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COMMERCIAL AGRICULTURE

Carbon credits

Vegetables & electricity

MEETINGS -

London 7 Apr & Maputo 22-23 Apr

IMF: no cap means more teachers

GLOBAL CRISIS hits Mozambique

15 dead in Angoche jail

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News reports & clippings no. 151 from Joseph Hanlon
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GROWING CARBON CREDITS INSTEAD OF TOBACCO

Mozambique's first jatropha plantation was inaugurated 26 March by Jaime Himede, Vice Minister of Energy. The British company Sun Biofuels took over 5000 ha near Gondola, Manica province, which had previously been allocated to the Alliance One tobacco company, which in turn had withdrawn from Mozambique after a dispute with the government over licences. Sun has now planted 1000 ha, and is testing 96 varieties of jatropha.

Himede said that the Council of Ministers had recently approved a zoning system to try to separate areas for food crops and biofuels, so he saw no conflict between the two. Jatropha is often seen as a good biofuel crop as it will grow on marginal land. But as this land had previously been allocated for tobacco, it is probably high quality land also suitable for food crops.

Sun is majority owned by Trading Emissions plc which says its "main investment objective is to make capital profits from purchasing emissions assets at appropriate prices. ... Trading Emission's investments will be in a range of environmental instruments with a strong focus on the units produced by projects developed under the Clean Development Mechanism (CDM) and Joint Implementation (JI) of the Kyoto Protocol. Such projects can generate tradable carbon credits known as Certified Emission Reductions (CERs) in the case of CDM projects and Emissions Reduction Units (ERUs) in the case of JI projects." (<http://www.tradingemissionsplc.com>
<http://sunbio.xtmotion.co.uk>)

PULLING THE PLUG ON VEGETABLE FARM

A major Manica vegetable farm is threatening to close because the state electricity company, EDM, has failed to build a power line. The Vanduzi company was set up in 2003 but failed. It was taken over by Mocfer, a company partly set up by a charitable foundation linked to Lord Sainsbury

of the British supermarket family to invest in Mozambican agricultural development. Vanduzi now produces 170,000 tonnes per year, some for export to Asia and Europe. This newsletter's editor recently bought Vanduzi chillies from a British supermarket. The project is described in my recent book. (Do bicycles equal development in Mozambique, p 31; Ha mais bicicletas p 80)



During a visit by Manica governor Mauricio Vieira, the company's general manager, Chris Serfontein, said the company uses 20,000 litres of diesel every week, mainly for irrigation, costing \$20,000 per week, and this is unsustainable. He told the governor if the long-delayed power line is not installed by June, it will be forced to close a farm, putting 700 workers out of their jobs. But EDM says the line cannot be installed before December. (*Noticias* 7 March, AIM 13 March)

COMMERCIAL AGRICULTURE:

COTTON: Cotton production is falling, from 100,000 tonnes in 2005-6 to 72,000 t in 2006-7 and 70,000 t in 2007-8. Peasant producers last year earned \$15 million dollars at the price of 5.3 meticais per kilo (about 20 US cents) of first grade cotton. Some producers, organised in associations, were able to negotiate with the companies for premiums ranging up to 13% above the minimum price. After processing, 12,400 tonnes of cotton fibre was exported, earning \$19 million for the cotton companies. The production decline is blamed on the failure of cotton companies to purchase all the cotton grown, which is causing farmers to abandon cotton and switching to other cash crops such as sesame. In response, the government announced on 18 March that it is ending the concession system, under which a cotton company has exclusive rights in a district to supply peasant farmers with seeds, fertiliser and pesticides but peasants must sell their production to that company. (Larger farmers who can afford to buy their own fertiliser and pesticides can already sell to anyone.) The cotton companies opposed the change, saying it will lead to the export of unprocessed cotton, with a loss of factory jobs, as happened with cashew.

SUGAR: Production of 419,000 tonnes of sugar is predicted this year, an increase of 68% on the 2008 figure of 250,191 tonnes, according to AIM, quoting the government's Agricultural Promotion Centre (CEPAGRI). Three sugar plantations say they are increasing their cultivated area this year. The forecasts are:

- + Xinavane (Maputo province): 171,376 tonnes of sugar from 13,649 hectares.
- + Mafambisse (Sofala): 89,655 tonnes from 8,342 hectares.
- + Maragra (Maputo): 84,500 tonnes from 7,436 hectares
- + Marromeu (Sofala), the only plantation not to plan an increase: 73,667 tonnes from 11,336 hectares.

Mozambican exports in 2008 were 134,796 tonnes, worth \$65 million -- up 55% on 2007 because of higher prices. Internationally, the forecast is for a rise in consumption but a fall in production (for the first time in four years), keeping prices up.

BIO-DIESEL: The first million litres of biodiesel have been produced from copra at an experimental plant run by the state oil distribution company Petromoc. The plant can produce

80,000 litres as day. It is in Matola, near Maputo, but the coconuts come from Inhambane, and the company is having trouble obtaining enough raw material.

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MOZAMBIQUE MEETINGS

LONDON Tuesday 7 April, 1630, Chatham House. "Mozambique: Development Failure or Donor Success?" Speakers: Simon Maxwell, Director, Overseas Development Institute (ODI); António Gumende, Mozambique High Commissioner; Joseph Hanlon, Open University International Development Centre; Chair: Myles Wickstead, Head of the Secretariat to the Commission for Africa.

Meeting is open, but you must register in advance

<http://www.chathamhouse.org.uk/events/view/-/id/1074/>

MAPUTO 22-23 April, IESE - Instituto de Estudos Sociais e Económicos. "Dynamics of poverty and models of economic accumulation in Mozambique" <http://www.iese.ac.mz/>

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Other news

As predicted

15 die in Angoche jail cells

15 people have died in cholera in the Angoche district prison in the past two weeks. Of those, 8 were buried in a common grave because their bodies were not claimed by relatives. *Noticias* today (2 April) suggests that some of those whose bodies were not claimed were people who had been transferred from Mogincual after 13 people died of suffocation in an overcrowded jail cell on 17 March. The deaths had been predicted by the daily *MediaFax*, which on 24 March warned of overcrowding in cells in Angoche, where the survivors of the Mogincual cell had been moved. It said that 154 prisoners were crammed into cells that can only hold 60 people, and that there are poor sanitary conditions at a time of a serious cholera epidemic.

Meanwhile, The Mozambique Human Rights League (LDH - Liga Moçambicana dos Direitos Humanos) in a report on the Tete provincial prison says that 732 prisoners are crammed into cells built for just 90 prisoners. It says there have been 29 deaths since the beginning of the year, including at least 7 from cholera. In all, there are 866 prisoners, but the others are housed with four production brigades; of that total, it says only 422 are convicted, with 444 awaiting trial. (Canal de Moçambique, 1 April)

ECONOMIC NOTES:

MEGA-PROJECTS: President Armando Guebuza and Minerals Minister Esperança Bila admitted in speeches on 25 March that Mozambique had not done a good job in negotiating contracts for mega-projects such as Mozal and Pande gas. In future, more must be done to ensure that local people and the Mozambican economy gain from these projects. *Savana* (26 March) notes that various Mozambican economists have been writing for several years that the mega-projects provide little revenue and few economic linkages, and that past contracts should be renegotiated.

GAS: The government has decided to increase production of natural gas from the Pande and Temane gas fields by 50%. Most of the gas is presently exported to South Africa, but the extra

production will be for domestic consumption. Nearly half of the extra production will go to a gas fired power station to be built in Moamba, with construction starting in 2012. It will be partly owned by Intelec, in which President Armando Guebuza is a major shareholder. (*Noticias* 13 M\rch)

THE “7 MILLION”: In the four years 2006-9, 5 billion meticaís (\$200 mn) have gone to 26,000 projects in the districts, creating 108,000 temporary or permanent jobs, Planning and Development Minister Aiuba Cuereneia told parliament. The money was the Orçamento de Investimento de Iniciativa Local (OILL -- Local Investment and Initiatives Budget) given to each district for locally decided projects for job creation and food production. It is know colloquially as the “7 million” because that was the amount given to each district in the first year.

CHINA: China became the second largest investor in Mozambique last year; \$77 mn in investment was approved, second only to South Africa with \$136 mn. The Bank of China recently signed agreements with two Mozambican banks, Millennium-BIM and Moza Banco -- the latter already partly owned by the Chinese-Portuguese Stanley Ho.

TOURISM: 1 million foreign tourists visited Mozambique last year and spent \$185 mn, according to Tourism Minister Fernando Sumbana. Tourism investment approvals are now running at \$600 mn per year; there are now 17,505 bed spaces for tourists.

CORRUPTION NOTES:

AIRPORT: Manuel Veterano, the former chair of Radio Mozambique, has been named the new chair of the board of the publicly-owned airports company, ADM. He replaces Diodino Cambaza who has been in jail since October 2008 awaiting trial for corruption.

TETE: Provincial attorney general Julie Mutisse said the some of the money from the “7 million” is not reaching the districts, and is instead being used for other expenses. For example, the cost of the rehabilitation of the district administrator’s house in Mutarara had jumped from 4 mn MT to 10 mn MT (\$160,000 to \$400,000) and was partly being paid, improperly, from the “7 million”. There have also been allegation of corruption relating to rural electrification and the construction of houses for flood victims. MISA, the Media Institute of Southern Africa, claimed that *Noticias* journalist Bernardo Carlos was publicly threatened by governor Idelfonso Muananthatha, because of his publication of corruption reports.

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