Port and Hinterland Development Mozambique

Fact Finding report

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1. IN SHORT

1.1 Introduction

This report is commissioned by SANEC in the context of the 2g@there program Port and Hinterland Development Southern Africa. The focus of this program is to attract companies to invest in Southern Africa, by creating business opportunities on one hand for Dutch companies and establishing (socio) economic growth for Southern African people on the other hand..This specific report deals with the country Mozambique. It investigates the Port and Hinterland Development in Mozambique with the ultimate goal to identify and/or open markets for the 2g@there cluster members and beyond.

The report is a compilation of various investment and trade related information on Mozambique providing a fair overview of Mozambique and its opportunities for Dutch companies.

1.2 Objectives and scope of work

The objectives of this study are:

- Giving an overview of information which can be of interest to Dutch companies in the fields of water, transport and energy;
- Analysing the local environment, by identifying relevant stakeholders and potential projects for Dutch companies;
- Identify business opportunities;
- Specifying a SWOT analysis and defining recommendations.

The fact-finding was conducted with the following approach:

1. Desk research: information is obtained from the internet and various reports;
2. Latest news: keeping track of the news in the digital newspapers;
3. Interviews: interviewing several people who could inform about the latest developments in Mozambique and/ or working for key companies in Mozambique.

1.3 Structure report

The first chapter provides country information, basically compiled from desk research. The second chapter is a summary of the most important development and issues in Mozambique according to reports and internet research. The third chapter summarizes the most important news messages from July 2012 from the local newspapers. The fourth chapter is a summary of the interviews held, containing the contact details of the several companies and a description of the meeting. The fifth chapter specifies the SWOT analysis of doing business in Mozambique. The report ends with conclusions and recommendations in chapter six and appendixes with presentations and other relevant information.

2. INTRODUCTION TO MOZAMBIQUE

2.1 Country information

Figure 1: Map of Mozambique

Mozambique, officially the **Republic of Mozambique**, is a country in Southeastern Africa bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west and Swaziland and South Africa to the southwest. The capital city is Maputo, formerly known as Lourenço Marques.

Mozambique belongs to the group of least developed and poorest countries in the world and is ranked at the 184th place on the UN Human Development Index (out of a total of 187 countries).

Mozambique covers 799,380 km ^{2} and is 19 times larger than the Netherlands. The total population is almost 23,5 million people (source: CIA World Factbook, July 2012) with a life expectancy of 48.4 years (UNDP). Mozambique is made up of 10 provinces; which include Cabo Delgado, Gaza, Inhambane, Manica, Maputo, Nampula, Niassa, Sofala, Tete and Zambezia.

The only official language of Mozambique is Portuguese, with roughly half of the population speaking it as a second language and few as a first language. Languages widely spoken natively include Swahili, Makhuwa and Sena. The largest religion in Mozambique is Christianity, with significant Muslim and African traditional religious minorities. Mozambique is a member of the African Union, Commonwealth of Nations, the Community of Portuguese Language Countries, the Latin Union, Organisation of Islamic Cooperation and Southern African Development Community (SADEC).

2.2 Demography

The total population in Mozambique is about 23,5 million people, with most people living in North Mozambique. The population is spread over the country as listed below:

Central Mozambique
Sofala- 1.68 Million
Tete- 1.55 Million
Manica- 1.36 Million

North Mozambique
Zambezia- 3.79 Million
Nampula- 3.77 Million
Cabo Delgado- 1.65 Million
Niassa- 1.03 Million

South Mozambique
Inhambane- 1.41 Million
Gaza- 1.33 Million
Maputo City (Capital) - 1.24 Million
Maputo Province- 1.07 Million

2.3 History

Between the 1st and 5th centuries AD, Bantu-speaking peoples migrated from farther north and west. Swahili, and later also Arab, commercial ports existed along the coasts until the arrival of Europeans. The area was explored by Vasco da Gama in 1498 and colonised by Portugal in 1505.

Mozambique, after a long struggle against colonial power Portugal became independent in 1975 and became a one party state led by the former independence movement Frelimo (Frente de MoçambiqueLibertação). There followed a long and bloody civil war with Renamo (Resistencia Nacional de Mozambique),killing an estimated 1 million people, which brought Mozambique to a halt. In 1992 the warring parties, Frelimo and Renamo, signed for peace and the reconstruction of the country started. Netherlands and Mozambique have maintained diplomatic relations since the independence of Mozambique in 1975.

2.4 Politics

Since the end of the civil war in 1992, Mozambique is a multiparty state. President and Parliamentarians are both elected for 5 years. The president can be reelected once. Currently three parties are represented in the parliament, the two former movements Frelimo and Renamo and MDM. There are a host of smaller, unrepresented, parties. Frelimo has been in power since independence in 1975. At the last parliamentary elections (2009) Frelimo won 191 seats, Renamo 51 seats and MDM 8 seats. Frelimo's candidate Guebuza became the president for the second time.

2.5 Economic history

In the 90's, Mozambique has emerged through economic, social and political transformations.. Since the 90's the economic growth of the country has been consolidated with an increase in growth resources, improved infrastructures and the attraction of private investment. Indeed, in the last 10 years Mozambique has reached the highest and the quickest economic growth peak of the continent and is at its most stable in the history of the country. During this period, the GDP (Gross Domestic Product) grew on average 7% per year, the inflation fell by medium levels of one digit, and there has been an acceleration of private investment.

This phase of growth originates from microeconomic reforms initiated in 1987, intensified in 1994 and associated to political transformations at that time. The liberalization of price and commerce was followed by structural reforms that gave the government the authority to regulate and facilitate economic activity, instead of acting directly in the production and the competitive environment of the economy as it had happened during the first 10 years of the national independence. Indeed, in the first years of management of an independent Country, the Government had to intervene directly in the production by way of filing the gaps left by the colonisation, create parameters of social equality and consolidate the vision of National Unity.

The new form governing the development of the Country, set out a plan of Action for the Reduction of the Absolute Poverty (PARPA I and II), that promoted the correct management of macroeconomic equilibrium, the promotion of activities and private investment, rehabilitation and development of economic and social infrastructure and human capital development. The transport sector contributes about 10% for the GDP placing itself third place in the national economy. However, considering that this contributes strongly to the provision of services to countries of the interior (Hinterland), it is considered that the transport and communications sector also play a relevant role in the development of leading sectors of the economy (agriculture, industry, tourism, etc.).

Today, the transport system of the country is still in a stage of rehabilitation of infrastructure destroyed by war. These systems were once the pillars of national economy (such as tourism, mining, agriculture, etc.) providing services used to link the hinterland of South Africa, the Southern Rhodesia and Malawi to the sea.

The Government has always recognized the importance of developing a robust and solid infrastructure and transport and communications service. Therefore, since independence the reorganisation of the transport system and logistics has become a focal point of the Government. Thus far effortshave achieved impressive results especially in areas of shipping, road and rail transport.

2.6 Economic opportunities today

Mozambique is endowed with rich and extensive natural resources. The country's economy based largely on agriculture, but with industry, mainly food and beverages, chemical manufacturing, aluminium and petroleum production, is growing fast. The country's tourism sector is also growing. South Africa is Mozambique's main trading partner and source of foreign direct investment. Portugal, Spain, and Belgium are also among the country's most important partners. Since 2001 Mozambique is one of the world's top ten on annual average GDP growth. However, Mozambique still has one of the lowest GDP per capita, one of the worst human development indices, including the world's lowest life expectancy.

The economy of Mozambique today is characterized by high economic growth (averaging almost 7% per year) together with a stable exchange rate and high inflation (in 2011: 12%) The high economic growth is largely due to a number of large investment projects in aluminum production power generation and mining (titanium, coal). The government invests heavily in improving infrastructure. The possibilities for improving tourism and investment in ports, transport and telecommunications are growing. The Netherlands supports economic development through business tools such as the Private Sector Investment (PSI), the Program for Infrastructure Development (ORIO), the Matchmaking Facility (MMF) and Prepare2Start program. The Dutch export products to Mozambique are: aluminum (raw materials and intermediate products), machinery and transport equipment, and chemicals. The main Dutch imports from Mozambique are: aluminum (finished product), beverages and tobacco.

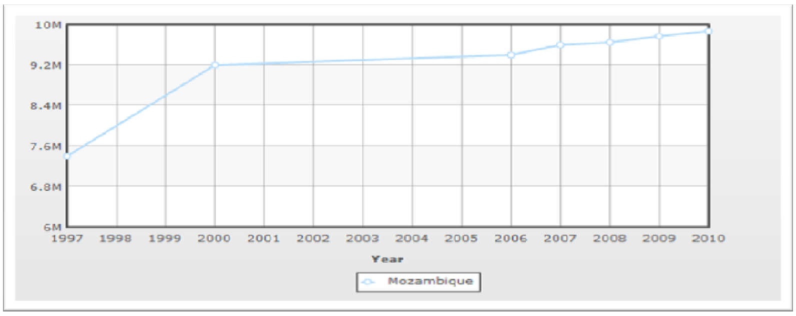
The recent strong economic growth has built confidence among Mozambican Government authorities. The important role of private sector and foreign investment are understood and welcomed as providers of wealth to the country. Within the range of possibilities also Dutch investors can find their niche. Complimenting the ecological wealth of Mozambique to the Dutch economic and technical wealth could create a win-win situation. The weakness and threats outlined is a common global phenomenon in developing and underdeveloped countries and Mozambique is no exception. The past colonial exploitation followed by protective socialism and the African experiences of capitalistic and imperialistic exploitation naturally dominates policy makers and their perceptions.

2.7 Labor force

The estimated work force is approximately 9.97 million, out of a total population of 23, 5 million. However, only approximately 16.4% are in salaried positions. The minimum wage for industry and services is approximately $78 a month and the minimum wage for agricultural workers approximately $52 a month. This minimum wage applies only to those working in the formal sector; those working in the informal sector may earn significantly less. Many people work several jobs to earn a sufficient income and often grow corn and vegetables on a small plot of land for personal consumption. Approximately 80% of the labor force works in agriculture, 6% in industry and 13% in services. Current estimates place nationwide adult literacy levels at under 56%, with most of the literate Mozambicans living in urban centers.

In Mozambique technically or professionally qualified labor force remains small, and highly qualified professionals have been educated abroad and have often used to receive international salaries. Especially in the private sector the salaries of trained personnel are rising sharply. The education level is slowly improving especially in the southern Mozambique y and in the major cities.

Figure 2 Labor force Mozambique



2.8 Government Organisation

Ministries

There are over 20 distinct ministries that serve the people of Mozambique. The President of Mozambique has the power to create ministries and ministerial commissions, as specified by the country's constitution. The prime minister advises the president on the creation of ministries and ministerial commissions, and on the appointment of members of the government. The prime minister also coordinates and controls the activities of ministries and other government institutions. The elected government forms the Council of Ministers, which directs and coordinates the activities of the ministries, and reports to the president. The highest ranking civil servant in each ministry is the permanent secretary.

The ministries are:

1. Ministry of Finance
2. Ministry for coordination of Environmental action
3. Ministry of Agriculture
4. Ministry of Defence
5. Ministry of Education
6. Ministry of Energy
7. Ministry of Fisheries
8. Ministry of Foreign Affairs and Cooperation
9. Ministry of Health
10. Ministry of Industry and Commerce
11. Ministry of Justice
12. Ministry of Labour
13. Ministry of Mineral Resources
14. Ministry of Planning and Development
15. Ministry of Public Works and Housing
16. Ministry of Science and Technology
17. Ministry of State Administration
18. Ministry of the Interior
19. Ministry of Tourism
20. Ministry of Transport and communications
21. Ministry of Veteran's Affairs
22. Ministry of Women and Social Welfare
23. Ministry of Youth and Sport

State owned enterprises

Current state-owned enterprises have their origin in the socialist period directly following Mozambique's independence in 1975. State owned enterprises are divided into two groups, those wholly owned by the state and those partially owned by the state. Each enterprise is subordinate to a specific ministry. There are a variety of state-owned enterprises that compete with the private sector. The state-owned companies: Telecomunicações de Mocambique (TDM), Aeroportos de Mocambique (ADM), Electricidade de Mocambique (EDM) and Portos e Caminhos de Ferro de Mocambique (CFM) have a monopolies in their respective industries (landline telephones, airports, electricity, and railways.). Some of these state-run enterprises benefit from state subsidies. The state is also actively involved in the operations of some of these enterprises.

2.9 Distance table

Distances within Mozambique from Maputo:

Maputo to Vilanculos 705km
Maputo to Xai Xai 224km
Maputo to Bilene 160km
Maputo to Inhambane 355km
Maputo to Malongane 115km
Maputo to Gorongosa National Park 775km
Maputo to Pemba 1650km

Outside of Mozambique:

Maputo to Johannesburg 602km

Other distances within Mozambique

Distance From City	Distance To City	Distance (km)
Maputo (Maputo Province)	Matola (Maputo Province)	13.03
Beira (Sofala)	Nampula (Nampula)	704.29
Chimoio (Manica)	Cidade de Nacala (Nampula)	918.48
Quelimane (Zambezia)	Tete (Tete)	399.85
Xai-Xai (Gaza)	Maxixe (Inhambane)	217.45
Lichinga (Niassa)	Pemba (Cabo Delgado)	571.66
Dondo (Sofala)	Antonio Enes (Nampula)	662.95
Inhambane (Inhambane)	Cuamba (Niassa)	1014.82
Montepuez (Cabo Delgado)	Mocuba (Zambezia)	420.67
Chokwe (Gaza)	Chibuto (Gaza)	57.89
Ilha de Mocambique (Nampula)	Mutuali (Nampula)	401.25
Mocimboa ()	Manjacaze (Gaza)	1638
Macia (Gaza)	Liva ()	3274.1
Sulemane Jafar (Maputo Province)	Albazin (Maputo Province)	0.69
Todos Santos (Maputo Province)	Mateus (Maputo Province)	1.7
Javeta (Maputo Province)	Lopes (Maputo Province)	11.98
Chivambalane (Maputo Province)	Simiao Matola (Maputo Province)	0.52
Muamulla (Maputo Province)	Mandjoro (Maputo Province)	3.17
Salimone (Maputo Province)	Alexandre Uamunguene (Maputo Province)	1.98
Alfredo Uassunhane (Maputo Province)	Mumachavana (Maputo Province)	1.68
Cipamane (Maputo Province)	Filipe (Maputo Province)	1.34
Nhocuane (Maputo Province)	Cingatela (Maputo Province)	3.24
Domingos (Maputo Province)	Sao Jose Operario (Maputo Province)	5.89
Bairro Patricio Lumumba (Maputo Province)	Elias Valente (Maputo Province)	8.66
Michafutene (Maputo Province)	Sebastiao Massibe (Maputo Province)	5.79

3. TRENDS AND DEVELOPMENTS IN MOZAMBIQUE

3.1 Introduction

Mozambique is a large country with plenty of labor and natural resources available, but the resources cannot be utilized if they don't match or can't reach the demand. Inadequate infrastructure; roads, ports, railways and communication network create problems to distribute goods to and from rural areas. Although there have been great improvements in many sectors of infrastructure during the last decades, the construction and rehabilitation programmes will continue for a long time. Currently the infrastructure rehabilitation is mostly financed by donors and is expected to continue so. PARPA II calls for greater investment in economic sectors, especially agriculture and infrastructure, and for creating a favorable business climate, especially for small and medium sized enterprises. Massive investments are poured into the rehabilitation of basic infrastructure such as ports and railways to enable the implementation of new projects.

The already rehabilitated infrastructure is in reasonably good condition including the international links to South Africa and Zimbabwe. Export Processing Zones and Corridor Zones are established with concentrated infrastructure development projects. Privatization, deregulation and concessioning of activities and state-owned enterprises have accelerated the development and improvement in all levels of infrastructure. In many cases the restructuring activities have led to public-private partnerships, e.g. with ports and railways.

Infrastructure improvements can be sustainable only if the local officials and communities take the ownership and responsibility for the maintenance of the projects. Efficient and well organized training and capacity building in all levels is as important as the construction and rehabilitation of infrastructure.

3.2 Transport

The transport sector has been important to the economy of Mozambique since thecolonial times, because the rail and road network gives the neighboring landlocked countries access to the sea. Mozambican Government has concentrated its attention to upgrade transport links within the country as well as to neighboring countries. The private sector participation in transportation sector, especially in commercial aviation has expanded significantly. Funding and qualified contractors are continuously needed for projects of road construction and rehabilitation and ports rehabilitation and expansion.

3.2.1. Roads

The national road network has been under rehabilitation since the early 1990's with help of donor support. According to Instituto Nacional de Estatistica (INE), there are29 323 km of classified road in Mozambique, of which 5 245 km are paved, 7449 km gravel road and 16 630 dirt roads (2007). Part of the roads is in bad condition. The government has set up targets to improve the road network, however facing some difficulties to meet the target deadlines. However, there are some improvements already done, of which the N4 road between Maputo and Witbank in South Africa(2000) and between Quelimane and Mocuba in Mozambique are excellent examples. The North South road connection is in reasonable condition.

Road construction and rehabilitation provides ample scope for investors on short, medium and long terms business opportunities and promotion of bilateral relationships. One option is Build Operate and Transfer

(BOT) mechanisms similar tothe South African ventures. The Connections from Cabo Delgado to Tanzania, Niassato Tanzania, Beira Corridor etc., have high potential for long-term investments.

3.2.2 Ports and Railways

CFM (Moçambique Ports and Railways) is a state-owned enterprise that controls the railway system and ports in Mozambique. As a result of a large restructuring projectthe Ports of Maputo, Beira, Nacala and Quelimane as well as Central and Northern railway systems are operated by concessions.

3.2.3 Railways

In total there are 3123 km of railways in Mozambique. 2983 km of the railways are of1.067-m gauge, and 140 km are of 0.762-m narrow gauge. The rail in general have suffered significantly due to the floods and civil war. The rehabilitation projects generally mean complete reconstruction of the railways, including bridges and other related infrastructure.

3.2.4. Railway transport – Development Corridors

Mozambique has several development corridors. The concept of development corridor has an advantage of facilitating planning, implementation and integrated management where the railway transport connects with ports, road ways and anchored investments on its area of influence. The following corridors can be visualized in Mozambique.

MAPUTO DEVELOPMENT CORRIDOR
The Development Corridor of Maputo (CDM) was developed and implemented to link Maputo Port with Gauteng from the neighboring South Africa. The corridor includes the Ressano Garcia and Goba Railway Lines, the road between Maputo and Pretoria and Maputo and Johannesburg and also the Namaacha road between Maputo and Swaziland. Other development provided by this corridor is the gas pipeline from Pande crossing Gaza and Maputo into South Africa, the aluminum foundry industry (MOZAL) and the power transmission line represented by the partner MOTRACO. These developments have induced initiatives such as border facilitation and the emergence of logistic management requirements inspiring business between Mozambique and South Africa.

The expansion of this corridor offers opportunities for the iron and steel industry, transportation of bulk such as fertilizers and cement, petroleum refinery industry, the technological park to be erected in Moamba, the development of irrigated and intensive agriculture on Nkomati River Valley based on expansion of new areas for sugar cane production and development of urban tourism such as the development of the adjacent islands of Maputo City.

The success of CDM has provided opportunities for establishment of the Lebombo and Limpopo corridors and has created further opportunities for national development. The following sub-chapters provide an indication of how the various corridors are integrated in terms of infrastructure and transport services.

LEBOMBO CORRIDOR
The Lebombo Corridor (CLB) coincides with the Lebombos initiative. There are opportunities to connect with CDM by a bridge linking Maputo to Catembe and ultimately to the roads from Boane and Catembe to Ponta de Ouro and the Maputo’s railway branch line and the Port of Techobanine, currently being conceived to expand Maputo’s port capacity for coal export.

LIMPOPO CORRIDOR

The Limpopo Development Corridor (CDLP) includes the interconnecting railway line between Maputo and Bulawayo in Zimbabwe. This railway traverses large areas of the Maputo and Gaza provinces. Opportunities also exist for inter-corridor links.

This link between Maputo and Vilanculo is partially complete and its consolidation and complementation will be completed with a link between Maputo and Bilene, starting from Costa do Sol (Maputo) crossing Macaneta and Manhiça on the coast, and Moamba – Magude Road. In addition; there exists possibility of water navigation in some parts of the Limpopo River. The CDLP is supported by Chibuto's Titanium exploration, tourism across the coast and the Limpopo and Nkcomati Vallies and agricultural developments essentially dominated by irrigation schemes in the sugar cane and rice production farming industries.

MASSANGENA DEVELOPMENT CORRIDOR

The Massangena Development Corridor (CDMS) is a new concept engaging long time strategic vision. The CDMS will include a railway that will start from the Chicualacuala area, crossing Gaza's semi-arid area at the Zinave and Banhine National Parks.

This railway and its services will be supported by the following planed roads: Chibuto-Chigubo-Machaila, Massinga-Funhalouro-Machila and Mapinhane-Massangena. The CDMS will be supported by cattle breeding, agriculture, fishing on Inhambane's coast and tourism related to the Limpopo National Park.

DONDO DEVELOPMENT CORRIDOR

The Dondo Development Corridor (CDD) is also a new concept linked with CDM and includes a rail link starting at Massangena ending at Dondo crossing Machaze, Chibabava, and Buzi Districts. Ensuring feasibility of the railway; the following included roadways will be taking in to account:

- Mavue-Massangena;
- Espungabera-Chitobe;
- Machanga-Save-Muxúnguè; and
- Machanga-Estaquinha-Búzi

In addition to these infrastructures it may be possible to navigate the Save River from Mavuè to Maxanga even knowing that the river experiences dry seasons. The CDD may be feasible by the development of agriculture in Sussundenga, Espungabera and Búzi Districts, and fishing in the coast of Sofala Province.

BEIRA DEVELOPMENT CORRIDOR

The Development Corridor of Beira (CDB) currently connects Zimbabwè with Beira's Port. It crosses Dondo, Buzi, Inhamatanda, Gondola, Chimoio and Manica Districts. Besides the direct influence on the districts it passes through, CDB plays a major role in getting Imports and exports into and out of Mozambique and Zimbabwe.

The infrastructures of this corridor include a railway, a road and a natural gas pipeline that run parallel; from Beira to Harare. The CDB development is stimulated by forest-agriculture in Manica and Sofala Districts, Zimbabwe Import/Export and the costal tourism of Sofala and the Gorongosa National Park.

SENA DEVELOPMENT CORRIDOR

The Sena Development Corridor (CDS) links the Port of Beira to the coal mining district of Moatize in the Tete province. Between Beira and Tete, CDS crosses Dondo, Mwanza, Inhaminga, Caia, Mutarara and

Chemba districts. Apart from these districts, CDS branches to the Marromeu District and to Vila Nova in Southern Malawi. This corridor is vital to the development of strategic mining industries and agriculture activities in the Zambezi Valley, as well as for the import and export of products from neighbouring Malawi.

MUTUALI DEVELOPMENT CORRIDOR
The Development Corridor of Mutuali (CDMT) begins at Nhamayabué and traverses the districts of Morrumbala, Mulange, Lugela, Namarroi and Gúruè to connect to the Nacala railway line at Mutuali. This corridor will play a major role in influencing the development of Zambezia Province (with undeniable economic importance; given its high potential for agriculture, mining, and tourism) and will increase the ability to transport the Moatize coal that can be exported through the port of Nacala. Beyond the proposed rail line; CMDT will create complementarities with the following roadways:

- Mulange - Megaza-Inhangoma;
- Mopeia - Morrumbala;
- Mulange - Nhamanjavira-Nicoadala;
- Mocuba-Lugela-Tacuane-Muabanama;
- Ile - Namarroi;
- Ile - Guru- Lioma –Mutuali;

CDMT, excluding the ports of Beira and Nacala, could turn Quelimane, Macúzi, Pebane and perhaps Savane and Chinde into viable ports.

NACALA DEVELOPMENT CORRIDOR
The Northern Development Corridor (CDN) starts at Nacala port and ends at Mutuali where it binds with CDMT. On its extension through the Nacala corridor it crosses the Monapo, Mussoril, Muecate, Nampula and Ribawé districts. The infrastructure of the corridor, beyond the railway line and road to Nacala Mutual, presents itself with a relatively large number of feeder roads, with emphasis on the following roads:

- Angoche - Liupo - Monapo – Nacala;
- Lumbo - Matibane - Nacala;
- Namialo - Nacaroa-Namapa - Pemba;
- Marrupa - Pemba;
- Mecula - Marrupa - Maua - Metarica; and
- Nipepe – Marrupa;

The CDN is supported by the exploitation of titanium minerals from Moma, phosphates at Evate, coal at Moatize, tourism and agricultural potential in all districts under the influence of the corridor.

LICHINGA CORRIDOR DEVELOPMENT
The Lichinga Corridor Development (CDL) is an extension of the CDN across the district and the City of Cuamba ending in the city of Lichinga. The influence of this corridor should be widened roads feeding traffic with particular focus on:

- Cuamba - Mandimba - Lichinga;
- Marrupa - Malanga - Lichinga;
- Metangula - Lichinga; and
- Matchedje - Macaloge-Unango – Lichinga;

The viability of the CDL will be dependent on the exploiting of agro-forestry and tourism in the Niassa Reserve, which is supported by Lake Nyasa.

CUAMBA DEVELOPMENT CORRIDOR
The Cuamba Development Corridor (CDC) includes a railway line beginning in Cuamba; entering Malawian territory from the Entre-Lagos area. The CDC serves the importation and exportation of goods to and from Malawi, besides boosting the agricultural development of the eastern part of Cuamba District, which connects the railway with a ring road; Cuamba - Insaca- Etatara - Cuamba.

MUEDA DEVELOPMENT CORRIDOR
The Development Corridor of Mueda (CDMD) is dominated by the railway line that starts from Ribaué in the Nampula Province, and traverses the districts of Lalaua, Namuno, Montepuez, Mueda and ends at Mocimbua da Praia Beach.
Its viability will be enhanced with the feeder road for traffic dominated by the following routes:

- Maiaca - Papai- Namapa;
- Namapa - Chiure - Metoro;
- Pemba - Metoro - Montepuez;
- Montepuez - Balama - Impiri - Marrupa;
- Pemba - Bilibiza - Moaguide - Meluco - Nairoto;
- Macomia - Muedumbe - Mueda; and
- Mocimbua da Praia Beach - Palma.

The CDMD will support mainly agriculture; mining and tourism of the Mecuburi Forest Reserve and Quirimbas National Park.

3.2.5. Ports

Mozambique has 6 ports and harbours in its almost 3000 km coastline: Threeinternational ports in Maputo, Beira and Nacala and other ports in Inhambane,Pemba and Quelimane. In addition to the Mozambican transportation needs, theports serve the neighbouring landlocked countries of Malawi, Zambia, Zimbabwe andSwaziland.

The ports are undergoing continuous improvements and targeting to increasecapacity.

- **The Maputo port** consists of Maputo cargo terminals and Matola bulkterminals. It is strategically situated close to the regional production centres,such as Mpumalanga and Gauteng in South Africa and Maputo is even closercompared to Durban port and other RSA ports. The port is privately managed by Maputo Port Development Company (MPDC) since 2003. MPDC has beenrehabilitating the port infrastructure actively. The commercial port has facilities for fruits, sugar, containers, steel and molasses. The Matola industrial complex has facilities for aluminium, coal, oil, cereals and sugar and there is also a car terminal.

- **Beira Port** The port of Beira has been rehabilitated with EU aid. Beira is expected to become the exit port for the Moatize coal field and other coalmines. British Petroleum opened an oil terminal in 2003. The completion of the Sena railway and the construction of a coal terminal (Vale)enable the increase of traffic at Beira Port. Managed by Cornelder de Moçambique (CdM).
- **Nacala port** is a natural deep water port with no size restrictions on vessels. It has been rehabilitated and has two container terminals and three general cargo berths. Nacala port currently handles mainly general cargo,petrochemicals, grains and fertilizers. The integrated port facilities attract consequential investment flows (partly linked with investments in the nearby oil refinery). Port is managed by consortium Corredor de Desenvolvimento do Norte (CDN)
- **Quelimane - a regional port in Zambezia** is managed by concession Cornelder Quelimane (CQ).

3.2.6 Maputo Corridor Logistics Initiative

The Maputo Corridor Logistics Initiative (MCLI) is a group of infrastructure investors, service providers and users, focused on the promotion and further development of the Maputo Corridor, which runs from Johannesburg in South Africa to Maputo in Mozambique.

The Maputo Development Corridor is a true transportation corridor. Comprising road, rail, border post, port and terminal facilities, the Corridor runs through the most highly industrialized and productive regions of Southern Africa.

The governments of South Africa and Mozambique have promoted the revival of the Maputo Corridor as part of a greater Spatial Development Initiative with bilateral policies and substantial public and private sector investments, designed to stimulate sustainable growth and development in the region. Now it is up to private business to ensure full optimization of the Maputo Development Corridor.

The following have been identified as areas where much work is still needed:

- Continuous improvement of Border procedures and operational hours.
- Scope and competitiveness of transport services must be increased: additional capacity, higher service levels and more competitive rates for road, rail, port, terminals and shipping lines.
- Information services must be put in place and enhanced continuously.
- The promotion of investment zones must be coordinated and accelerated.
- The initial strategic focus of MCLI is to engage with South African, Mozambican and Swaziland governments to reinforce the public-private partnerships in the arena of logistics, to ensure that the Maputo Corridor is the first choice for regional importers and exporters alike.

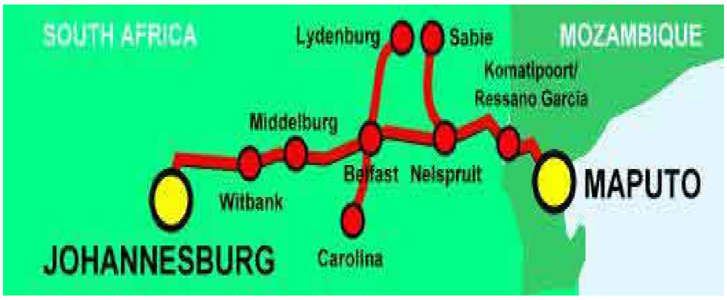


Figure 3 Maputo Corridor

The presentation of MCLI given at the 3rd Mozambique Coal Conference is included in the appendix.

More Information

For more information about ports and railways you can check:

- Mozambique Ports and Railways: www.cfmnet.co.mz/
- Port Management Association of Eastern and Southern Africa: www.pmaesa.org/
- Maputo Corridor Logistics Initiative www.mcli.co.za
- Mozambique International Ports Services www.mips.co.mz

3.3 Availability of Energy

The energy sector in Mozambique plays an increasingly important role in theeconomic development of the country. Mozambique's largely unexplored naturalresources are attracting substantial foreign direct investments in large energyintensiveindustries as well as in the mining, exploration and transformation sectors.While the majority of the population (70%) does not have electricity, the government'spriority is to extend the national electricity grid and utilize new, renewable energysources in order to provide electricity to both people and industry.The construction of power plants and transmission lines need large quantities ofappliances, equipment, systems, and know how – these are often delivered byforeign companies. Since the Government's power generation plan is based onhydropower, natural gas, coal, biomass and new renewable energy sources, namelysolar, gasifiers and micro-hydels, companies on these sectors find a growing marketalso in Mozambique.

3.3.1 Supply of Electricity

The Mozambican publicly owned electricity company EDM retains a monopoly overmanagement of the national power grid.As a result of the war most of electricity infrastructure was destroyed and rebuildlittle by little. Government has a target to electrify all 128 district capitals by 2015. Inthe end of year 2008 80 districts were electrified. Although district capitals were electrified, thenetwork doesn't necessarily reach the homes of average citizens. EDM has about510,000 clients while the whole population of Mozambique is over 21 millions.The Cahora Bassa hydroelectricity power station on Zambezi River produces almostall the electricity for Mozambique. Out of the 2,075 MW only 5% is consumed in thenational grid, because 60% goes to South Africa's utility Eskom, which serves Mozalin Matola, and 35 % to Zimbabwe's power utility Zesa. In Mozambique there is agrowing industrial need for electricity due to the established and planned megaprojects such as a proposed aluminium smelter in Beira (600 megawatts), CorridorSands' project to mine titanium- bearing heavy sands in Gaza province (150-300megawatts) and MOZAL's 3rd phase (300-500 megawatts).

As most of the electricity is provided to the neighbouring countries and at Mozal,electricity access, interruptions and cost is considered as one of the most seriousinfrastructure problems for the Mozambican manufacturing sector. High electricitycosts constrain almost all businesses except Mozal. According to some estimateselectricity is available country wide average 60-70 % of time, therefore companiesand households need to use fuel generators as a backup system. Mozambicanindustry among the Southern Africa has suffered from some electricity shortages asfrom 2007. In January 2008 Mozal received instructions to reduce its electricityconsumption by 10%. The normal consumption at the smelter is about 950 MW,making Mozal the largest consumer of electricity in Mozambique. The impact of newinvestments in energy generation projects will only realize in several years time. It isalso important to notice that if the current development of increasing industrialinvestments continues as it has so far, Mozambique might be the 3rd biggest powerconsumer in the region, after South Africa and Zimbabwe in less than 20 years.

3.3.2 Potential for Energy Generation

There are currently several identified projects that require foreign investors. By 2014Mozambique could easily add 6 000 megawatts (MW) of power to southern Africa's power pool. In a long run Mozambique needs investors to finance estimated hydro potential of up to 14 000 MW, especially in the central provinces of Manica and Teteas well as the northernmost province of Niassa. These plans include the second dphase of the hydroelectric Cahora Bassa with potential capacity of 2 000 MW, the Mpanda Nkuwa dam (up to 1 500 MW) and the Moatize thermal power station(projected output up to 2 500 MW). If the energy potential of Mozambique was utilized more efficiently, the country could provide enough energy to the industrial projects that have suffered due to power shortages.

In addition to the expansion of the electricity network, EDM focuses on reducing the non-technical losses of electricity. Losses due to theft, fraudulent installations, meter rigging etc bring significant loss to the company annually. There is also a continuous need to rehabilitate and strengthen the grid where it exists.

Because of the capital-intensive nature of the electricity networks, the construction needs large-scale private participation. Therefore the Government has created a conductive investment environment: The Electricity Law from 1997 allows competition in the market and open access to transmission and distribution business. It also encourages power co-generation to facilitate the introduction of electricity to smaller towns. The regulations approved in October 2005 review the norms related to all areas (planning, financing, transport etc.) of the national electricity network.

3.4 Fuel Supply

Fuel market is controlled by South African SASOL. Petrol and diesel are well available in southern Mozambique, but any further the gas stations are concentrated in larger towns. Natural gas is supplied for domestic etc use in gas bottles, but in Maputo City there are already also some vehicles running on natural gas. There are a few stations that supply gas for vehicles.

3.5 Availability of Renewable Energy

Biomass is the most common energy source in Mozambique in domestic use. As environmentally friendly energy solutions, the fastest emerging are bio fuels and solar power. Also small scale windmills are used in remote areas for example to get water out of well. The benefits, low running cost and silence of wind and solar power have been noticed in areas that are not connected to national electricity for example in tourism sector.

3.6 Renewable Energy Sources

The Government of Mozambique is very interested in using and developing renewable energy sources in the country. There is a lot of renewable energy potential in Mozambique and new approaches are needed to electrify also the remote locations of the country.
In Mozambique solar radiation reaches significantly high values, average daily solar radiation being over 5,0 kWh/m2 and hence offers opportunities to companies operating on solar power sector. Solar energy is an option especially when electrifying e.g. rural schools and health clinics. The long Mozambican shore offers potential for wind and wave energy. However, further investigation is needed to discover the real possibilities in the area.

Biomass

Surveys indicate that about 80 % of total energy consumption in Mozambique is still based on the use of **biomass**, especially wood, corresponding to 13 million tons of biomass fuels per annum. The total growing stock is about 4000 million tons; with annual yield around 90-115 million tons.

Hydropower

Mozambique has substantial energy reserves due to its rivers, with a potential capacity for generating about 14 000 MW of electricity. About 100 sites suitable for small and micro-hydro stations have been identified; most of them are in central and northern regions. Yet only around 2 400 MW have been generated mainly in the Cahora Bassa hydroelectric power station on Zambezi River, in Tete Province, which is by far the largest source of renewable energy in the country and also in the SADC region. The

Mozambican government has announced that a consortium composed of EDM, Camargo Correia (Brazil) and Energy Capital (Mozambique) will build a new hydroelectric power station on Zambezi River, Mphanda Ncua (Mependa Uncua),some 70 kilometers downstream from the existing dam at Cahora Bassa. The production capacity is expected to be 1,500 MWh at an estimated cost of USD 1,65billion. The construction work was expected to begin in 2009, but the project still lacks fund guarantees.

Bio-Fuels

In the recent years several foreign investors have been interested in producing biofuelin Mozambique. Some of them are investigating the possibility of growing suitable plants for bio fuel production. Some projects have already been approved, although before the GoM approved the National Bio fuel Strategy there was some debate based on fear for losing land for non-food producing agriculture. In order to promote the development of bio fuel production, Mozambique has engaged governments and businesses, especially bio fuels giant Brazil to share experience inthis the sector. According to the Mozambican government's Agriculture Promotion Centre (CEPAGRI) 710 million USD are being invested in the production of ethanol from sugar cane by only two investors, Procana (owned by London-based Bio energy Africa) and Principle Energy (London). These two undertakings can produce 440 million liters of ethanol a year and create between 7,000 and 10,000 jobs.

The **National Bio fuel Policy and Strategy** was approved in **March 2009.** It is the most important instrument for the launch of production of this activity in the country on a wide-scale. Bio fuel production will be carried out in three stages: The pilot phase until 2015, operational period until 2020 followed by expansion of production. The guidelines of the Strategy include e.g. compatibility of bio-fuel production with food production and mapping of land suitable for growing the chosen crops: sugar cane and sorghum are used for ethanol production and jatropha and coconut for biodiesel. Mozambique will also create the National Bio fuel Council focusing on production of ethanol and biodiesel.

3.7 Mineral Resources and Industry

The diverse geology of Mozambique offers a large, unexploited range of mineral resources. However, commercial mining has played a relatively small role in the economy of Mozambique. Artisanal, small scale miners and prospectors have been important actors at the local economy level identifying and exploiting the deposits of gold, gemstones and building materials. The developments of the recent decades, production of aluminium (at Mozal smelter of imported raw material) and natural gas and development of world-class coal and heavy mineral sand deposit show that situation is gradually changing. There are also some plans for industrial production of gold, rare earth minerals and tantalite.

Mineral Deposits

During the last 20 years deposits of heavy mineral beach sands, coal, base andprecious metals including tantalum-niobium as well as other rare metals, graphite, black granite, gemstones and other dimension stones have been found.

Mozambique has also said to have vast reserves of marble. Minerals currently being mined commercially include graphite, marble, bentonine, coal, gold, bauxite, granite and gemstones. There are also known deposits ofpegmatite, platinoids, tantalite, iron, cobalt, chromium, nickel, copper, granite, flourite, diatomite, emeralds, tourmaline, apatite and limestone. In addition to this, the illegal exports from artisan production (gold, precious and semi-precious stones) are estimated to be around 40-50 m USD. Heavy mineral deposits occur extensively along Mozambican coast. Several promising regions have been surveyed and found to have heavy mineral resources.

Present estimates are exceeding 2 420 m tonnes which are occurring in Zambezia, Angoche, Nampula, Xai-Xai and Gaza. The existence of gold is well documented, particularly in the central province of Manica. Reasonable amount of gold deposits are believed to be found in the M'papa region in the northern province of Niassa. Other important minerals such as carbonatite, phosphates, bauxite has also been found. Graphite is found at Ancuaba, Cabo Delgado province.

Mining Industry

Coal has become a major resource in Mozambique estimating mining sector being worth 82 m USD in 2008. The estimate of coal produced in Mozambique in 2008 was 10,404,000 tonnes. By 2013 the annual amounts is predicted to grow to over 11,500,000 tonnes reaching a value of 173 m USD. This increase in production will place a heavy strain on the country's coal transporting infrastructure and has lead Mozambique to plan to upgrade its railway system and to expand itsc oal port facility at Beira.
The mining industry has attracted increased attention from the private sector in Mozambique since 2003. Several companies from e.g. South Africa, Russia, Brazil and India have bought up stakes in mines throughout the country, signifying the emerging importance of Mozambique's mining industry in its economy. There are several high profile mining projects underway. Foreign investment in the mining sector is expected to continue.

Government Actions on Mining Industry

The mining industry along with other industries in Mozambique suffers from certain infrastructural and systemic flaws and the restrictive labor market. Since the Geological and Mining Policy was approved in 1998, the Government has aimed to promote private sector by creating attractive conditions to investors, including tax incentives and exemptions on duties. More recently the government of Mozambique has taken several steps to enhance the prospects of its mining industry. The statehas embarked on a mineral export promotion programme to boost its depleted foreign exchange reserves. The Government policies are also focused on improving the administrative structure of mining operations as well as upgrading the health and security provisions. GoM also considers cancelling mining licenses held by companies not mining the areas granted to them.

The biggest challenge of mining industry has been the lack of geological data on reserves. The Ministry of Mineral Resources and Energy, through the National Directorate of Geology, intends to develop the geo scientific infrastructure of the country. The government is prioritizing the provinces with the most mining activity (such as Manica, Tete, Zambezia and Nampula), but hopes to have the entire country mapped in the future. The measures taken to map the resources have resulted in increased geological knowledge leading to new exploration investments by international and regional mining companies, particularly for gold, diamonds,gemstones and titanium.

Natural Gas and Oil

Mozambique possesses enormous reserves of gas, and the discovery has led to many exploration and development agreements between international and regional oil,gas and mining companies and the Government of Mozambique. **The NationalPetroleum Institute, NPI** acts as the Regulatory Authority for petroleum exploration and production.

The total estimated natural gas potential is 25 TCF distributed along two pericontinental sedimentary basins. The northern **Rovuma Basin** is centred on the Rovuma Delta near the border between Mozambique and Tanzania. It is both onshore and offshore and has proven hydrocarbon reserves. The **Mozambique Basin** is situated in southern Mozambique. A map and other related information can befound on the web page of The National Petroleum Institutewww.inp.gov.mz/en/hydrocarbon_exploration.

The four proven gas fields in Mozambique are Pande, Temane, Buzi and Inhassoro. The Pande Gas Field in Govuro district in Inhambane Provice, some 570km northeast of Maputo has been proven to have about 60 billion m³ (2 TCF) of gas. Another promising reservoir, Temane block is situated 60 km south of Pande.Oil exploration in Mozambique has intensified during the last decade. Companies such as British Lonrho together with British Petroleum (BP) have explored the Rovuma Basin. ARCO, Zarara Petroleum and SASOL have expressed interest in the Sofala Bay for exploration. The current companies with licenses to explore Rovuma basin blocks are Anadarko (of the United States), Artumas (Canada), ENI (Italy),Norsk Hydro (Norway) and Petronas (Malaysia).

The existence of hydrocarbons in the Rovuma basin is known due to seeping to the surface in some parts of Cabo Delgado. There are no estimates about the possible quantities yet, but significant reserves of natural gas have been discovered on the Tanzanian side of the basin.

Coal

The Zambezi river basin is known for its huge reserves of high quality coal. This coal is considered one among the best coking coals of the world. Mozambique's total coal reserves are estimated to be around 16 billion tons. The quality meets international standards. Moatize, a small area near the town Tete in Tete province has been identified to have the best potential for coal mining. Major deposits of coal are found around Cahora Bassa and north of the Zambezi River. Other areas with coalmining potential are in Maniamba in Niassa Province, Lugenda in Niassa Province,Chicoa – Mecucue in Tete Province and Espungabera/Mepotepote in ManicaProvince.

The major identified reserves are:

- Metangula (Niassa Province) 720 km² 228 m tons
- Sonangoe – Mefidezi (Tete) 3000 km² 30 m tons
- Moatize-Minjova (Tete) 200 km² 12 billion tons
- Espungabera (Mepotepote) 4 km²

Coal in the Moatize and Matinde Formations of the Lower Karoo Group is one of the greatest mineral resources in Mozambique. Intensive exploration by international companies is ongoing in Mucanha-Vúzi,to the north of Lake Cahora Bassa and in Minjova area.

Coal is becoming a major resource in Mozambique. Coal production in the country is increasing and the estimated production in 2008 was 10,404,000 tonnes of coal. The amounts are predicted to grow to over 11,500,000 tonnes by 2013. The coal transporting infrastructure will require more upgrading in order to handle the required amounts.

3.8 Water Supply and Management

Mozambique is a very vulnerable country for natural disasters; droughts and floods make the water resource management an extremely important issue. Mozambique also depends largely on its neighboring up-river countries, where about half of its surface water is from. One of the most important water sources in Mozambique isthe Zambezi River, which is in many ways crucial to the economy of Mozambique. Itis the source of power for the Cahora Bassa dam, and for the planned Mepanda Ncuadam further downstream. Its waters are vital for food and cash crops in four provinces through which it runs. Even countries that are not on its banks, notably South Africa, covet its water and energy.

The water sector in Mozambique started a slow recovery from the destructions ofwar through a sequence of reforms initiated under the new National Water Policy(PNA) in 1995 and was complemented by the Water Tariff Policy, which created afavourable environment to establish and implement the Delegated Management Framework (DMF). The urban water supply in Mozambique is based on public-private-partnership. The Government owns the assets and FIPAG, Water SupplyI nvestment and Asset Fund, is the holder of water and sewerage assets currently in14 towns/cities. In the five largest cities FIPAG has delegated the service provision toa private company, Aguas de Mozambique and in the remaining cities the service is provided by public municipal water companies. The Ministry of Public Works and Housing is in charge of policy setting, and The Water Regulatory Council (CRA)regulates the water sector. The new national water policy was adopted in 2007.

According to the official figures (2007), both urban and rural water-coverage rates of about 40 per cent, while latest household survey shows rural water access only 27per cent and urban 64 per cent. The sanitation proportions in urban areas are about35% and 33% in rural areas according to the government estimates. The Mozambican authorities have acknowledged the need for major investments in water supply and sanitation infrastructures in order to ensure more equitable use oft he country's water resources, and there has been lot of improvement during the last ten years. The improvements rely on foreign aid which is mostly channeled through project financing. The goal of the expansion is currently to meet the Millennium Development Goal target of 78% (urban) and 56% (rural) access to water and 80 % (urban) and 50%(rural) access to sanitation.

The Government's strategy is to involve the private sector and local communities inthe management and maintenance of the water supply systems, both in urban and rural areas, as a means of ensuring their sustainability. The recent investment in water supply sector have improved the reliability of the systems, the quality of water, and the number of hours per day that water is distributed in several major cities.

Challenges in Water and Sanitation Sector

In Mozambique the progress in water resource management is slow. International water issues need to be included in all the planning, because there are several rivers crossing borders of Mozambique. Slow increase in urban water supply and difficulties in recruiting and maintaining qualified staff remains troublesome. The dams of Mozambique are mostly single purpose dams concentrating in hydro power production which are pitted against some of the exemplary Asian success of Multipurpose dams, which fuel economic growth in rural, urban and industrial sectors through power generation, irrigation, drinking water, flood protection and artisanal fisheries.

Lack of infrastructure to impound, treat and distribute water in the rural areas, andt he advanced deterioration of the water supply systems in the cities are some of the problems that hinder access to water. There is a lot of potential also for foreign companies to invest in urban water supply systems providing piped water supply and water purification, supply equipments, waste water treatment, water quality monitoring services etc. Mozambique also holds unique opportunities for watershed development, basin management and BOT (build, operate and transfer) in micro-hydel power generation which would foster growth in the poor rural Mozambique at the same time providing diversified power generation which has huge internal and external markets.

3.9 Industry and Manufacturing

The industrial base in Mozambique is very small and stagnant. The sector continues to rely heavily on traditional sectors such as food processing (fish, cashew nuts, copra, citrus, sugar, etc.), agro-based industries, metalworking, building materials and industrial engineering. The traditional products have been the primary sources of export revenues as well as GDP growth. There is an urgent need to expand and diversify manufacturing activities to enhance the industrial base.
In the field of manufacturing, agro and food processing, textiles and clothing chemicals, packaging materials such as cardboard, metal, wood, plastic, containers, flexible materials etc. Mozambique offers potential for small to medium sized investments. The ongoing and planned iron, steel, aluminium and titanium plants and supporting projects can offer opportunities also for Dutch companies that have a comparative advantage in high quality niche products, production systems and engineering know how. Plantations for wood and paper industry are being established with the idea to build processing facilities and factories at later stage.
The ongoing rehabilitation programs on infrastructure have huge social, economic and political impact, and can lead to improved business opportunities in several sectors. E.g. the rehabilitation of the Sena railway close to Beira is said to offer opportunities to sugar mills, wood mills and mineral, agricultural, horticultural projects and cement industry.

3.10 Agriculture

Agriculture is one of the most important sectors in Mozambique because for more than 80% of Mozambicans it's the primary source of income. 36 000 000 ha is suitable for agriculture but only 6 000 000 ha is in use for agricultural production (through shifting cultivation 4 000 000 ha in use annually). As only 0,5% of the land in total is irrigated automatically, the crops don't produce as well as they could. The lack of irrigation also makes the land vulnerable for floods and dry periods. The extensive river network in Mozambique offers good possibilities for expanding the irrigation systems. Agriculture contributes 26% to the GDP, and there are estimated to be about 3,3 million small producers involved to form about 95 % of the agricultural production. There are only about 400 commercial farmers producing the remaining 5%. The average size of landholding is 1,2 ha. The low productivity of agriculture is seen as a result of low use of new technology and lack of investment. The government is calling for more investments into natural resources in order to facilitate a rapid development of agriculture.

3.11 Tourism

Tourism has been identified as one of the fastest growing sectors in Mozambique and hence one of the best target areas for beneficial investments. Dutch companies could consider this as potential sector to become involved, especially for those with experience of consulting services as well as those companies specialised in constructing hotels and high-class recreational houses etc. Also safari and ecotourism present interesting opportunities.

In 2008 tourism contributed about 1,5% to GDP (1,2% in 2002) and created 37 000jobs in Mozambique. The hotel capacity was increased by 17 00 beds. The number oft ourists grew by 33% compared with the previous year's figure of 771,000. Despiteto these improvements the economic impacts of tourism is still low. This is mainly because most of the tourists are low-value beach holiday tourists from South Africa, who bring their own supplies with them and hence contribute little to the country' seconomy. The tourism authorities would especially like to take advantage of the country's rich natural potential.

Development on Tourism Sector - Improved Policy Environment

During the last years the Government has focused on improving the tourism sector e.g. through re-defining the strategic zones for tourism development in order to maximize the benefit of its growth. The Government is committed to the development of the sector through the National Tourism Policy and a 10-year Strategic Plan for the Development of Tourismin Mozambique (2004-2013). The aim is to concentrate resources in areas wherethey can best be applied. The Tourism Strategic Plan consists of 3 components:

PATIs (Priority Areas for Tourism Investment), 5 planned TFCAs (Trans Frontiers Conservation Areas) and CAs (Conservation Areas) and Tourism routes, which combine the above mentioned PATIs and TFCAs. The PATI areas are:

Existing destinations:
Great Maputo Zone, Inhambane Coastal Zone, Vilanculos / Bazaruto Zone.

Partial Developments:
Elephant Coastal Zone, Xai-Xai Coastal Zone, Sofala Tourism Zone, Ilha deMoçambique / Nacala, Pemba / Quirimbas Zone.

Unexplored destinations:
Limpopo - Massingir Zone, Limpopo - Mapai Zone, Gorongosa Tourism Zone,Mariosa Tourism Zone, Cahora Bassa Tourism Zone, Gile / Pobaro TourismZone, Gurue Tourism Zone, Northern CAbe Delgado Zone, Niassa ReserveZone, Lake Niassa Zone.

The policy has supported among others the creation of new, modern accommodation facilities in the priority zones, most of which are located along the country's 2 800 km long coastline. The zones earmarked for development in short to medium term are:

- Ponta de Ouro including Ponta Malongane, Ponta Mamoli, Maputo Elephant Reserveup to Cape Santa Maria.
- Pomene, Vilanculos, Beira, National park of Gorongosa, Quelimane, Gurue, Nacala,Pemba, Cahora Bassa Dama and Reserva and Niassa Lake.

Mozambique Island (Ilha de Moçambique) in Nampula province is an UNESCO recognised world heritage town, and a major historical and cultural attraction. Each province has its own local cultures, languages or dialects, dance, music, sculpture and handicraft.

Game park tourism is developing slowly in Mozambique. Some parks are already in operation, including the Limpopo national park which forms the Great Limpopo Transfrontier Park with South Africa and Zimbabwe, as well as the Gorongosa National Park.

3.11 Special Development Zones

There are several critical regional and national geographic zones that have been selected under special care and attention. The development of these areas is supported by government(s), in some cases through financial incentives, such as tax exemptions.

The concept of Spatial Development Initiatives (SDIs) is to pull together a number of integrated investment projects on a particular geographic area. A number of significant “Investment Corridors” have been identified throughout the Southern African Development Community (SADC) region. In co-ordination with the private sector the Government has identified and established spatial development scheme sin Mozambique as well.

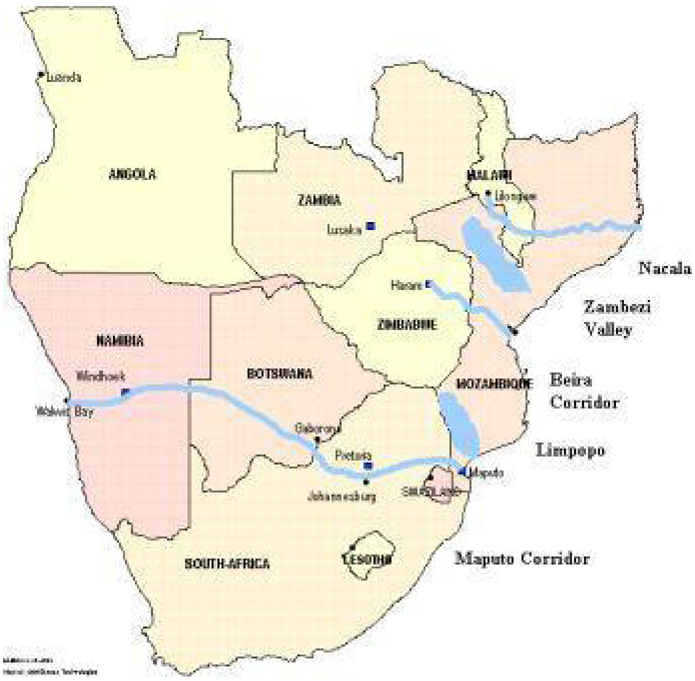


Figure 4 Development corridors of Southern Africa

In Mozambique, the corridors are aimed at connecting the region’s economic important cities to the closest Indian Ocean ports and thus reviving international trade and attracting foreign investment along the routes of the corridors. The corridors are proving successful in developing regional economic co-operation, of which the **Maputo Development Corridor** is an excellent example. Following the success of the Maputo Development Corridor Initiative, two more SDIs have been developed at Sofala Province: the **Zambezi Valley Development Initiative** and the **Beira Corridor Development Initiative**. In addition to these there are **NacalaDevelopment Corridor** and the **Lubombo Spatial Development Initiative**.
The SDIs enables the Government to offer a number of incentives to investors interested in operating within the SDI. Among these there is a special fiscal and customs regime, with offers to investors including security and legal protection of property, export of profits, and repatriation of capital.

The SDI programme aims to:

- Encourage growth and ensure utilisation of economic potential
- Develop new infrastructure in conjunction with the private sector
- Maximise export driven investment by using the new infrastructure
- Develop human resources through training, skills development and support for small,medium and micro enterprises.
- Stimulate regional economic co-operation and development.

3.12 Other Development Initiatives

Lubombo Initiative
Lubombo initiative runs through an area of South-East Africa, and includes eastern Swaziland, southern Mozambique and the northern part of KwaZulu-Natal province in South Africa. A key infrastructure project is a tar road through the SDI to link the major South African coastal road N2 to Maputo and upgrading of secondary roads. There are projects on the area of tourism, education, craft, commerce and agriculture including substantial opportunities for communities and small businesses.
In Mozambique, tourism anchor projects under the Lubombo initiative include the coastal tourism destination of Ponta d'Ouro on the boarder of Mozambique and South Africa.

The Mtwara Corridor
The Mtwara corridor, located on the Tanzanian east coast, close to the Mozambique-Tanzania border, is essentially a Tanzanian government initiative. Also Mozambique, Zambia and Malawi have an interest in developing this proposed multi-million-dollar investment project. The project foresees the rehabilitation of the port of Mtwara aswell as upgrading all infrastructures related to road, rail and communication in the area. Also a bridge over the Ruvuma River on the boarder of Tanzania and Mozambique is an essential element of the project.

Mozambican Information and Communication Technology Institute MICTI in Moamba, southern Mozambique
The Government has provided 365 ha of land located in Maputo Corridor, Moamba ,which is earmarked for the development of a Science and Technology Park, ICT Business Incubator and Research and Learning Institute. The area reserved for the Institution has been granted a special economic zone status including incentives such as significant fiscal benefits, and unrestricted repatriation of dividends, profits and capital. The qualified exporters operating in MICTI will link and access the benefits and legal protection of the nearby Beluluane Free Trade Zone easily.

United Nations Development Triangle - Zambia-Malawi-Mozambique
Since 1999 the Lusaka based Zambia-Malawi-Mozambique development triangle hasbeen in its research and planning stage. The apex of the triangle in Mozambique isthe port of Beira, thus also taking in the Nacala and Tete corridors on its peripheries.Sofala province is seen as the major communication link between those in the rest ofthe triangle and the international trade community.

Industrial Free Zones
The Government focuses in enabling the foreign companies to do profitable business in the country. One growing area of activities has been the Industrial Free Zones(IFZ), also known as free export zones. The objective of the IFZ is to attract projectsand investments, to develop an export based economy in Mozambique and also to create jobs. The IFZs are based on the old industrial park model operating under a special fiscal, customs, and currency and labor regime. The first IFZ project approved was **Beluluane**

Industrial Park in the Maputo province. Also the **Zambezi River Valley** has had tax incentives and **Beira Industrial Zone** has been operating as an IFZ.

In an Industrial Free Zone, an enterprise qualifies for the following fiscal exemptions and benefits:

- Exemption from all customs duties on the import of equipment, plant and the materialfor the set-up and operations of the factory.
- Exemption from all taxes on income. Instead a royalty on gross revenue must be paid, which is set at 2% for the first five years and 5% thereafter.
- Exemption from customs duties on export.
- A special labour regime applies to employees including the discretionary hiring and firing. The wage rate may not be less than the statutory minimum wage.
- IFZ developers are allowed to open, maintain and use foreign exchange accounts in Mozambique and abroad.
- Funding may be sourced externally, provided it doesn't require guarantees from the Government or the Banco de Moçambique

The IFZ benefits are guaranteed for a renewable period of 50 years. Industrial free zone applications are handled through the Investment Promotion Centre, which also can give further information on IFZs. The applications are approved based on the economic impact of the project. There are some restrictions, however:

- There is a minimum investment requirement of USD5 m.
- Factors such as the number of jobs created for Mozambicans, the use of and added value to Mozambican resources and products, and the generation of foreign exchange through export of the product determine whether project qualifies for the status of an industrial free zone.
- At least 85% of annual production from the investment must be exported.
- Dividends and other distributions of profits are exempt from the 18% withholding tax during the first five years of activity.
- Exploration for and extraction of natural resources and the processing of cashew nuts, fish, and prawns are not eligible for free zone benefits.
- The legislation is not applicable to the extractive part of mining projects,

The establishment, development and management of the Special Economic Zones and the Industrial Free Zones is done by GAZEDA, part of the Ministry of Planning and Development. A presentation of GAZEDA can be found in the Appendix.

4. FROM THE NEWSPAPERS – LATEST NEWS AND DEVELOPMENTS

Forestry company Ifloma plans to invest US$348 million in Mozambique

(***2012-07-02***) Mozambique-based forestry company Indústrias Florestais de Manica (Ifloma) plans to invest US$348 million in planting trees and construction of a paper factory in the provinces of Manica and Sofala, in central Mozambique, Mozambican newspaper Correio da Manhã reported. Citing a government source, the newspaper said that 2011 had marked the start of the process of attributing land for planting the trees and for construction of the wood chip processing plant at the port of Beira, in Sofala province.

In Manica Ifloma plans to plant 73,000 hectares of pine and eucalyptus trees to feed its future paper factory, which will turn the company into the market leading paper company in Mozambique, the director of the factory, Cremildo Rungo told the newspaper. Rungo also said that the project had already been drawn up and presented to the government, via the Sofala Provincial Agriculture Directorate, and was now awaiting approval from the Agriculture Ministry to launch.

Ifloma currently has a pine and eucalyptus plantation covering an area of 25,000 hectares, and has just finished planting 7,000 hectares of the two types of tree.

(source: macauhub)

Mozambique to spend US$13 million on Prosavana projects

(***2012-07-02***) The Mozambican Agrarian Research Institute plans to spend 307 million meticals (US$13 million) over the next five years on Prosavana projects, Carolino Martinho, an executive from the institute said Thursday. Financed by Mozambique's partners in Prosavana, Japan and Brazil, the funding will be used to build and equip a laboratory to carry out experiments and train technicians.

Prosavana, which covers an area of 700,000 hectares, is being implemented in 12 districts of four provinces in northern Mozambique, Cabo Delgado, Nampula, Zambézia and Niassa and is intended to promote business-driven agriculture, with a specific focus on technology transfer.

(source: macauhub)

Gaza: 16,000 tonnes of rice harvested in Chokwe

(***2012-07-03***) Mozambique's largest irrigation scheme, at Chokwe in the Limpopo Valley, has produced about 16,000 tonnes of rice in the latest agricultural campaign.

According to the Chairman of Hidraulica Agricola de Chokwe (HICEP), Soares Xerinda, over 350 hectares were damaged by heavy rains and flooding during the season.It had been planned to plant an area covering seven thousand hectares, but only 4,585 hectares were used for rice production. In the second growing season another 858 hectares will be cultivated.

Xerinda reported that the Chokwe region produced 4.73 tonnes of rice per hectare in the commercial sector and 4.15 tonnes in the non-mechanised family sector. Those in the family sector that did not use fertilisers only produced 3.9 tonnes per hectare, whilst those using fertilisers achieved 4.39 tonnes per hectare. In the fields that are part of the Integrated Programme for Agricultural Technology Transfer (PITTA) the average yield reached five tonnes per hectare, whilst in the research fields the yield was seven tonnes per hectare.

Xerinda told the daily newspaper “Noticias” that the Ministry of Agriculture has provided a small factory capable of processing four thousand tonnes of the rice a year.

“The local processing and sale of rice is another option for farmers to boost their income”, said Xerinda. However, he argued that the area needs three more similar units to be able to process all the rice harvested. He believes that increasing the availability of processing would encourage farmers to grow more rice, increasing the region's competitiveness. Xerinda also revealed that HICEP has taken measures to reduce the impact of red billed quelea, birds that live in colonies of millions that can devastate crops. He lamented that the lack of cleaning of canals and ditches as well as the existence of large areas of unused land lead to an increase in the number of birds that are around to devour the rice.

(Source: AIM)

Contractor for work to repair Massingir dam to be selected this year

(***2012-07-03***) The contract to carry out repair work on the Massingir Dam, in Mozambique’s Gaza province, is expected to be awarded this year as a result of the process to select a contractor that is currently underway, a senior official of the African Development Bank (ADB) said.. According to daily newspaper Notícias, the Mozambican government is now able to raise the additional funding needed to cover the rise in the price of construction materials on the international market.

Initially the ADB had guaranteed the necessary funding to carry out the work but, due to a delay in selecting the contractor, the figure set out in the tender document was no longer viable and another source of funding to make up the difference had to be found.

The Massingir dam is the most important facility for controlling the water of the River that flows into the Limpopo River. The Limpopo supplies water to the Limpopo and Lower Limpopo irrigation systems in the districts of Chokwé and Xai-Xai, respectively.

Work will include increasing the safety of the dam by setting up an auxiliary deep discharger to withstand flooding as well as a surface spillway.

César Tique, an official at the ADB’s department for agriculture and rural development, noted that the bank was interested in continuing with activities to repair the dam and had decided to extend the project until 2014. The budget for installing the surface withdrawal spillway is US$30 million and the cost of the deep discharger is not yet known as the ADB and the Mozambican government are still in negotiations.

(source: macauhub)

Ports of Beira and Nacala need more equipment

(***2012-07-04***) A lack of cranes, tractors, tugs and other port equipment is affecting the productivity and efficiency of the ports of Beira and Nacala in Mozambique, and the latter has only enough equipment to cover 35 percent of its needs, according to Mozambican daily newspaper Notícias.

Citing a study carried out this year by the United States Agency for International Development (USAID), the newspaper said that despite this the two ports were gradually positioning themselves as regional ports and attracting an increasing amount of traffic from East and West Africa. The study, which was presented publicly in the two cities, noted that demand for the port of Beira was due to the fact that its access channel had undergone emergency dredging, an operation that had been finished in July 2011.

As a result of the dredging the port recovered its original depth of 8.5 metres, which allows ships weighing up to 60,000 tons to moor at the port.

From a market point of view, the study showed that the ports of Beira and Nacala do not offer great advantages in terms of productivity and efficiency when compared to other ports in East and Southern Africa, for example Durban, in South Africa, which is considered to be the greatest competitor for Mozambican ports. For example, the USAID study concluded, waiting times at both ports are excessively high, reaching a maximum of 26 days as compared to just four at the port of Durban container terminal, and far longer that the international benchmark waiting period of seven days.

The study recommended that a more succinct assessment be carried out on the causes of the high waiting periods at the ports of Beira and Nacala and its effects on profitability, capacity, and port operations.

Mozambique seeks to improve unclassified roads

(***2012-07-04***) The Mozambican government is investing in improving unclassified roads in rural areas in order to link productive areas to markets, according to the Deputy Minister of Public Works. Francisco Pereira.

Mozambique has over 60,000 kilometers of roads. Of these, 30,000 kilometers are classified roads, and the rest are unclassified. The unclassified roads have rarely been subject to any form of repair or rehabilitation. The poor state of these roads makes it very difficult to transport surplus crops out of remote areas.

Speaking to reporters after the opening session of the second International Conference of the African Community Access Programme (AFCAP), Pereira said the idea is to find lasting solutions using low cost local materials to rehabilitate the unclassified roads.

“Since these roads carry a low volume of traffic”, he explained, “they are low cost, and it is possible to build them with a mixture of soils and other local materials. But they have to be passable if local development is to occur”.

Pereira said the government has a programme to deal with this question, and there have been some positive pilot experiences. One of these reduced the standard cost of building a kilometre of road from the usual 600-700,000 US dollars to about 60,000 dollars. The challenge facing the government is to expand these experiences to other parts of the country, and to guarantee the maintenance of all roads, classified and unclassified.

According to the General Director of the National Roads Administration (ANE), Cecilio Grachane, Mozambique is spending slightly more than 100 million dollars a year on road maintenance."Each province needs four to five million dollars (Mozambique has 11 provinces), and on top of that there is the national roadwork managed centrally. But we need more than 100 million dollars", said Grachane.

Organised by the ANE, the conference brings together about 150 delegates from across the globe, but particularly from African countries. Most of them are experts linked to transport engineering.
AFCAP is designed to address the challenges of providing reliable access for poor communities. It is funded by the British Department for International Development (DFID) and managed by the British company, the Crown Agents. AFCAP says that it provides advice and undertakes research to deliver safe and sustainable access to rural communities.

A study distributed at the conference notes that in rural Africa millions of people lack access to vital health services because of the long distances to the nearest health unit, compounded by the precarious state of the roads.

The document added that, despite recent improvements in many African countries, only 18.8 per cent of roads on the continent are paved.

In Mozambique, of the 30,000 kilometres of classified roads, just 7,000 kilometres are paved – this is 23 per cent, but if the unclassified roads are included, the figure drops to about 11 per cent.

(Source: AIM)

Agreement on Maputo-Katembe bridge this month

(***2012-07-04***) An agreement on financing the 85 per cent of the costs of the planned bridge across Maputo Bay that are not yet guaranteed will be concluded this month, according to Mozambican Finance Minister Manuel Chang.

The agreement will make it possible to start construction of the bridge, which will link central Maputo to the district of Katembe, on the other side of the bay. The bridge will mean that Katembe residents who work or study in Maputo will no longer depend on the current ferry service. It will also make it easier to visit tourist resorts such as Ponto de Ouro in the far south of the country.

So far, 15 per cent of the costs of the bridge are guaranteed – 10 per cent as a soft loan from the Exim Bank of China, and five per cent from the Mozambican state budget.

Speaking to reporters on Monday, Chang said the government will resort to commercial loans, rather than soft loans, to raise the rest of the money. He stressed that the government will only resort to this form of financing for projects with the capacity to bring in revenue that can pay off the loan.

The project includes not only the bridge, but the construction of 120 kilometers of road from Katembe to Ponta de Ouro. The total cost is put at around 500 million US dollars.

The bridge will be built 48 metres above the bay, thus ensuring that ships of any size can enter and leave Maputo port at any time of day. The bridge will have two carriageways and a total length of 2.7 kilometers.

(Source: AIM)

Green Economy Roadmap for Mozambique

(***2012-07-04***) In the closing stages of the much heralded recently-held Rio+20 summit, President Armando Guebuza signaled a national green economy roadmap for Mozambique. He underlined that “this is the future that Mozambicans want”, in which it is explicitly stated that by 2030 resources will be harnessed in an inclusive, efficient and equitable manner. On the back of such declarations, it seems then an appropriate time to reflect on what sustainable business opportunities are currently being explored and what the country’s real green credentials are.

In terms of power generation, Mozambique may lay claim to being one of the greenest producers on the planet. It is certainly one of biggest electrical power producers in Southern Africa, thanks to Cahora Bassa hydroelectric dam’s output. Alternative cleaner energy sources are also being explored from a natural gas power-generating facility soon to be installed near Ressano Garcia, to the increasingly visible solar panel industry which is now being rolled out across the country, particularly in supporting health centres. The capture and use of solar energy aims to reach services and residents in more remote areas yet to benefit from the main national grid. Nevertheless, plans are still in place to go ahead with another hydroelectric station to be built at Mphanda Nkuwa on the Zambezi to raise power outage, but at what environmental cost? Are the ecosystems in this great river being sacrificed by this thirst for more power? And will it be for genuine local benefit or not?

Transport alternatives in both rural and urban areas continue to blight people’s lives up and down the country. TPM’s gas-powered buses have been coming into prominence on Maputo’s streets as an alternative to the environmentally unfriendly chapas, although their reliability has come under scrutiny. The question of how to wean private vehicle owner’s fondness for importing heavily polluting Japanese relics, over possible green energy-powered alternatives could be explained by a lack of locally-built and available alternatives. Both the Indian group Tata and a Chinese consortium are at an advanced stage to implement a vehicle manufacturing plant, which could bring cheer both to casual users and environment-conscious minds alike.

As for the business of waste management, judging from a stroll along much of the capital’s streets, a great deal remains to be done in terms of waste removal and public hygiene services. However, a promising initiative from AMOR (the Mozambique Recycling Association) is offering an alternative vision. Through its Eco-point system, the organization of collectable recyclable material is allowing for people’s attitudes towards waste to transform by seeing and appreciating trash for its true worth. Challenges persist as currently all material is taken out from Mozambique to be treated elsewhere, which results in less potential value being kept in-country. There also remains limited legislation on industrial waste, which could effectively cancel out all the strides made with treatment of domestic refuse.

All these promises come against the backdrop of the extraction industries or mega projects that loom like gray clouds against any genuinely green agenda. From Mozal’s aluminum smelters in the south, Tete coalfields in the Centre. to future gas and oil extraction set for the Rovuma basin in the north, not to mention numerous other smaller mining projects elsewhere, all of the extractive and processing industry can be judged potentially culpable in bringing considerable and permanent harm to the sites and communities in which they operate. Aside from their actual operations including coal-fired power plants, they also require a greater influx of people, goods and services to support them, as well as infrastructure, all of which, if not attended to properly, impact negatively on the natural environment. Is there a possibility that their collective carbon footprint may be mitigated or at least greatly diminished?

Well, of course there is still the majority of farm families, and the key question of agriculture and its role in driving the national economy forward. For years, the vision has been to see increased agricultural production as a route out of poverty to progress, but development has been slow, and with a limited number of robust success stories. It would seem abundantly clear that this is the area with almost unlimited potential, but that without clear government support, private investment and access to markets, it could remain unfulfilled. Useful initiatives such as the introduction of an agricultural insurance policy should be welcomed, and with best practices being passed on from Brazil to Vietnam, the vision remains that farm families on farmland supporting crops, livestock and trees will provide the greenest solution to the country's future economic growth and prosperity.

(Source: Club of Mozambique)

Vale and CFM will operate new railway and terminal

(***2012-07-05***) The Mozambican government on Tuesday approved the lease to the newly formed company CLIN (Northern Integrated Logistical Corridor) of a new railway which is to be built between the Moatize coal basin and the northern Mozambican coast.

The Brazilian mining giant Vale owns 80 per cent of CLIN, while the remaining 20 per cent is in the hands of Mozambique's publicly owned ports and rail company, CFM.

The lease covers everything new that is to be built to ensure the export of coal form Vale's open cast mine in Moatize. There are two entirely new stretches of line within Mozambique – from Moatize to Malawi, and from Mossuril to Ponta Mamuaxi. Mossuril is on the existing northern line from Malawi to the port of Nacala, while Ponta Mamuaxi is on the western side of Nacala bay, opposite the existing port of Nacala.

The government also approved a lease to CLIN of the projected coal terminal at Nacala-a-Velha. This is not part of the existing port. In effect, this means that Nacala bay will have two deep water ports, one of which will be dedicated exclusively to coal exports.

Announcing the decision, after a meeting of the Council of Ministers (Cabinet), the official government spokesperson, Deputy Justice Minister Alberto Nkutumula, said that the total cost of the new terminal and the two new stretches of railway will be about 1.5 billion US dollars. Construction will take three years and will start before the end of 2012.

After the work is complete, "opportunities will be opened for Mozambican companies and citizens to acquire five per cent of the CLIN capital", said Nkutumula. Later, CFM will gradually increase its holding in CLIN up to a maximum of 50 per cent.

Nkutumula said the new railways will be able to move 40 million tonnes a year – about 30 million tonnes of coal from the Vale mine, while the rest "could be coal mined by other companies, or simply the transport of people and goods".

Asked whether Malawi would join the CLIN shareholding structure, Nkutumula ruled this out. The Moatize-Nacala railway will run through Malawian territory, "but the part of the line that runs through Malawi is negotiated directly between the investor, Vale, and the Malawian government. The Mozambican government only authorizes the part built inside Mozambique".

Given the scale of the investment, Nkutumula was sure that Vale had already negotiated with Malawi. "This is an investment of 1.5 billion dollars", he stressed. "So I don't think Vale could advance without the certainty that it will be possible to build the railway in Malawi".

In fact, Vale signed a rail concession contract with the Malawian government in December 2011. The new line will run from Chikwawa in the far south of Malawi for 137 kilometres to Nkaya Junction, where it will meet the Malawi-Nacala line.

To complete the railway will require rehabilitating the existing line from Nkaya to Nayuci on the border with the Mozambican province of Niassa. This line is currently operated by Central East African Railways (CEAR). Vale owns 51 per cent of the shares of Mozambique's Northern Corridor Development Company (SDCN), which in turn owns 51 per cent of CEAR.

The railway to Nacala-a-Velha will also require upgrading of the line from the Malawian border to Mossuril, which is operated by SDCN.

The new railway is seen as crucial to Mozambican coal exports, since the only railway that is currently carrying coal, the Sena line from Moatize to Beira, has a maximum capacity of six million tonnes a year. Even the projected improvements to the Sena line will only bring its capacity up to 12 million tonnes a year.

(Source: AIM)

Inflation continues to fall

(***2012-07-06***) Prices in Mozambique fell by 0.34 per cent in June, according to figures released by the National Statistics Institute (INE) on Thursday, based on the consumer price indices for the three largest cities, Maputo, Beira and Nampula.

Most of this fall is due to declining prices of foodstuffs. The most significant reduction was for tomatoes which fell in price by 11.8 per cent. There were smaller falls in the prices of cabbage, beans, lettuce and rice. Between them, these foods accounted for almost the entire fall in prices over the month.

Looked at by region, the price fall in Beira was 0.56 per cent and in Maputo it was 0.55 per cent. In Nampula, there was a slight price rise of 0.07 per cent.

This is the fifth month in a row that prices have fallen. As a result inflation for the first half of the year stands at minus 0.51 per cent – in other words, the country is now undergoing a slight price deflation.

The rise (or fall) in the combined consumer price index for the three cities was 0.64 per cent in January, minus 0.24 per cent in February, minus 0.21 per cent in March, minus 0.24 per cent in April, minus 0.53 per cent in May, and now minus 0.34 per cent in June.

Over the six month period, the most significant price falls have been for tomatoes, rice, cooking oil, fish and motor-cycles.

These figures compare with an inflation rate of 3.25 per cent in the first six months of 2011, and of 10.23 per cent in the first half of 2010.

With these figures, it seems almost certain that the government's forecast of an inflation rate of 7.2 per cent for 2012 is far too pessimistic. Prices are likely to rise later in the year, but seem unlikely to reach even the figure of five per cent forecast in April by economists of the Standard Bank Group.

(Source: AIM)

Australia continues with funding

2012-07-06) Australia will continue to partner with non-government organizations to deliver better access to water, sanitation and hygiene practices in Africa with additional funding of AU$97 million for The Civil Society, Water Sanitation and Hygiene Fund, announced HE Ann Harrap, High Commissioner to Mozambique, in Pretoria today.

"Water-related diseases claim the lives of 6,000 people each day and diarrhoea kills 1.5 million children every year. It is the second leading cause of death in children under the age of five. I am honoured to announce that the Australian Government will provide further assistance for less-privileged communities to gain access to safe water, improved sanitation and improved hygiene practices," said Ms Harrap.

The Civil Society WASH Fund is a competitive grants program that will support civil society organisations to deliver water, sanitation and hygiene programs in Africa, as well as Asia and the Pacific. It will be managed by the Australian Agency for International Development (AusAID). Grants for individual civil society programs are expected to be in the order of AU$10 million across four years. The implementation period is expected to start in February 2013.

The funding announced today builds on Australia's original AU$32.6 million contribution to the WASH Fund, through which AusAID has been able to deliver access to safe water to more than 560,000 people and help 780,000 people gain basic sanitation.

Civil society organizations from Mozambique are eligible to apply for grants through the WASH Fund. For more information about the funding and application process please visit www.ausaid.gov.au/aidissues/watersanitation/Pages/csowash.aspx

(Source: Australian High Commission, Pretoria, RSA)

Production record for Vale in Moatize

(***2012-07-06***) The Brazilian mining company Vale has announced that its open cast coal mine in Moatize, in the western Mozambican province of Tete last week achieved a daily production record of 25,564 tonnes of coal processed and ready for shipment.

Cited in a Vale press release, the Vale-Mocambique director of operations, Paulo Horta, said the new record “reaffirms the success of the Moatize Coal Project, showing the operational capacity of a young team, trained and motivated to achieve increasingly significant results”.

“Moatize is strategically positioned to provide high quality coal”, says the Vale release. Exports began in August last year, and in its first phase the Moatize mine will reach a production and export capacity of 11 million tonnes of coal a year.

The second phase will begin in 2014, and the release forecasts a doubling of production to 22 million tonnes a year.

But Vale faces a serious logistical bottleneck. Currently the only way to transport the coal to the sea is along the 575 kilometer Sena railway from Moatize to the port of Beira. At best, the capacity of the Sena line is six million tonnes a year (although planned improvements might raise this to 12 million tonnes a year). This will be quite inadequate – particularly since Vale is just one of several companies mining coal in Tete.

Vale's solution is to build a new railway across southern Malawi and a new coal terminal at Nacala-a-Velha. Although the Moatize-Nacala route is 912 kilometres long, Vale is confident that it will be able to handle 18 million tonnes of cargo a year.

(Source: AIM)

Agreement in Nacala fund

(***2012-07-07***) The governments of Mozambique, Brazil and Japan on Wednesday signed in Brazilia a technical cooperation agreement, intended to raise finance for agro-industrial development in the Nacala Corridor, in the northern Mozambican province of Nampula, a project known as "Pro-Savana".

The project, presented by the Brazilian Getulio Vargas Foundation (FGV), envisages the exchange of technical knowledge between Brazil and Japan for the development of agriculture in Mozambique. It is estimated that in the first phase the project will raise two billion US dollars.

According to the director of FGV projects, Cesar Cunha Campos, cited in a Friday report on Radio Mozambique, "We are developing the master plan which must cover family, medium and large scale agriculture. Money for the fund should be raised entirely from private initiative. A billion dollars should come from Brazil and a billion from Japan".

Campos claimed that the fund should benefit 10 million Mozambicans.

The project is similar to that undertaken in Brazil in the 1970s to boost the productivity of the Cerrado region, which has characteristics resembling those of African savannahs.

"Without Brazil, this project would not work. The entire technological and agro-industrial package is ours", declared the coordinator of FGV Projects, Cleber Guarany. "The experience we have in Pro-Cerrado will be transferred to Pro-Savana. The Nacala corridor is at the same latitude as Cerrado, and has soil and climate conditions identical to those of Brazil".

FGV should present the master plan in early 2013. It will set the parameters for the use of resources. The FGV proposal is to prioritise production through cooperatives.

The representative in Brazil of the UN Food and Agriculture Organisation (FAO), Roberto Rodrigues, stressed the importance of cooperatives in producing foodstuffs. He argued that cooperatives reduce social exclusion "and have become transformed into bridges between economic production and collective well-being".

The Nacala Corridor contains about 14 million hectares of good farming land, and enjoys excellent logistics. "There are good road, rail and port conditions for moving produce", said Guarany. "The country could export to the entire Asian market".

The partners in the project are the FGV, FAO, the Mozambican Ministry of Agriculture, the Brazilian Cooperation Agency (ABC), the Japan International Cooperation Agency (JICA), the Brazilian Agricultural and Livestock Research Company (EMBRAPA), the Brazilian Ministry of Agriculture, Livestock and Supplies, and the Brazil-Mozambique Chamber of Commerce and Industry.

(Source: AIM)

Exploration right for Vale in Moatize

(***2012-07-07***) The Mozambique government has issued Brazilian mining major Vale with the definitive exploration rights for its Moatize coal operation.

The deed is officially entitled the Right of Land Use and Improvement (Direito de Uso e Aproveitamento de Terra – DUAT).

Justice Vice Minister (and government spokesperson) Alberto Nkutumula explained that, in 2008, the Council of Ministers had issued a provisional Duat to Vale. That was the year that the miner started construction of the Moatize mine and its associated infrastructure. The intent was to issue a definitive Duat once the company – the world's second-biggest miner in terms of market capitalisation – had fulfilled its exploration plan.

But the definitive DUAT does not cover the same ground as the provisional one did. "It is Vale's right to have a definitive DUAT; however, there is a correction – the provisional DUAT covered a part of the municipality of Moatize and the definitive deed now doesn't cover this area," explained Nkutumela. "[Vale] continues to have the right of use and improvement of land over the part which it has, excluding this [area]. The mining concession, because it also spreads towards the municipality of Moatize, will not be changed – we are altering only the DUAT."

The exclusion of the area of the municipality in the definitive DUAT is the result of the conflict of interest between the expected growth of Moatize town and Vale's coal exploration activities. The definitive DUAT assigns Vale Mozambique an area of 22 096 ha in the administrative post of Moatize, district of Moatize, province of Tete, for coal exploration. The Moatize operation, which is Vale's biggest coal project anywhere, is expected to complete its second phase of exploration in 2014.

Vale is to invest $2.07-billion until the second half of 2014 in order to develop and commission the second phase of production at the mine, which will increase its output by more than 11-million tons of coal. The would double the mine's out- put to some 22-million tons a year (Mt/y). This will be made up of about 17 Mt/y of metallurgical coal and around 5 Mt/y of thermal coal.

Phase 1 of Moatize came into operation last year, having cost $1.66-million.
It produced 620 000 t of coal last year and Phase 1 will have a production capacity of some 8.5 Mt/y of metallurgical coal and 2.5 Mt/y of thermal coal.

Vale plans to ship this coal to the coast down two railway lines – the Sena line to Beira and via Malawi's Central East African Railways (CEAR) and thence down the Nacala line, in Mozambique, to the Port of Nacala. Vale, which is a major railway operator in Brazil, controls both the CEAR and the Nacala line (the miner holds 51% of the company which holds 51% of CEAR and the company which has the concession for the Nacala line).

To get Moatize coal to Nacala, Vale will both construct a new line in Malawi and upgrade the existing Malawi and Nacala lines. The miner is, however, also interested in using the CEAR and Nacala lines to export copper from Konkola North (50% owned by Vale), phosphates from Evate (another Vale project in Mozambique, some 65 km from Nacala) as well as other freight traffic between Zambia, Malawi and Mozambique.

(Source: Mining Weekly)

Viability study on Zambezi and Shire rivers

2012-07-10) Six companies have submitted bids to draw up a viability study of the Malawian proposal to open the Zambezi and Shire rivers to international shipping, according to a report on Radio Mozambique.

The bids are now under consideration by the Malawian government, the secretariat of the Southern African Development Community (SADC) and the African Development Bank (ADB).

According to an announcement from Malawian Transport Minister Sidik Mia, the purpose is to assess the environmental impact of navigation along the rivers from the Mozambican district of Chinde, at the mouth of the Zambezi, to the Malawian river port of Nsanje, on the Shire.

Mia hoped that an assessment of the six bids will be completed by the end of this month, and it will then be know which company will carry out the study. Malawi received a loan of three million US dollars from the ADB for the study.

The Shire-Zambezi Waterway project was conceived by the late Malawian President Bingu wa Mutharika, who envisaged it as a way of cutting the transport costs of landlocked Malawi’s trade.

But this project depends entirely on Mozambican agreement, since most of the proposed waterway flows through Mozambican territory. Despite this, Mutharika pushed ahead with the inauguration of Nsanje port in October 2010, as if a deal with Mozambique was already signed and sealed.

But the Mozambican authorities impounded the Malawian barges that were to have travelled from Chinde to Nsanje for the inauguration, and made it very clear that opening the rivers to international shipping depended on a thorough environmental study.

The Mozambican government is worried about the impact of possible spills or collisions on the Zambezi eco-system. Earlier this year the government even turned down the proposal from the mining company Rio Tinto-Mozambique to move Mozambican coal down the Zambezi in barges.

Furthermore, Mutharika’s successor, Joyce Banda, is distinctly unenthusiastic about the Shire-Zambezi waterway, and has made it clear that she regards the Mozambican rail system as the most viable option for moving Malawian imports and exports.

The viability study has thus lost all its initial urgency. It will go ahead, not because there is any immediate likelihood of using Nsanje for anything larger than fishing vessels, but because Malawi still thinks it useful to investigate all options for access to the sea.

Construction of Nsanje port cost around 20 million dollars – but this sum is dwarfed by the other requirements to make use of the port by commercial traffic viable. This includes tarring the road from

Nsanje to the Malawian commercial capital of Blantyre and dredging the Shire and Zambezi rivers. This brings the cost of the entire project to about six billion dollars.

(Source: AIM)

French Development agency funds power projects

(***2012-07-11***) The French Development Agency is set to provide funding of 1.5 million euros for financial and legal advisory for the Mozambican State to take part in power transmission and generation projects, under the terms of a convention signed Monday in Maputo.

The convention, which was signed by state electricity company Electricidade de Moçambique, is intended to finance the cost of designing, executing, and launch of a body that will be responsible for the public sector's shareholding in the projects.

The funding is the result of the Mozambican government strategy for the energy sector, which includes a significant stake in future power production and transmission projects.

The priority projects are the Centre-South transmission project, which will transport electricity from Tete to Maputo, and those to produce hydroelectric and thermal energy.

(source: macauhub)

BADEA considers investing in Mozambique

(***2012-07-12***) The Arab Bank for Economic Development in Africa (BADEA) is weighing the possibility of investing in new projects in Mozambique, some of which are on the Mozambican government's list of priorities for the coming period.

This possibility was announced in Maputo on Monday by the Director-General of BADEA, Abdelaziz Khelef, at the end of a meeting with Mozambican Finance Minister Manuel Chang. Khelef is in Maputo to review the cooperation between Mozambique and BADEA, which dates back to 1975, the year of Mozambican independence.

"The main purpose is to discuss the mutual cooperation between Mozambique and BADEA, in order to assess the impact of the programmes, and the progress of operations, and resolve the challenges that are hindering some development programmes", said Khelef.

He told reporters that, since the start of the bank's cooperation with Mozambique, it has disbursed 225 million US dollars, in soft loans and in grants for technical assistance.

He said BADEA has been channeling funds to such sectors as rural electrification, education, health and fisheries.

The priorities of the Mozambican government, he added, particularly projects aimed at eradicating poverty, and developing infrastructures, constitute the platform for the partnership between the government and BADEA

"Private sector investment can play a role that complements government action", Khelef said – much of

BADEA's support, in areas such as electrification and micro-finances, would assist the development of agriculture and fisheries, and he pledged that it would continue.

Khelef added that there are enormous expectations about the coastal protection project, along the Maputo coast road, due to begin shortly with BADEA funding. If successful, the project will keep the Indian Ocean at bay, and prevent it from swallowing up the coast road, and threatening homes and business close to Maputo beaches.

(Source: AIM)

Cooperation between Mozambique and South Korea

(***2012-07-12***) Mozambique's Deputy Foreign Minister, Henrique Banze, told reporters in Maputo on Wednesday that cooperation between Mozambique and South Korea will soon take a step forward due to Korea's interest in Mozambican natural gas, and to the establishment of the Korean company Samsung in Mozambique.

He was speaking shortly after the arrival of Korean Prime Minister Kim Hwang-Sik, at the start of an official visit to strengthen ties between the two countries.

Banze said the Mozambican government also hopes to work with Korea in areas such as education and science and technology, and to encourage business partnerships between Mozambican and Korean companies.

"Korea is one of the Asian countries that has undergone very rapid growth", said Banze. It had begun as an underdeveloped country, starting from much the same conditions as Mozambique today. It grew on the basis of education and knowledge, and Mozambique would like to emulate that experience.

Historically, Mozambique's main relations with Korea were with the regime in the north of the divided peninsula. North Korea provided support for the Mozambique Liberation Front (Frelimo) during the war for Mozambican independence, and North Korean experts worked in Mozambican health and agriculture in the initial post-independence years. There is an avenue in central Maputo named after the founder of the North Korean state, Kim il-Sung.

Diplomatic relations with South Korea were only established in 1993, and this year South Korea plans to establish an embassy in Maputo.

In an interview published in Wednesday's issue of the independent daily "O Pais", Kim Hwang-Sik said that South Korea "is now placing a great stress on expanding its relations with Mozambique and with all east African countries".

"I believe we can establish mutually beneficial relations in the development of resources", he said. "I am anxious to share the experience of Korea in supporting Mozambique's efforts in socio-economic development".

Kim said that Korea is involved in setting up a professional training centre in the southern Mozambican city of Matola, and is interested in participating in projects to build roads, power stations and hospitals.

Three agreements were signed in 2010 concerning Korean loans to Mozambique - 45 million US dollars for hospital construction in the central city of Quelimane, 49 million on rural electrification in the southern province of Gaza, and 20 million for the road between the northern cities of Nampula and Cuamba.

Kim said that Mozambique is a priority country for Korean foreign aid, and soft loans to the country now total 190 million dollars. The Korean government now wants to launch a “partnership strategy” with Mozambique, in order to make its development aid more effective.

(Source: AIM)

City of Nacala is changing rapidly

(***2012-07-12***) The northern Mozambican port city of Nacala is changing rapidly, which will drive development throughout Nampula province, and in Mozambique in general, declared President Armando Guebuza on Tuesday.

Addressing a mass rally in the city, as part of his “open and inclusive presidency”, Guebuza noted the progress in building Nacala’s new international airport, and stressed “there is a great deal of work under way here, creating a huge range of opportunities, including for employment. But this is still not all that we want”.

Guebuza stressed that “these are only initial steps which will expand to Nacala-a-Velha”. This is the district adjacent to Nacala port, and it is here that the Brazilian mining giant Vale plans to build a new coal terminal.

The terminal will be at the end of a new rail line from the Moatize coal basin in Tete province, running across southern Malawi, and reaching the sea at Nacala-a-Velha. The plan means that in the near future there will be two deep water ports in Nacala bay.

Guebuza said he was also impressed with progress on the rehabilitation of the Nacala dam and the city’s water supply project, which seeks to meet a rapid increase in demand for drinking water. The water supply project is budgeted at 30 million US dollars financed by the United States’ Millennium Challenge Account (MCA). The work should be complete by April 2013.

“I was impressed with what I saw at the dam, because it will meet the water needs of many people”, said the President. The benefits extended to the training of Mozambican technical staff who are gaining experience in major engineering works.

Guebuza urged Mozambican society not to be distracted by those who claim they can see no progress, but only mistake piled upon mistake.

“People will appear who only see mistakes in what we are doing”, he warned. “When we build another factory, they say that not everybody will have a job. When it’s another school, they say there’s not enough space for everyone to study. Their job is to see only errors. They see only misfortune. They are the apostles of misfortune”.

Mozambicans should not let themselves be diverted from their path by such people, he added, pointing out that “things do not appear all at once”.

Mozambicans should also realize that something positive in one part of the country brings benefits to all of

Mozambique. “Don’t look at what is happening in Nacala as if it belongs to the people born here”, he urged. “Everywhere in Mozambique we find people coming from all corners of the country, without any discrimination”.

(Source: AIM)

Growth of Mozambican economy

(***2012-07-12***)The Mozambican economy posted growth of 6.2 percent in the first quarter of 2012 according to preliminary estimates for Gross Domestic Product (GDP) at 2003 constant prices published by the Mozambican National Statistics Institute (INE).

According to the statement issued by INE, GDP growth posted in the first quarter represents a slowdown of economic activity of 1.7 percentage points as compared to the same three-month period of 2011.

Improved economic performance in the period is mainly due to the secondary sector, which grew 8.5 percent, notably the electricity and water sector, followed by construction with 11.2 percent and 10.5 percent growth, respectively.

This was followed by the primary sector, which posted growth of 5.8 percent driven by the mining industry, with growth of 25.4 percent, and the tertiary sector, which posted growth of 4.6 percent, driven in part by the transport and communication sector, which grew 7.0 percent.

(Source: AIM)

The Netherlands stops funding Mozambique

(***2012-07-14***) The Netherlands will stop funding Mozambique's general budget from 2013 over the country's questionable governance record and a lack of improvement in its anti-corruption drive, a Dutch embassy official has said.

"Mozambique was assessed on its performance in terms of reduction of poverty, improvement in governance and in fighting corruption," Michael Thijssen, a governance and policy officer at the embassy, told AFP.

"According to standards set in our new policy we did not see sufficient improvement in these areas," he added.

"So from 2013, funds for the national budget will only be allocated to specific sectors such as health," said Thijssen yesterday.

Netherlands is among the southern African nation's 19 donors, with funding subject to yearly review.

In March 2010 the group of 19 donors suspended budget support to the country following the 2009 elections in what was deemed a 'donor strike'.

Negotiations continued for a month, during which donors demanded concrete action on promises made by government on electoral reform and the fight against corruption, before payments resumed.

Last year donors trimmed back funding to buy medicines, pointing to Mozambique's own declining budget allocation on health.

A former Portuguese colony Mozambique, once one of the world's poorest countries during its bloody 16-year civil war, has recorded strong growth since the end of the conflict in 1992.

(Source: AFP)

Mozambique may take on commercial loans up to a maximum of US$900 million

(***2012-07-16***) The Mozambican government may take on commercial loans of a maximum US$900 million until 2016 to fund construction and/or development projects for airport facilities and energy resources, Mozambican newspaper Correio da Manhã reported.

Citing an agreement signed between the government of Mozambique and the International Monetary Fund (IMF), the newspaper said that part of this funding had already been used when the government took on two loans worth a total US$146 million, and that a third loan was being considered to be used to increase the cargo processing capacity of the port of Beira and construction of the Centre-South power transmission line.

Under the terms of the agreement signed by the IMF and the Mozambican government for a three-year period, the IMF noted that the Mozambican authorities’ access to commercial loans should be increased, but remain in line with the country’s macroeconomic stability and the sustainability of public debt.

The IMF also said that financing of other large infrastructure projects was under consideration and, given its large size, the level of commercial debt of the Mozambican state may increase quickly to close to the maximum the programme allows, of US$900 million.

In the agreement the Mozambican government re-stated its commitment to modernise its debt management and procedures for selection of projects that will receive funding. It added that with the support of the IMF and the World Bank a medium-term debt strategy was being drawn up along with the second evaluation of debt sustainability for approval by the Council of Ministers in the first half of 2012.

(source: macauhub)

Government of Mozambique plans to launch tender for economic feasibility studies of port of Techobanine

(***2012-07-16***) The public tender for selection of the company that will carry out the studies of the economic feasibility of building the Techobanine deep water port, in Mozambique’s Maputo province, is due to be launched in the next few weeks, Mozambique’s Transport and Communications Minister said.

Speaking to daily newspaper Notícias, Minister Paulo Zucula said the master plan for the project had recently been completed and that its proposal was due to be presented soon to the Council of Ministers.

The port complex is expected to cover an area of 30,000 hectares, and will have an additional area of 11,000 hectares for industrial development, as well as capacity to process 200 million tons of a variety of cargo per year.

The Techobanine region is 70 kilometres from Maputo and 20 kilometres form Ponta do Ouro, a beach area that borders South Africa.

Zucula also said that after the economic feasibility studies were concluded a public tender would be launched to draw up the project's engineering studies.

The port of Techobanine, which is a joint project of the governments of Mozambique and Botswana with the involvement of the private sector, will, according to Minister Zucula complement similar port facilities whose capacity has been used up by the region's traffic.

(Source: AIM)

Investment required in Transport and Communications infrastructures

(***2012-07-16***) The total investment required in Mozambique's transport and communications infrastructures over the next five years is in excess of 400 billion meticais (about 14.3 billion US dollars), Transport Minister Paulo Zucula told a Maputo press conference on Friday.

This dwarfs the amount invested over the past three years. Zucula said that, since 2009, the government and its private sector partners have invested over 28 billion meticais in ports, railways, civil aviation, roads and telecommunications.

This was much lower than required given the pressure from private investment in other sectors of the economy. "The expectations are enormous and our internal resources are scarce", said Zucula.

The immediate projects, beginning this year, and costed at over 150 billion meticais, are aimed at solving the logistical problems involved in transporting huge volumes of coal from the mines in the Moatize coal basin, in Tete province, to the sea.

Thus the existing Sena railway, from Moatize to the port of Beira, which can currently carry a maximum of six million tonnes a year, will be graded so that it can handle 18 million tonnes.

At the same time, the port of Nacala and the existing northern railway from Malawi to Nacala will be rehabilitated, and a new coal terminal built in Nacala-a-Velha, on the other side of Nacala bay from the current port. Entirely new stretches of railway will be built, from Moatize to Malawi, and from Mossoril to Nacala-a-Velha, making it possible to take coal shipments to Nacala.

After these investments, "within 3 years we shall have the capacity to move about 50 million tonnes of coal a year".

But it is thought that, by 2025, total coal exports will reach 100 million tonnes a year. So under preparation are projects budgeted at over 200 billion meticais, including a second line from Moatize to Nacala, but which would not pass through Malawi. This will require laying hundreds of kilometres of new track across Zambezi province.

A further project is for a new port at Macusi, in Zambezi, and a third new railway line, linking it to Moatize.

Zucula stressed that none of the new railways will be the private property of mining companies. They must be available to move the coal produced by all the companies and not just by the one holding the lease on the rail line.

Furthermore, “the government observes the principle of universal access”, said Zucula. “that is, the railways and ports to be built, although coal is their ‘Anchor Project’, must also carry other cargo and passengers, in order to promote the spatial development of the areas covered”.

“We hope that by 2017, we will have reached the expected capacity for transporting coal, while encouraging agricultural development, improving agricultural marketing and laying the foundations for regional economic integration”.

(Source: AIM)

Business class needs ideas - Guebuza

(***2012-07-16***) The Mozambican business class should open its horizons and bank on ideas that allow it to exploit the investment opportunities that appear in Mozambique day after day, urged President Armando Guebuza on Thursday.

Speaking at a dinner offered by businessmen in the northern port city of Nampula, Guebuza argued that ideas are indispensible for any investment, since money alone will not determine success.

“You have to think and reflect in order to exploit business opportunities”, he said. “When someone has money, but has no ideas, that’s shameful”.

Furthermore, Mozambicans should not imagine that their role is forever limited to running small companies. “The business class should not limit its horizons to the small and medium companies, but should participate actively on all fronts”, Guebuza declared.

The Nacala area is now experienced a massive inflow of investment, much of it within the framework of the Nacala Special Economic Zone (ZEEN), which covers Nacala port and the adjacent district of Nacala-a-Velha.

Earlier on Thursday Guebuza visited some of the projects under way. After inaugurating the Nacala delegation of the Office for Accelerated Economic Development Zones (GAZEDA), the President visited the site of Nacala International Airport, being built by the Brazilian contractor CN Odebrecht. He then toured the “Royal Plastic” plastics company, the Bakhresa milling company, and S&S, a cooking oil plant.

He ended his tour at the site where the Brazilian mining company Vale is building a new deep water coal terminal in Nacala-a-Velha. Vale is also building a new railway from its open cast mine at Moatize, in Tete province, across southern Malawi to Nacala. The integrated coal logistics project is budgeted at 4.5 billion US dollars.

The Nacala terminal will be able to receive large ships, which will permit the export of 30 million tonnes of coal a year from Nacala-a-Velha. The coal terminal and the new rail line will be run by the Northern Integrated Logistics Corridor (CLIN), a company in which Vale holds 80 per cent of the shares, and Mozambique’s port and rail company, CFM, 20 per cent.

The general manager of Vale-Mozambique, Ricardo Saad, told Guebuza that the new railway would not be restricted to coal, but could also be used to transport passengers and miscellaneous cargo.

Providing passenger services would be part of the company's social responsibility, he said.

The route from Moatize to Nacala-a-Velha is 912 kilometres long. Much of it consists of existing Malawian and Mozambican lines – but they will have to be completely rehabilitated in order to carry the massive amounts of coal that Vale plans to exports.

Two completely new stretches of track must be built – from Moatize to Malawi, and from Mossuril, on Mozambique's current northern railway to the Nacala-a-Vleha terminal.

Saad said the project already possess an environmental licence granted by the Mozambican authorities.

"The terminal is within what is regarded as one of the best deep water harbours in east Africa, with natural protection guaranteed by the Bay of Nacala, which will allow safe operations", he added.

(Source: AIM)

Sugar production reaching record levels

2012-07-17) Sugar production in Mozambique recorded an increase of 24 per cent in the first half of this year, compared with the figures from January-June 2011, according to the six monthly balance sheet drawn up by the government's Centre for the Promotion of Agriculture (CEPAGRI).

According to the CEPAGRI figures, cited in Monday's issue of the independent newsheet "Mediafax", the total production from the four functioning sugar mills (at Maragra, Xinavane, Mafambisse and Marromeu) was 102,256 tonnes. More than half of this amount – 53,583 tonnes – was exported, entirely to the European Union. The price for this amount of sugar was 25.5 million US dollars.

Over the six month period, 80,729 tonnes of sugar were sold on the domestic market, which is four per cent lower than in the same period in 2011. The reason for this fall in domestic demand is not yet clear.

Despite the rise in production, Mozambique still imports sugar. This is because the mills do not yet produce enough refined (white) sugar to meet demand. So brown sugar is exported to South Africa, and then white sugar is imported. The total imports of refined sugar in the first half of the year amounted to 7,306 tonnes.

Most sugar production takes place in the second half of the year, and CEPAGRI forecasts that, by the end of the year, the four mills will have produced 470,000 tonnes. That would be a 21 per cent increase on the 2011 figure.

"With the production forecast for 2012, the country will be in a good state to meet the needs of the domestic market, and provide considerable surpluses for export", declared the CEPAGRI document.

Total exports are expected to reach 250,000 tonnes – 13,000 tonnes to the United States and the rest to Europe, bringing in export earnings of 119 million dollars.

(Source: AIM)

Moatize-Nacala railway, in Mozambique will carry passengers

(***2012-07-17***) The future railway linking the Moatize coal region, in Mozambique's Tete province, the port of Nacala in Nampula province, will also be used to carry passengers and miscellaneous cargo, the managing director of Vale Moçambique said Thursday.

Noting that including passenger and cargo transport was part of the company's social responsibilities, Ricardo Saad said that the railway, which will be 912 kilometres long and pas through Malawi, would have capacity to carry 30 million tons of coal per year, which will mainly be exported to India and China.

Construction of the railway, costing US$4.5 billion, will involve reconstruction of the track between Nacala and Entre Lagos, in Niassa province, stretching over 684 kilometres and construction of a branch line that will link Moatize to the Malawi railway network.

Cited by daily newspaper Notícias, the managing director of Vale Moçambique, a subsidiary of Brazilian group Vale, also said that the facility was part of what was considered to be one of the best ports in East Africa due to the depth of its waters and natural protection offered by the bay, which will "allow for safe operations."

The coal terminal is in the Nacala Special Economic Zone (ZEEN), which benefits from tax and other benefits.

(source: macauhub)

National Climate Change Strategy in Mozambique

(***2012-07-18***) By the end of this year, Mozambique will have a National Climate Change Strategy, which will include the strategic objectives the country hopes to attain to make it more resilient to the impacts of climate change.

According to the Permanent Secretary of the Environment Ministry, Mauricio Xerinda, the strategy seeks to endow the country with opportunities to mitigate greenhouse gas emissions and to achieve sustainable development – that is, development which meets the needs of the present without compromising the needs of future generations

Xerinda was speaking at the opening on Tuesday of a National Seminar on Climate Change Funding, attended by government institutions, donors, financial institutions and civil society organizations.

"Climate change has ceased to be seen as something that only affects the environment", said Xerinda. "It affects all the key sectors of socio-economic development, notably agriculture and food security, human health, sanitation, livestock, forestry, trade, water resources, tourism, and fishery resources".

Mozambicans, he added, are called upon "to identify the measures and resources needed to make our agriculture resistant to climatic shocks, to protect water resources, to make our infrastructures more robust so that they are not destroyed when storms, cyclones and floods occur, to protect our coastline from sea level rise, and to ensure that communities receive timely information about the occurrence of extreme events".

The two day seminar, he said, was an opportunity to look at global funding to deal with climate change, particularly the recently approved Green Climate Fund. It would also learn from “the innovations and experience of other countries in planning, access to and mobilization of funds for climate change, with the involvement of the government and the various cooperation partners”.

For his part, the Director of the Maputo office of the United Nations Development Programme (UNDP), Jocelyn Mason, said that the UN “recognizes and encourages the government’s efforts to introduce policies and strategies aimed at reducing poverty, and promoting sustainable and inclusive development”.

Like other countries, Mozambique “faces challenges in identifying appropriate funds for rapid and flexible access, and to develop mechanisms that monitor and assess their results”, he said.

So that the country could benefit from new financing mechanisms, such as the Green Climate Fund, “greater attention should be paid to increasing the capacity to absorb the funds”, urged Mason. It was also crucial to ensure “effectiveness and sustainability in implementing adaptation and mitigation measures, including attracting and directing private sector investments”.

The UNDP, has said, “has embarked on helping Mozambique develop national capacities to plan, accede to, monitor and report on climate change funding allocated effectively to the country”.

(Source: AIM)

Mozambique’s Office for Economic Areas has new building in Nacala

(***2012-07-19***) The inauguration of the new building in Nacala of Mozambique’s Office for Economic Areas with Accelerated Development (Gazeda) will allow for better promotion and coordination of all activities related to the Nacala Special Economic Area (ZEEN), according to Mozambican daily newspaper Notícias.

The location of the ZEEN on the Mozambican coast, its natural conditions, as well as the existence of a deep water port, determine the importance of Nacala as a strategic hub for the development of Mozambique and the southern Africa region.

ZEEN is the end of the transport axis made up of the road linking the provincial capital, Nampula, to neighbouring landlocked countries, particularly Malawi and Zambia, known as the Nacala Development Corridor (CDN), which makes the area a potential hub for economic and social development.

Mozambican legislation defines Special Economic Areas as areas of specific economic activity that enjoys special tax and non-tax benefits, with the aim of speeding up the country’s economic and social development.

The Gazeda building, which cost US$2 million, has two floors and may be increased to three and, as well as the office’s facilities also houses a “Single Services Counter” (Balcão de Atendimento Único), a facility that speeds up the documentation process.

(Source: macauhub)

Cooperation between EU and Mozambique

(***2012-07-19***) The main areas of cooperation between the European Union (EU) and Mozambique - which has increased over the past few years - include rural development, transport infrastructure and regional economic integration, as well as support for the overall economy (macro-economic stability).

They also cover health, governance, energy, water and the private sector; as well as trade related assistance. The overall amount of EU funding over the period of 2008-2013 is €722.6 million. Around 50% of funds are delivered through general budget support.

On 20 July, President Barroso and Commissioner Piebalgs will visit the port city of Beira, an important economic hub for Mozambique and the Southern African hinterland. The EU has carried out numerous projects in and around the city.
The main access link between the port of Beira and the interior of Mozambique and its hinterland (Zimbabwe, Zambia, and Malawi) is provided by the Beira corridor. It is an important gateway for cargo transport in the region and despite refurbishment in the recent past, the port and its access form a major bottleneck for regional transport and trade.

Rehabilitation of the transport infrastructure of the Beira corridor has been carried out, with support from the EU Africa Infrastructure Trust Fund. This included work on the Sena railway line that had been closed for over 20 years due to the civil war and was reopened in 2011. In addition, the Beira port access channel has been restored.
The cost of the entire project, which is co-financed by the European Investment Bank, amounted to around €190 million. Since 2008, the capacity of the port has tripled and currently almost 2000 trucks leave and arrive every day in the city of Beira.

In this local workshop for ship repairs, about 28 young graduates from the National Professional Training Institute (INEFP) of Beira city are currently working as trainees or permanent employees. This is the result of an EU-funded project implemented by the French NGO ESSOR.

The BEIRA NAVE workshop represents an example of EU support to the vocational training of vulnerable young people in Mozambique. In its dry dock - the largest in the country - more than 100 ships and boats, mostly national fishing vessels, are repaired and maintained every year.

For many years, sanitation in Beira had been in a disastrous situation, with regular flooding and high pollution. Thanks to €53 million in support from the European Development Fund, this recently opened waste water treatment plant will significantly improve the water quality of the river Pungwe and the coastal water, benefitting fishing, tourism and the population's health in general. Other components of EU support include the cleaning and inspection of 165km of pipes, the construction of 12 km of additional pipes, as well as pumping stations and sea outlets.

Maputo is the capital and largest city of Mozambique and its wider area has a population of 1.8 million. The project (Commission contribution: €25 million) aims to improve water supply services in the greater Maputo area by supporting the continuing development and rehabilitation of the city's water supply system. This will meet increasing water demand and increase service coverage, from 670,000 to 1,500,000 people.

The project will expand water production capacity by from 4000 to 10.000 m3/hour, increase daily time of supply from 4 to 20 hours, reduce unaccounted-for water from 62% to 40% and increase network coverage towards peri-urban areas: from 1125 km to 1627 km of installed network.

This programme is complemented by the Kubasisa Muganga project ("Clean the Neighbourhood"), which focuses on safe water, sanitation and hygiene in the peri-urban zones of Maputo. Supported by the

Commission with €2 million it will build 20 water kiosks, where safe water can be collected, construct over 6000 latrines and 7 school toilet blocks. Overall, it is expected to provide safe water to an additional 46,000 inhabitants and create sanitation facilities for 55,434 people.

Supported with Commission funding of €2.5 million, a project in four isolated rural communities in Northern Mozambique(Muipite, Meloco, N'cumbe, Chipene) is installing a total of 950 solar panels to electrify eight schools, four health centers and 938 households. 89,000 people will benefit from the installations, which will allow longer opening hours for businesses, better storage of vaccines in health centers and improve quality of life for the general population.

In the Cabo Delgado province, an EU grant of €4 million supports the electrification of this rural region by linking it to the national grid. By the end of 2011, 2531 households, seven hospitals/health centers, six schools and five water pumping stations had been connected.

The electrification rate in the region has more than tripled since 2007, to 10.7%.

Mozambique's agricultural sector has the potential to be an important engine for economic growth but is often characterized by low productivity. A project of the EU Food Facility that ran in the three districts of Nhamatanda, Buzi and Marracuene (EU funding 1.2 million) recently helped to increase agricultural production and improve food securityin these rural areas. 14 small irrigation systems were rehabilitated, covering a surface of 350 hectares. Five warehouses and 20 silos were built to improve storage conditions. 1350 families received subsidized seeds and fertilizers. A number of training courses were carried on farming conditions, processing techniques and marketing.

A project that focused on improved crop storage and seed production in Northern Mozambique(EU funding: €1.3 million) trained and supported 600 seed producers, 150 farming associations and 300 community development councils on topics such as post-harvest technologies, quality seed production and seed bank management. 38,000 rural family households benefited from reduced grain losses and better access to quality seeds. More than 90 community-owned seed banks have been established, providing quality seeds to 10,000 farmers.

(Source: European Commission - Memorandum)

Funds for Maputo-Katembe bridge guaranteed

(***2012-07-20***) With the signing on Wednesday in Beijing of an agreement between the Mozambican government and the Chinese Exim Bank, the funds are now guaranteed to build a bridge across the Bay of Maputo, connecting central Maputo with the district of Katembe.

According to a source in the Finance Ministry, cited in Thursday’s issue of the Maputo daily “Noticias”, the loan from the Exim Bank is for 681.6 million US dollars, which is 85 per cent of the total cost (725 million dollars) of the project.

As for the rest of the money, 10 per cent is in the form of a soft loan, also from the Exim Bank, and five per cent come from the Mozambican state budget.

The bridge will be built 48 metres above the bay, thus ensuring that ships of any size can enter and leave Maputo port at any time of day. The bridge will have two carriageways and a total length of 2.7 kilometres.

The project includes not only the bridge, but the construction of 120 kilometres of road from Katembe to Ponta de Ouro, an important tourist resort on the border with the South African province of KwaZulu-Natal.

The bridge will come as a great relief to people who live in Katembe , but work or study in Maputo. Currently they are obliged to queue for a ferry service across the bay.

The bridge will make Katembe a much more desirable place to live. Its population is expected to expand from the current 20,000 to perhaps as many as 400,000 in the next two to three decades. Many of these people will doubtless move from the more overcrowded neighbourhoods of Maputo.

(Source: AIM)

Shell started discussion with Anadarko on gas assets

2012-07-20) Royal Dutch Shell Plc (RDSA) has started discussions with Anadarko Petroleum Corp. (APC) (APC) over a bid for the U.S. producer's gas assets in Mozambique, where energy companies are looking to tap the largest discoveries in a decade, according to people familiar with the situation.

Europe's biggest oil company has begun informal talks with Anadarko about a deal for some or all of its 36.5 percent stake in the Rovuma-1 offshore gas fields, though Anadarko is reluctant to sell before further results of exploration in the area are known, the people said, asking not to be identified because the talks are private.

Anadarko hasn't begun a formal auction process for the stake, which could fetch about $8 billion based on the price Thai energy company PTT Exploration & Production Pcl (PTTEP) offered for the U.K.'s Cove Energy Plc, which holds 8.5 percent of the same fields, they said. Shell this week dropped a plan to buy Cove after its shares more than doubled in a bidding war with PTTEP.

"Big oil certainly see significant resource potential out of East Africa, with Mozambique today offering the largest prize," said Theepan Jothilingan, an oil analyst at Nomura Holdings Inc. "It will be advantageous if you have one of them coming in on the development of the liquefied natural gas project and from that perspective Shell fits the bill. Anadarko will look to scale down at the right price."

Officials at Shell and Anadarko declined to comment on any possible discussions.

Anadarko shares rose 81 cents, or 1.1 percent, to close at $72.63 in New York, while Shell's London shares gained 0.6 percent to 2,216 pence.

Though Shell balked at Cove's price, it may willing to pay a premium for Anadarko's larger stake because it would give Shell the opportunity to take on the operatorship of the block from the U.S. company and lead the fields' development, the people said.

Energy companies are racing to develop new production in East Africa, one of the world's least-explored oil and gas regions, to meet rising demand from consumers in China, India, and other Asian countries. Apache Corp. (APA) (APA) will drill Kenya's first-ever deepwater oil well next month, which could add a $70 billion oil find to gas discoveries elsewhere on the East African coast.

A Shell deal for Rovuma-1, where an Anadarko-led group has found natural gas equal to as much as six times the U.K.'s existing reserves, would bring the Anglo-Dutch company's capital and expertise to bear on a complex energy project.

The partners in the fields, which include India's Bharat Petroleum Corp. and Videocon Industries Ltd., will have to meet the cost of building a liquefied natural gas terminal to allow exports to Asia. Those companies' stakes could also be attractive to Shell as it looks to build its position, one of the people said.

Mozambique will need $50 billion in investment over the next decade to develop its natural-gas industry, the mining minister said earlier this year.

The acquisition of Cove may be the first in a string of East African deals as exploration continues, drawing the interest of major energy companies like Total SA. (FP) Eni SpA, the largest Italian oil company, has also announced major gas finds off Mozambique, while in Tanzania the U.K.'s BG Group Plc and Norway's Statoil ASA have made discoveries. The more than 100 trillion cubic feet of gas discovered so far off Tanzania and Mozambique could meet global demand for a year.

Nacala Fund for agricultural development presented in Maputo

(***2012-07-23***) The Nacala Fund, an initiative intended to contribute to agricultural development in the Nacala Corridor by attracting investments, particularly for the agri-business sector, is due to be presented Friday in Maputo, Mozambican daily newspaper Notícias reported.

The project is a partnership between the Getúlio Vargas Foundation (FGV), the Mozambican Agriculture Ministry, the United Nations Food and Agriculture Organisation (FAO), the Japanese International Cooperation agency (JICA), the Brazilian Agri-Livestock Research Agency (Embrapa), and the Brazil-Mozambique Chamber of Commerce and Industry.

Beyond developing the northern region of Mozambique, "the fund intends to transform the Nacala Corridor into an important hub for development, as it has excellent conditions for producing food," noted César Cunha Campos, director of FGV Projectos, in a statement issued in Maputo.

The cooperation agreement for setting p the Nacala Fund was signed at the beginning of July in Brasilia by the governments of Brazil, Japan and Mozambique.

The investment fund is expected initially to attract investment of US$2 billion to promote technical knowledge exchange between Brazil and Japan for development of agriculture in Mozambique.

Cunha Campos, said at the time that the fund would benefit 10 million Mozambicans by supporting family as well as medium-sized and large agricultural projects and added that the focus was on securing funding from the private sector. Japan is expected to provide US$1 billion and Brazil a similar amount.

(source: macauhub)

Mozambican economy expected to grow 7.5 pct this year and 7.9 pct in 2013

(***2012-07-23***) Mozambique's economy is expected to post growth of 7.5 percent in 2012 and 7.9 percent in 2013, according to a report from the African Development Bank (ADB) published Wednesday in Maputo.

Cited by Mozambican news agency AIM, he "Economic Outlook for Africa 2012" report in its current edition (the 11th) focuses on promoting employment for young people, and notes that a considerable part of

Mozambique’s growth will be driven by the mining industry, particularly coal.

“An upturn in foreign direct investment, particularly in the mining sector, strong agricultural growth and investments in infrastructure are also expected to drive significant real growth in 2012 and 2013,” the report said.

The report, which was presented by André Santos, an economist with the ADB in Mozambique, warned that the country’s main challenge in the medium term was to expand its tax base in response to reduced donor aid.

Santos also said that poverty in Mozambique appeared to have stagnated at 54.7 percent of the population living within an income of less than the established limit for poverty, and noted that the main challenge in the short term was to reconcile investment in infrastructure with social security networks.

Alongside this Mozambique has seen a high rate of population growth and it is estimated that around 300,000 new people enter the job market each year, at a time when the unemployment rate stands at 27 percent.

(source: macauhub)

Asia main destination of natural gas in Mozambique

(***2012-07-24***) Asia may be the main destination of the natural gas found in the Rovuma basin, in Mozambique’s Cabo Delgado province, whose reserves of 100 trillion cubic feet are expected to start being explored in 2018, Mozambique’s Mining resources Minister said recently in Nampula.

Cited by daily newspaper Notícias, Minister Esperança Bias also said that whilst Asian markets were offering US$13 per kilojoule of gas Europe offered just US$8, and that these prices would remain unchanged given the high demand for natural gas in Asian countries.

The minister said that countries such as South Korea, whose company Kogas is one of the world’s largest buyers of natural gas, plan to make deals with Mozambique’s government in order to be involved in natural gas exploration in the East African country.

Kogas is involved in the gas surveying underway in the Rovuma basin as part of a partnership with Italian multinational ENI, which is also the largest distributor of natural gas in Europe.

Available figures show that between January and May of this year the companies involved in prospecting for natural gas in the Rovuma basin have discovered over 100 trillion cubic feet of gas.

Along with ENI and US company Anadarko Petroleum, other multinational companies such as Malaysia’s Petronas and Norway’s Statoil also operate in the Rovuma basin.

Petronas and Statoil are currently preparing to drill wells over the next few months, which may lead to new natural gas discoveries in the Rovuma basin.

(source: macauhub)

Mozambique main tourist destination in Southern Africa

(***2012-07-24***) Mozambique has the potential to be one of Southern Africa's main tourist destinations and the country's tourism revenues and number of visitors have been growing, but it is still far from fulfilling its potential, according to the Economist Intelligence Unit (EIU).

In a recent analysis of Mozambique's tourism potential, the EIU said that tourism had been identified by the Mozambican authorities and its partners as a key economic sector with huge potential for development, but which needed renewed efforts.

As the sector is labour intensive, its contribution to employment in the country could be bigger than that of capital intensive activities such as mining or other extractive industries, it said.

It could also be a source of diversification of economic growth, driving other areas such as transport and handicrafts, helping to diversify the country's export base, which is currently 34 percent dependent on Mozal's aluminium exports.

At the 3rd National Tourism Meeting, Prime Minister Aires Ali said that over 2 million tourists visited Mozambique in 2011, providing revenues of around US$230 million, which was significantly more than the US$197 million posted the previous year.

South Africa provides the largest group of tourists that visit Mozambique, accounting for 25 percent of visitors, followed by Portugal with 12 percent, according to figures from the City of Maputo Tourism Observatory.

With all of its potential and despite some positive developments in the last few years, the country, "needs to improve its basic infrastructure and make investment easier," said the EIU.

The developments includes modernisation of the country's airports, with a new terminal inaugurated and another for domestic flights in its concluding stages in Maputo, along with construction of new airports in Vilanculos, Pemba, Beira and Nacala.

Along with large natural reserve on the border with South Africa's Kruger Park is expected to attract even more tourists, two tourist resort projects have also been launched to drive large investments, which are subject to international tender.

But tourism, according to the EIU, "still operates far below its potential," particularly due to a lack of infrastructure and lack of international links, which means that the cost of flights is high.There are also deficiencies in road and rail transport as private investment has fallen short of expectations due to investors' fears about bureaucracy in the country and because more of the existing projects are on a small scale.

"Thus, despite many entries, tourist spending in Mozambique is very limited compared to other countries in the region, such as Tanzania or Mauritius," said the EIU.

Despite this, the sector will continue to grow, mainly benefitting from a great influx of business trips related to expansion of the mining industry, whilst reforms are awaited.

(source: AIM)

Port of Beira in Mozambique contributes to increased trade between EU and African countries

(***2012-07-24***) The Mozambican port of Beira is contributing to increased trade between countries such as Zambia, Zimbabwe, Malawi, and the Democratic Republic of Congo, and the European Union (EU), the President of the European Commission, José Manuel Durão Barroso said Friday.

During a visit to the port's facilities, Durão Barroso also said that the port of Beira was essential not only for the region but also for other parts of the African continent, as it was an entry and exit point for goods such as coal, fertilizer, granite, grains, and container cargo.

"In fact the port of Beira joins Africa and Europe in trade," he said noting that Europe had technology and management and Africa had natural resources, some of which have been found in the last few years.

The chief executive of Cornelder Moçambique, Carlos Mesquita, told Mozambican newspaper Notícias that he had informed the President of the European Commission about the projects underway and the trend for landlocked countries to use the port's facilities and the Beira Corridor transport system.

Specifically noting the port's activities, Mesquita said that this year 83,000 containers had been processed, which was a year-on-year increase of 15 percent and that in terms of general cargo over 2.5 million tons had been processed , of which 1.3 million tons were coal.

(source: macauhub)

World Bank admits blame for Beira Railway Fiasco

(***2012-07-30***) The World Bank has admitted that it is largely to blame for the failure of the project to rehabilitate the Beira railway system.

The project dates back to 2003, and was intended to completely rehabilitate both the Sena line, running from Beira to the Moatize coal basin in Tete province, and the Machipanda line, from Beira to Zimbabwe.

This involved farming out management of the two lines to the Beira Railroad Company (CCFB), in which 51 per cent of the shares were held by the Indian consortium RICON (Rites and Icon International), and 49 per cent by the Mozambican port and rail company, CFM.

RICON was the dominant partner and was supposed to be in charge of the complete reconstruction of the Sena Line (which had ceased running in 1983, thanks to comprehensive sabotage by the apartheid-back Renamo rebels), and of bringing the Machipanda line up to scratch.

The World Bank was initially enthusiastic about the project, and backed it up with a loan of 104 million US dollars. The tender won by RICON was supervised by the World Bank and the award to RICON was approved by the bank. The concession contract between the government and Ricon/CCFB stated that the entire system should be rehabilitated by January 2009, and that RICON would not only manage CCFB, but would be the main contractor on rebuilding the Sena line and its bridges.

The Mozambican authorities, and CFM, soon began to sound the alarm. Ricon kept missing deadlines, and its work failed to observe technical standards. CFM and the Independent Engineer hired to assess progress both warned about these matters, but the World Bank was conspicuously silent – the Bank's unit supervising the project took no notice of the warnings.

Ricon argued that it could not meet the January 2009 deadline for completing reconstruction of the Sena line because of the floods in the Zambezi valley in 2007 and 2008. So the government gave Ricon a further six months.

That deadline ran out, and the Sena line was still nowhere near complete. The government tried to switch the management of CCFB to CFM, but RICON used its majority on the CCFB board to block this.

When President Armando Guebuza made a state visit to India in 2010, he discussed the transfer of management power from RICON to CFM. The Indian government agreed, according to Transport Minister Paulo Zucula, but RICON still resisted. Finally, in December 2010 the Mozambican government decided to rescind the contract with RICON.

The World Bank has now issued an Implementation Completion and Results Report (ICR), dated 27 June, which is a damning indictment of the World Bank staff involved in the project. It describes the outcome of the project as “unsatisfactory”, the risk to development outcome as “substantial”, and the bank performance as “unsatisfactory”. The performance of the borrower (the Mozambican government) is described as “moderately unsatisfactory”.

The main project objectives were not remotely achieved. Thus the original goal was to have the Sena line able to carry one million tonnes of cargo a year by the end of 2009. In fact, the line was only opened to coal traffic on 8 August 2011, with freight running at 266,000 tonnes a year – just 27 per cent of the initial target 20 months late.

International traffic on the Machipanda line was supposed to rise from 480,000 tonnes a year in 2004 to 650,000 tonnes in 2009. In fact, if fell, by 2011, to 387,700 tonnes. “The potential for traffic on this line is good (and evidence by the increase in road traffic), but poor infrastructure prevents the railway from getting its share”, commented the ICR report.

All 317 kilometres of the Machipanda line were supposed to be rehabilitated. But in fact not a single kilometre was upgraded. “No rehabilitation and very little (if any) maintenance during the concession period”, remarked the report. “The Machipanda line has deteriorated further and is in fact in worse condition that at the start of the project”.

The overall reliability of the Beira rail system was supposed to improve substantially. The target was that the percentage of track under temporary restrictions should fall from 10 per cent in 2004 to two per cent in 2009. In fact, the figure rose to 16.6 per cent in 2011.

As the conflict between Ricon and the Mozambican authorities deepened, the World Bank's Project Implementation Unit (PIU) ended up taking Ricon's side, despite the clear evidence that it was in violation of its contractual obligations. The report admits that “The PIU eventually acted on behalf of the contractor. Despite all the documented delays, the contractor was never penalized”.

That was not the fault of the Mozambicans – the report adds that “all requests by CFM for the PIU to take action against the Contractor for poor execution of the works were ignored”.

One shocking example was that RICON was allowed to relax specifications for ballast to be used on the

Sena line despite protests by both CFM and the Independent Engineer.

Furthermore, “the best skilled engineers were prematurely sent back home by the Concessionaire (CCFB), and subsequently replaced by incompetent staff, with the approval of the PIU. Despite repeated objections by the CFM and the Mozambican government, no action was taken to reverse these decisions”.

World Bank staff on the ground just covered up the problems. The report comes close to accusing them of lying to the Bank’s head office. It says “Remarkably, all of the Bank’s supervision reports during the critical stages (2005-2010) gave the project an overall rating of ‘satisfactory’ or ‘moderately satisfactory’. Despite the virulent correspondence between the parties to the contract and the persistent negative reports by the Independent Engineer, the project ratings were never revised and as a result corrective action was never taken”.

The report concludes that the Bank staff had no idea what they were doing – though it puts this in somewhat more diplomatic terms: “The Bank supervision team did not have the requisite engineering skills and competencies to make sense of the implications of the issues raised by the Independent Engineer”.

There were “significant discrepancies” between the Implementation Status Reports produced by the Bank staff and the reports from the Independent Engineer. Thus the Bank staff, in late 2007, were cheerfully forecasting that the Sena line’s first phase would open in early 2008, while at much the same time the Independent Engineer was warning that there was no chance to meet the completion deadlines.

Only when there was a change in the Bank’s supervision and management staff (in 2010) did the World Bank wake up to the seriousness of the situation. It was too late – the loan had already been disbursed.

There had been a chance to change course with the mid-term review in June 2008. By then the project had an alarming cost overrun of 50 million dollars, and construction work was around eight months behind schedule. But the Bank team excused the increase costs as “understandable”.

The ICR report notes “Rather than addressing the incompetence of the Concessionaire as a major bottleneck, the mid-term review pointed to the failure in negotiations over the coal tariff (which was a fairly recent development) and the threat of termination by he government as the main risk to Project progress. This was a missed opportunity to consider Project changes and re-direction”.

The overall message of the report is very clear – after a two year delay and cost overrun of over 50 million dollars, the key goals of the project were not met. The Sena line is not handling the expected level of traffic, and the condition of the Machipanda line is worse than before the project began.

The ICR report expresses a worry that the collapse of the CCFB concession “might trigger a negative perception of public-private partnerships in Mozambique that could reverberate to other sectors or even other countries in the region”.

The Bank is ideologically committed to public-private partnerships – but outsiders might note that the Beira Railway Project is just an extreme example of the recurrent theme in such partnerships that the public sector takes the risk while the private partner walks away with the profit.

(Source: AIM - By Paul Fauvet)

Chinese government to fund repairs on two irrigation systems in Mozambique

(***2012-08-02***) The Chinese government is set to fund repairs on two irrigation systems in Mozambique, in Nguri and Chipembe, in Cabo Delgado province, said the national director for Agrarian Services, Mahomed Valá, cited by daily newspaper Notícias.

A third irrigation system – Baixo Limpopo (Lower Limpopo) – in Gaza province will also benefit from repair work funded by the African Development Bank (ADB).

Valá said that the Agriculture Ministry, via the National Programme for Agricultural Development (Proagri), plans to create 5,500 hectares of irrigable land over the next six years, as part of a project that will benefit the provinces of Sofala and Manica.

On the sidelines of a the 6th Technical Meeting of the National Board of Agrarian Services, held recently in the Gorongosa municipal area, Valá said that work was underway to renew 7,000 hectares of land in the Chokwé irrigation area, with funding from the Islamic Development Bank.

(source: macauhub)

5. REPORTS OF VISITS TO KEY COMPANIES IN MOZAMBIQUE

5.1 The Dutch Embassy

Contact details

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Date of meeting:	11 July 2012

Description
Felix Hoogveld is responsible for the water projects within and sponsored by the Dutch Embassy. Possibilities for funding the projects come through a funding programme known as Orio.

An Orio project due to initialize soon is known as the Greater Maputo Water Supply. This project will be managed by DHV. This project has also received 120 million US dollars from the World Bank.

August 2012 will see the launch of an initiative concerning urban wastewater clearance. This project will be driven by NWP and VEI.

As water sanitation problems in the cities are becoming high priority challenges, projects concerning the control of these problems are also well underway. These are being funded and sponsored by organizations such as USAID and Australian organizations amongst others.

In Ulongue, a town in the Tete province, Unicef is driving the design and construction of 150 water sanitation systems (small pipe systems). More information concerning these projects is obtainable from Unicef.

Other projects which are available for attention and sponsorship are:

- "'Fonds Duurzaam Water". This is a PPP fund worth about 70 - 80 million Euros.
- Biofuel opportunities. Mark Schutte from the University of Wageningen (Holland) can be contacted for information regarding biofuel opportunities in Mozambique.
- Small skill irrigation on a large scale is currently being performed in the provinces Chimoio and Manica. Partners van Water is funding these projects..

5.2 FUNAE

Contact details

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Date of meeting:	11 July 2012

Description

FUNAE is a public institution which has legal personality and is financially and administratively autonomous. FUNAE operates on a national level. The objectives of FUNAE are development, production and use of different forms of low cost power and promoting the conservation, rational and sustainable management of power resources.

According to Jan Cloin, originally from the Netherlands and working for Funae since April 2011, there will be a lot of business opportunities in Mozambique for the installation of household gas.

Jan has advised that I speak with companies such as EDM, Electricidade de Mozambique and Cepagri (which is part of the Ministery of Agriculture and works with investments in biofuel).

Further interests are shown in alternative energy sources such as solar and wind energy. Currently, until technology has been advanced, it is expensive to introduce alternative power supplies to towns and cities being provided on a grid such as Maputo (the cost of 1 kwh solar energy is about 50 cent and that of currently provided energy is 5 cent).

A presentation of FUNAE is included in the Appendix.

5.3 CEPAGRI

Contact details

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Date of meeting:	17 July 2012

Description

Cepagri (Centro de Promocao Da Agricultura) is division of the Ministry of Agriculture established in 2006. The role of Cepagri is to promote the sector of agrarian and agro-industrial trade in order to maximize its contribution in the country's socio economic development. Private parties interested in investing in projects in Mozambique can contact Cepagri for guidance for approvals of proposals. Possible products in agriculture are rice, sugar, horticulture, biofuels, tea, coco, cassava, poultry, tobacco, forestry, agro-goods. Cepagri focuses on commercial investments and decides which companies will sponsor agriculture.

A manual explaining the processes for investing in Mozambique is currently being published. This manual is due for release in August 2012.

Although Cepagri do not provide funding for projects, they are able to provide arrangements for funding. Cepragri's intention is make the processes of investment easier for companies or countries wishing to invest in Mozambique.

Although project development in Mozambique is processing quite rapidly, projects involving energy require added attention for rapid development.

Helio Neves, the coordinator for Biofuel Programmes, oversees opportunities for Dutch companies to participate in biodiesel production projects. Currently, consultants from the University of Utrecht are being employed by Agentschap NL to research the possibilities for alternative energy to enable provision for extra energy to subsidize the weak resources of Nacala.

Contact details, if more information is needed, are:

- Agentschap NL: Kees Kwant, kees.kwant@agentschapnl.nl
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Because of underdevelopment in Mozambique there is not enough power. Before the war the situation was different, but since the war has been, there is need for energy. Energy can also be obtained from cows. In the Gaza, Tete and Manica provinces there are a lot of cows to generate biogas.

What also needs to be promoted is small hydropower. Hydropower can be an alternative source for energy as well. The small rivers along the coast can be used for this purpose.

Another subject that we discussed is irrigation. In Mozambique only 10-15% of the land is available for agriculture. The rest of the land is not being used because of lack of irrigation systems. Opportunities for investing in irrigation systems are available and needed. Small systems to stop water from going to the sea are requested.

Currently Orio are overseeing 2 projects, financed by the Dutch Government.
There is a need for projects to develop dams in agricultural areas for the collection of water for irrigation purposes.

5.4 Ministry of Transport and Communication

Contact details

Company:	Ministry of Transport and Communications
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Date of meeting:	19 July 2012

Description

Ana's job is to try and identify project shortfalls and the requirements for certain projects. Ana will suggest and assist with the registration of projects with institutions such as the World Bank and African Development bank. Registering with Special Developments Institutes (SDI) assists in being part of the organizational network as they are funded by several institutions.

Rail and ports projects include the deep-sea port Techobanine Project, a rail line from Botswana to the port will cross through Zimbabwe and Mozambique. Currently a feasibility study and master plan are being developed for this project.

There is also a desperate need for infrastructure along the coast, mostly for the development of harbours and ports. Projects include the need for survey work to be carried out in the Zambezi river, Niassa Lake, Nacala and Vilanculos areas and for the building of jetty infrastructure. Unfortunately funding still needs to be arranged for these projects.

Private sector involvement and funding is required with projects such as the Nacala port and establishing shipyards in Mozambique.

The port of Maputo, Nacala and Beira require expansion, mostly to manage the handling of the expected bulk cargo from the mining export coal. Ana mentioned that Vale have an initiative planned for the railway line between Tete, a coal terminal in Nacala and a port expansion programme.
Similar initiatives for projects such as those mentioned above will also be most welcomed.

5.5 WE Consult

Contact details

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Date of meeting:	19 July 2012

Description

The **WE Group** is a group of companies consisting of water resources and environmental specialists, GIS and database experts, engineers and architects providing professional advice and management for development projects in Eastern and Southern Africa. From preliminary analysis to design, costing and construction supervision, **WE** help people reach their project goals.

WE Consult, under a combination of national and international management, delivers professional services at competitive rates in Uganda since 1997 and in Mozambique since 2003. In 2010,. Satisfied clients range from international NGOs, bilateral and multilateral development partners, national and district local governments, to drilling contractors, private land owners and engineering consultants.

WE Consult is an expert in the following:

- water resources assessments
- piped water supply construction
- mapping and GIS
- topographic surveys
- database design
- socio-economic surveys
- waste water treatment
- environmental studies

Ivo van Haren is the director of WE Consult. Ivo reiterates the obvious that agriculture need to be developed in Mozambique.
Ivo mentioned various other companies responsible for different projects in Mozambique. AIAS is a company concentrating on the provision of water sanitation and water supply in the smaller towns and cities.

To encourage the rural population to continue living in the rural areas and to develop farming and agriculture, AIAS has initiated several projects to provide services for these inhabitants. Many of these projects are financed by Unicef and the World bank.

Other sanitation and supply projects can be tendered for individually or as a package.
Current Interested investors in the water sector are:

- World bank
- African Development Bank
- Unicef
- AustralAID
- Difit
- EU
- USAID
- GIZ

FIPAG is responsible for the water supply in the bigger cities.
PRO IRI is a funding possibility for irrigation projects. Information, concerning this, can be obtained through the Dutch Embassy.

FDA, Fundo Developmento Agricultura has several different agricultural funds.
Further projects, such as the construction of dams for water storage and quality control of the water for mining purposes, are also being promoted.

5.6 CFM, Mozambique Ports and Railways

Contact details

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Date of meeting: 25 July 2012

Description

CFM (Moçambique Ports and Railways) is a state-owned enterprise that controls the railway system and ports in Mozambique.

CFM has several concession contracts with private companies. For the Nacala-Malawi-Moatize railway there is a concession contract with Vale. CFM is the minor shareholder in this concession and is responsible as operator and regulator.

For the Maputo Port CFM has a concession contract with MPDC, also as a minor shareholder. CFM has the port authority and is the operator.

For the Beira Port, CFM has a concession contract with Cornelder, as the minor shareholder.
For any business interests, it is advised that the major shareholders are contacted for further information.

CFM does not have an investment plan, but is managing upcoming projects in rehabilitation.
There is a budget for the next two years for extra projects, which has been funded by the European Investment Bank. If CFM manage to get a clear view of the investments, they will be granted with an extra year of funding.

Possible upcoming projects for CFM may include:

- The rehabilitation of the traffic control and communication center - Beira;
- Updating the communication equipment – Beira;
- Rehabilitation of essential quays for port vessels – Beira; and
- Staff training – Beira.

CFM's presentation, 3rd Mozambique Coal Conference, is included in the appendix.

5.7 AIAS

Contact details

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Date of meeting:	24 July 2012

Description

AIAS was created in 2009 as an autonomous institution under the Ministry of public Works and Housing.It concentrates serving the communities of smaller cities with water and efficient sanitation. FIPAG, also part of the Ministry of Public Works and Housing, is responsible for the water supply in the bigger cities. The Dutch Government has, over the past 20 years, been the main partner (fund provider) in the water sector in Mozambique. The Dutch and Mozambican governments have created strong ties and business relationships through the Dutch assistance. Governmental organisations responsible for these relationships are Water Mondiaal, Vitens and FIPAG.

AIAS is projects work with local authorities, mobilizing investments and with private operators. They hire management operations for the systems and are involved in institutional cooperation. Shortage of skills makes for difficult labour hiring and the management of the systems are employed from the private sector.

The most important programmes currently are those involving cities and climate change. These projects are funded by the World Bank and valued at 85 million US dollar. This programme concentrates on drainage and sanitation and is contracted for the following 5 years. Three projects within this program are:

- Maputo and Matola. The expression of interest (EOI) tenders are closed;
- Beira, design and supervision. The EOI tenders are closed; and
- Nacala, drainage. They are waiting for the study on sanitation and drainage.

Other smaller projects with values ranging from 1 million to 6 million US dollar are also in progress and include water supply to Ilha de Mozambique. Funding for this project is provided AustralAid and Unicef provide the management for this project.

As the Millennium Change Cooperation (MCC) will end in 2013, a new programme to develop the investment plan to 2025 will be developed in 2013. A donor conference to display these plans and projects will be held next year.

The current 5 year plan is available to the public on the government website.

5.8 AMDCM

Contact details

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Date of meeting:	31 July 2012

Description

AMDCM is the Association of Coal Mines. Twenty companies are involved with this association; a list of these companies is included in the appendix.

The goal of AMDCM is to facilitate the coal industry and to develop synergies between the coal miners. An important consideration, currently, is the logistical concerns of getting the coal to the market. Initiatives in rail and port development require consistent dialogue between mining companies and government. The mines' contribution towards social development is an ongoing concern requiring constant concentration and discussion between the industry and government. These discussions are usually mediated by AMDCM.

Current immediate problems concerning logistics include the lack of rail services to transport coal from Vale and Rio Tinto's mines, amongst others, to the port for export.

There are three corridors that are important:

- Port Corridor from Tete to Nacala. Vale plans to transport 18 million tonnes per year on this corridor.
- The Zambezi integrated development corridor (CDIZA), planned from Tete to a new port in Quelimane, is to transport 100 million tonnes per year the plan also includes roadway between Tete and Quelimane. Opportunities to invest in this project are available and the plan for ownership is 70% strategic partners and 30% local companies.
- Beira Corridor – Sena Line. Coal miners have displayed interest in expanding the capacity of this line to 10 million tonnes per year. The government is seemingly undecided on its involvement.

Research, concerning the macro economic impact of the developments, is still required. The Dutch Government has performed a strategic environmental assessment of the coal transportation infrastructure. Other projects of interest include territorial planning and transmission. Demand forecasting of power supply, long term projects and the outlook for the next 10 to 15 years still need to be explored. AMDCM are capable of coordinating the research on these and future projects.

The Government of Mozambique is responsible for a project to restructure coastal navigation. The company responsible for the coordination of this project is Aero Consult. This project has opportunities for more stakeholders to assist. Requests for further information can be obtained from Jose Viegas,jviegas@aeroconsult.mz.com,
ph: + 258 82300 3000

Promoting social development is a key issue in the development of the mentioned logistics corridors. Rich agricultural farmlands have been identified along these corridors and a need to educate local rural populations along these corridors is a matter of priority with training facilities being urgently required.
It is anticipated that in the next 10 to 15 years there will be much investment into hydroelectricity development projects, 12 to 15 billion USD will be invested in mining projects and 20 to 25 billion USD in infrastructure and logistics. Opportunities for investment are expected to be plentiful.

5.9 GAZEDA

Contact details

Company:	GAZEDA, Special economic zones offices
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Date of meeting:	8 August 2012

Description

GAZEDA is a state body with administrative autonomy, part of the Ministry of Planning and Development. GAZEDA's tasks are to promote and coordinate all activities related to the establishment, development and management of the Special Economic Zones (SEZ) including the Industrial Free Zones (IFZ).

A SZE is an economic activity area which is geographically delimitated and is under a special customs regime.
A IFZ is an area or industrial activity unit which is geographically delimited and is ruled by a specific customs regime under which all commodities placed at site or circulating the area are exclusively for producing and exporting goods and services.

There are several SEZ's in Mozambique, with the Nacala Special Economic Zone being the most important one at the moment. Vale has been contracted to build the railway for the Nacala Development Corridor and beyond through Malawi to Moatize in the Tete province. The building of the railway in Mozambique will start in January 2013. This railway will create and increase the shipment and logistics opportunities. Vale can be contacted for business opportunities. For approval of a project, GAZEDA needs to be contacted. GAZEDA assists in giving direction in law and customer regimes.

The Nacala airport, funded by the Brazilian government and being built by Odebracht from Brazil, will be ready in 2013. The airport will be an international airport, serving direct flights to the other continents. This development facilitates international transfer and the business environment.
At this moment China, Japan and Brazil are the most important funders for the Nacala Special Economic Zone. Of course there will also be a lot of business opportunities for Dutch Companies in Nacala, for example in infrastructure and agriculture. Roads need to be developed to transport agriculture products to Nacala. These products can be sold on the local markets or can be exported.
Also the port of Nacala needs to be rehabilitated and expanded. Drafts are ready for the port and GAZEDA is looking for funding.

CPI, the Investment Promotion Center, needs to be contacted for projects outside the SEZ.. GAZEDA and CPI do not conflict with each other with projects in the area, See the Appendix for more information on CPI.

Companies who would like to invest in the Nacala Special Economic Zone and in the Industrial Free Zones enjoy fiscal and non-fiscal benefits. For example, for the first 3 years , GAZEDA gives new companies the advantage of exemption of the 32% profit tax. From the 4th till the 10thfiscal year the companies receive a reduction of 50% on the tax. From the 11th till the 15th fiscal year the companies receive 25% discount. Some laws apply to the project, like having a maximum of 15% of foreign people employed at the company, excluding the managers.

More information on GAZEDA can be found in their presentation, which is included in the Appendix.

6. SWOT ANALYSIS

The economy of Mozambique is growing fast, mainly thanks to agriculture and investments in so called mega-projects that individually can have a significant effect on economy. There are tremendous amount of business opportunities available basically in all sectors, although being in a developing country, there are many obstacles that require more attention and patience than in developed countries.

Critical concerns for business include the lack of skilled managers and specialists, labor market inflexibility, and access to finance. On the positive side of the analysis are political and macroeconomic stability and the considerable natural resources and geographic location.
A SWOT Analysis on the Mozambican business environment can be found in the “African Development Bank Private sector country profile” and includes:

STRENGHTS	WEAKNESSES
• Political and macroeconomic stability • Government’s drive for reform and commitment to a business friendly economic environment • Strong FDI – a boost to national growth and confidence among investors • Political stability and good regional and international relations • Government’s commitment to improve country’s infrastructure • Success case among international community • Considerable natural and mineral resources • Good geographical location, proximity to Johannesburg and Gauteng economic area highway from Maputo to Johannesburg • Preferential access to import markets • Low wages • Proximity to large South African market • Improving Administration and regulatory environment	• Poor and small market • Complicated and cumbersome regulatory environment, weak and yet not transparent administration • Corruption, red tape and bureaucracy still a problem at all levels • Private sector still fairly underdeveloped with lack of competitiveness of Mozambican products • Undeveloped or weak financial sector • Lack of skills and low productivity of labour, restriction to hire expatriates • Exports and imports suffer from Mozambique’s remote location, slow customs procedures and undeveloped infrastructure • High cost and limited access to financing • Highly degraded basic infrastructure • Poor export capability • High HIV/AIDS prevalence, malaria
OPPORTUNITIES	**THREATS**
• Major industrial projects create project related opportunities • Opportunities in adding more valued to the exports instead of exporting raw materials • Aid flow and quantity of development projects create opportunities for short term projects • Growing market due to the regional co-operation and preferential access to international markets: SADC FTA, EU(EPA), Japan, China • Opening of sectors previously under monopoly (e.g. airways, telecom	• High level of corruption, low governance • Food crisis • Excess bureaucracy • Increase oil prices • Foreign competition threatens local firms • Inadequacy of infrastructure (blackouts etc) • Global warming (floods, drought, etc) • Vulnerability for natural hazards • Dependency of foreign aid • Malaria, HIV/AIDS and other epidemics have strong impact on labour force. • Shortage of electricity due to mega-projects may affect industry • Too fast and unbalanced economic growth

operators etc.) • Become trade hub for Southern Africa • Become a global agricultural producer / exporter • Potential for tourism, FDI • Natural resources to be further developed • Develop linkages between mega projects and local firms • Increase competition in transportation services • Special Economic Zones	in select sectors. Narrowing production base is expected to cause unwanted side-effects • Privatised companies facing problems due to inefficiency against new competitors • Political and economic situation in neighbouring countries • Impact of international financial /oil / food crisis

7. CONCLUSIONS AND RECOMMENDATIONS

Mozambique is a challenging place to do business and offers high risks and the potential for high return for experienced investors. Investors must factor in pervasive corruption, an underdeveloped financial system, poor infrastructure and high on-the-ground costs. Surface transportation inside the country is slow and expensive, while bureaucracy and port inefficiencies complicate imports. Despite these challenges foreign investment levels continue to rise and investors are seeing the business climate improvements documented by the World Bank's Doing Business report.

Private sector investments with a relation to the water sector will grow. The huge investments in mining will also bring large investments in infrastructure, including water infrastructure for process water, new settlements and rapid expansions of cities as Tete, transport and port capacities as already under way in Beira. The large commercial investments in agriculture will bring investments in irrigation infrastructure including storage capacities.

Nacala is one of the main development areas at the moment. There are a lot of business opportunities upcoming in rail, roads, ports and agriculture. These developments create opportunities for increasing tourism and business opportunities, like hotels, restaurants and shops. GAZEDA can be contacted to approve for projects and investments.

Several companies are in need of studies that need to be done. In most cases there is a lack of funding but not of opportunities. When Dutch companies can arrange the funding and define the study or project, then business can be done.

The need of qualified people is high, training of employees is a request of most companies to stay competitive.

Regarding the huge amount of opportunities it is recommended before doing business in Mozambique to contact CPI, The Investment Promotion Centre in Mozambique. CPI offers a package of services to assist national and foreign investors facilitating access to the incentives offered by the Government and the establishment of their businesses. Companies interested to invest in Mozambique can contact CPI through their website www.cpi.co.mz . A presentation of CPI can be found in the Appendix.

In this research several companies have been interviewed, but of course there are more companies of interest. It is recommended to contact the companies listed below as well for more information:

- FIPAG, Fundo de Investimento e Património do Abastecimento de Água, www.fipag.co.mz
- EDM, Electricidade de Mozambique, www.edm.co.mz
- MPDC, Maputo Port, www.portmaputo.com
- MCLI, Maputo Corridor Logistics Initiative, www.mcli.co.za

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COLOPHON

Market Study Mozambique

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APPENDIX I: PRESENTATION MCLI

APPENDIX II: PRESENTATION FUNAE

APPENDIC III: PRESENTATION CFM

APPENDIX IV: CONTACTLIST AMDCM

APPENDIX V: PRESENTATION GAZEDA

APPENDIX VI: PRESENTATION CPI