbonetos, has a 15% share in all gas companies.

Mining shorts

Tax change: A bill now going through parliament will have the effect of increasing taxes on mining companies. Each licence or concession must be accounted individually. And in the case of joint ownership of licences or concessions, accounts must be organised separately "showing clearly and unequivocally the costs and income corresponding to each owner," explained Finance Minister Manuel Chang. He said this was "to avoid costs and income from being switched from one unit to another". (AIM 27 Oct 2011)

Iron: The Australian company Baobab Resources says it has identified nearly 300 million tonnes of iron in Tete.

Training: Mozambique needs to train at least 4500 mining and geology technicians in the next decade, and presently is only training 50 per year, said Minerals Minister Esperança Bias (Noticias 31 Oct 2011)

Licenses: Mozambique has issued 1,125 mining licenses, including 844 prospecting and research licenses (of which 100 are for coal), Minerals Minister Esperança Bias told parliament 16 November. (Macauhub 17 Nov 2011)

3 large coal fired power stations are to be built in Tete. On 3 October the government authorised the Indian company Jindal Steel and Power to build a 2640 megawatt plant. Jindal expects to produce 6.6 mn tonnes of coal per year. The other two big coal mining companies, Vale and Riversdale-Rio Tinto each plan 2,000 megawatt plants. The main market for the electricity would be South Africa.

Chibuto heavy sands: The concession to mine titanium in Chibuto, Gaza, has been cancelled for a second time. BHP-Billiton had the original contract but withdrew in 2009. In April 2011 the contract was granted to a Canadian company, Rock Forage Titanium. Its website (rockforage.com) says it "currently has 47.5% rights to the Joint Venture Company being set up to operate the Chibuto Minerals Sands Project in Mozambique. RFM is looking to fund the JV through raising money on the Australian Stock Exchange." Apparently if failed to do so, and the contract has been

cancelled. AIM notes that the chemical composition of the Chibuto deposit is different from that of the heavy sands at Moma, which are being exploited by Kenmare Resources; there is a high percentage of chromium in Chibuto, which dictates a different technology, and this seems to be causing problems. (AIM 21 Nov 2011)

Food: Multinational mining companies in Tete intend to buy foodstuffs locally, rather than importing all their food from South Africa, under an agreement signed between the companies and the Tete provincial government. Mining companies have also promised to finance the opening and rehabilitation of access roads leading to fertile agricultural parts of the province.

Mega-projects paid only 4.7% of taxes

The mega-projects, such as mines, gas and Mozal aluminium, paid only \$100 mn in taxes in 2010, which was only 4.7% of government tax receipts. This compares to \$50 mn and 3.4% in 2007, according to Moisés Marrime, coordinator for Megaprojects for the government's Tax Authority (AT, Autoridade Tributária). AT President Rosário Fernandes said that to gain these large investments in the 1990s, the government had to make substantial concessions. But these are being reduced. Mozal was given a 50 year tax holiday. Other mega-projects have 35 years. But new ones are less, he said. (Noticias 11 Nov 2011)

How poor is Mozambique?

Mozambique falls in HDI

Mozambique ranks 184 out of 187 countries in the Human Development Index of the UNDP Human Development Report, published 2 November. It has fallen one place, and is now fourth from bottom. In both 2010 and 2011 Burundi, Niger, and DRC were lower. But Mozambique has fallen one place because Zimbabwe, which had been below Mozambique in 2010, has risen to 173. Tanzania is 152, Zambia is 164, and Malawi is 171.

The president of the Statistics Institute (INE), João Loureiro, objected, saying that data used was not up to date, and Mozambique should really be 181. (Noticias 9 Nov 2011) There is also a commentary published (in Portuguese) by Carlos Nuno Castel-Branco, head of the Instituto de Estudos Sociais e Económicos (IESE) on (http://www.iese.ac.mz/lib/publication/outras/ideias/ideias_40.pdf)

'Alarming' hunger in Mozambique

Hunger in Mozambique is "alarming", according to the International Food Policy Research Institute of Washington DC. The Global Hunger Index is composed of three equally weighted indicators: the proportion of population that is undernourished, the proportion of children younger than the age of five who are underweight, and the mortality rate of children younger than the age of five. Mozambique is 65th out of 81 in the ranking, and has improved dramatically since 1990 - its hunger index has fallen from 35.7 in 1990 to 22.7 in 2011 - from "extremely alarming" to just "alarming". Two countries in the region - Angola and Zambia - are worse. By contrast Zimbabwe and Malawi, with score of 17.7 and 18.2, are simply considered as "serious". Tanzania is 20.5, which is also the average for Sub-Saharan Africa. The report was published on 11 October 2011. Brazil and Cuba are two of the countries with "low" hunger scores; China and South Africa are "moderate", whereas India is worse than Mozambique. (<http://www.ifpri.org/publication/2011-global-hunger-index>)

Momed Valá, national director for agrarian services, challenged the IFPRI, saying he did not think hunger in Mozambique was "alarming". No one has died of hunger in Mozambique in recent years, he said.

But Vala admitted that although food production is rising, it is still too low. He claimed the main problem is the "attitude" of people – to not produce just for self-sufficiency, but to produce for the market. (Noticias. 29 October 2011)

Labour: strikes & foreign workers

Mining companies have been fined and disciplined for illegal use of foreign workers. The Ministry of Labour suspended 115 foreign workers brought illegally into the country by the South African company Kentz Engineers, and fined the company \$1.25 mn. Kentz was subcontracted by the Brazilian mining company Vale and most of the suspended workers are South African and Filipino. Inspectors also found Kentz was not granting holidays to its workers nor rest days, had not registered workers with the National Social Security Institute (INSS), did not have a book recording overtime, and provided insufficient protective equipment. Inspectors also found that 16 foreign workers whose contracts had expired were re-hired, in violation of the Mozambican rules. Kentz employs 1,073 Mozambicans and 227 foreign workers. The Labour Ministry believes that this number of foreigners is not justified and that Mozambicans could be recruited for these tasks. (AIM 16 Nov 2011)

The Ministry also forced Kenmare to stop using 51 foreign workers at its mine in Moma, after an inspection triggered by a complaint by the mining trade union. In addition the Labour Ministry stopped Kenmare from bringing in a further 120 workers illegally from India. (Noticias 29 Oct & 4 Nov 2011; AIM 30 Oct)

+ Workers at both the Mafambisse and Xinavane sugar mills went on strike over bonus payments this month (November). Sugar workers are among the lowest paid in Mozambique, with most earning the minimum wage of Mt 2075 (\$77) per month.

+ The Labour Inspectorate closed five food processing factories in Nacala for a week. They are owned by GS Holding, part of the Gulamo Group. Labour Minister Helena Taipo made an unannounced visit on 2 November, and was angered by what she considered the flouting of basic health and safety conditions. Foreign workers were improperly employed, and Taipo said Mozambican workers suffered "inhuman treatment". Taipo also sacked the Nacala Labour Director Mario Camilo for failing to enforce labour regulations in factories owned by this politically powerful business group. (AIM 7, 10 Nov; O Pais 7 Nov 2011)

Mayoral by-elections

Registration between 13 October and 1 November for the 7 December by-elections for mayor signed up 18,600 new voters (mostly people who are now over 18). In addition registration teams issued 23,000 new cards to voters who had lost or damaged theirs and 10,457 to people who had moved into the three cities.

STAE (Electoral Administration Technical Secretariat) reports that in Quelimane 10,052 new voters were registered, almost 2,000 more than the initial STAE estimate, and in Pemba 6,491, almost 500 more than predicted. This suggests significant interest in the first serious local contest between Frelimo and MDM. But in Cuamba, STAE only registered 2,065, 500 short of expectations. AIM notes this probably means that an MDM complaint was justified there; MDM had said registration brigades in Cuamba were illegally refusing to register 18 year olds, and only gave new cards to people who had lost the old ones, or were transferring their registration. (AIM 14 Nov, O Pais 21 Oct 2011)

MDM also met 26 October with Vice-minister of Interior José Mandra to complain that its organisers had been arrested by police in Cuamba and Quelimane. (O Pais 26 Oct 2011)

The CNE has published the location of the polling stations: 141 in Quelimane, 95 in Pemba and 53 in Cuamba. Almost all are in schools.

Renamo is not standing in the election. Candidates are: Cuamba - Vicente da Costa Lourenço (Frelimo) and Maria José Moreno Cuna (MDM); Pemba: Tagir Assimo Carimo (Frelimo), Assamo Tique (MDM) and Emeliano José Moçambique (PAHUMO – Mozambican Humanist Party); and Quelimane: Lourenço Abú Bacar Bico (Frelimo) and Manuel António de Araújo (MDM).

The formal election campaign began on 22 November and continues until 4 December.

+ Four members of the MDM were killed in a car crash in Gorongosa on 20 November, as they travelled to participate in the elections in Quelimane. One of the dead was Chico Jose, chair of the MDM National Council. Luthero Simango, brother of MDM head Daviz, was in the car but was unhurt. (Noticias 22 Nov 2011)

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Two working papers on the web

Poverty is not being reduced in Mozambique

LSE Crisis States Research Centre Working Paper No. 74 (series 2)

Benedito Cunguara and Joseph Hanlon, June 2010 t

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2.pdf>

Tambem em Portugues:

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2portuguese.pdf>

**Mozambique's Elite – Finding its Way in a Globalized World and Returning to Old
Development Models**

Joseph Hanlon and Marcelo Mosse September 2010

WP/105 UNU-WIDER: The Role of Elites in Economic Development project

http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-105/

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O Pais: www.opais.co.mz

Macauhub English: www.macauhub.com.mo/en/

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