

# NEWS

WIN WIN SOLUTIONS 4 AFRICA  
CONSULTING (Pty) Ltd



# OF THE WEEK

29 May 2017 – 02 June 2017



MOZAMBIQUE

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## Oil & Gas

### Government and Eni sign contracts to start gas project at Rovuma

#### O Pais

The final decision to invest in gas from the Rovuma basin in Cabo Delgado, a consortium led by the Italian company Eni, was formalized yesterday. The contracts to start the infrastructure construction works that will operationalize the production of natural gas in large quantities were signed this Thursday by the Minister of Mineral Resources and Energy, Leticia Klemens, and the companies responsible for the exploration of Natural gas reserves in block 4 of the Rovuma basin. The event was attended by the President of the Republic, Filipe Nyusi, and by most of the companies involved in the hydrocarbons business in the province of Cabo Delgado.

With the contracts signed, the companies responsible for carrying out the natural gas conversion project for sale, called FLNG de Coral Sul, have the green light to move forward. According to Eni's managing director, Claudio Descalzi, the infrastructure to be built from now on will be ready to produce natural gas five years. At this stage of construction, an investment of 8 billion dollars is foreseen, of this amount, \$ 6 billion will be financed by 15 banks.

"This project is the first and only, so far, worldwide, which has reached Project Finance worth six billion dollars. This is extremely important, not only from the financial point of view, to show that it is a very robust project and because, at this time of great financial difficulty worldwide, we were able to convince 15 banks, three national and 12 international to come to Mozambique to finance 6 billion dollars, "said the managing director of the Italian company Eni.

Filipe Nyusi said, the start-up of the works of the project marks the beginning of the transformation of the natural gas of the Rovuma basin in money, but he anticipates that the intention will not materialize in a short time. The Head of State called on operators to exploit the natural resource in a sustainable way, without damaging the environment, including fishing, and without jeopardizing national security, because the projects are located in close proximity to neighbouring countries.

"It has taken several years of negotiations, with differences and balancing of interests of the various parts by concessions of sometimes difficult positions. We expect that the construction period, of five years, will continue within the estimated time frames and budgets for the benefit of the Mozambican people, "said the President of the Republic.

The South Coral FLNG project is one of the largest in Africa and the world, says Claudio Descalzi. Eni's deputy director underscores that the project will change the image of Cabo Delgado and the country in general and that, from this construction phase, the country will be in the spotlight from practically all over the world.

"Mozambique and in particular this Coral South project have reached several world records and the first record is that this floating project is the first LNG in Africa, comes next from other major producers in the world and is currently the third largest, Says Descalzi.

The floating liquefied natural gas (FLNG) unit will have a capacity of about 3.4 million tonnes per year. The construction of the FLNG unit will be funded through Project Finance covering 60% of its total cost.

In addition to Filipe Nyusi, Leticia Klemens and Eni's managing director, participated in the launching of the execution phase of the FLNG project in South Coral, the chairmen of the boards of directors of the concessionaires of Area 4, namely Wang Yilin of CNPC; Carlos Gomes da Silva da Galp; Seunghoon Lee of Kogas and Omar Mithá of the National Hydrocarbons Company (ENH).

During the ceremony, contracts were signed for the drilling, construction and installation of the production facilities, as well as agreements between the concessionaire companies and the Government of Mozambique for the financing and legal framework of the project.

This is the first project that will develop and put into production considerable amount of the gas resources discovered by Eni in Area 4 of the Rovuma basin. This result has been achieved in three years since the drilling of the last research well, and in a country that is entering the global gas market, despite the difficult price scenario of recent years.

"As the world moves to a low-carbon energy mix, Eni believes that gas is the mainstay of achieving a more sustainable future," said Claudio Descalzi. "Our ambition to become an integrated global gas and LNG player is based on working with key partners like Mozambique. The Coral South project will provide reliable energy, contributing to the development of Mozambique. This partnership approach with our hosts is the foundation on which our joint strategy for sustainable growth is based. "

The coral field, discovered in May 2012, is located in Area 4 and contains about 450 billion cubic meters (16 TCF) of gas at the site. In October 2016, Eni and its Area 4 partners signed an agreement with BP for the sale of the entire volume of LNG produced by the Southern Coral Project for a period of 20 years.

Eni is the operator of Area 4, through its stake in Eni East Africa (EEA), which holds 70% of the concession, while Portugal's Galp Energia, South Korea's Kogas and Mozambican Empresa Nacional de Hidrocarbonetos (ENH) hold 10 % Each. Eni holds a 71.4% interest in Eni East Africa together with the Chinese company CNPC which holds 28.6%.

In March 2017, Eni signed an agreement to sell 50% of its holdings in the EEA to ExxonMobil, which will be completed following a number of conditions precedent, including endorsement by the Mozambican Government and other regulatory authorities.

## **Mining & Energy**

### **Government approves changes on tax regime and fiscal benefits for mining and petroleum operations**

#### **Club of Mozambique**

Speaking to reporters at the end of the weekly session of the Council of Ministers (Cabinet), the government spokesperson, Deputy Health Minister Mouzinho, said that during Tuesday's meeting the Council of Ministers had approved bills to amend the tax regime and fiscal benefits for mining and for petroleum operations.

Saúde gave no details of the changes, which will not take effect until approved by parliament.

## Power & Energy João Figueiredo is the new Executive PCA of Moza Banco

### O Pais

João Figueiredo has been appointed as the new Chairman of the Executive Board of Directors of Moza Banco. The management team of the bank includes Lourenço do Rosário, Chairman of the Board of the Meeting, and Sales Dias, Chairman of the Fiscal Council. Until yesterday, Figueiredo was Chairman of the Interim Board of Directors of Moza Banco, appointed by the Bank of Mozambique to normalise the financial problems of the banking institution.

The appointment of Kuhanha as new majority shareholder in Moza Bank puts an end to a process of intervention in the institution by the Central Bank, following serious liquidity problems. "The process could not have been more transparent. In addition to the provisional board of directors, appointed by the Central Bank –always an independent entity – an evaluation committee was created which I chaired, at the request of the governor, even though I am not a member of the Central Bank," explained Figueiredo.

It will now be up to the new shareholders to decide whether to keep or change the Moza Bank name and on to deal with current employees.

### Additional information from Win Win Solutions 4 Africa



João Figueiredo was born in Beira, Mozambique, of Goan descent and graduated in Organisation and Management of Companies at the *Instituto Superior de Economia - Universidade Técnica de Lisboa*, in 1985.

Figueiredo first began working at Banco Totta & Açores. It took him to London, where he spent about two years managing a branch office, and was later promoted to director-general in Macau between 1993 and 1997. He returned to Mozambique in 1998 and was appointed as managing director of Banco Standard Totta de Moçambique. He later joined Banco Internacional de Moçambique (BIM), currently Millennium BIM, where he was CEO between 2001 and 2010, and led the merger with Banco Comercial de Moçambique.

## **Economy**

### **Economic freedom regresses in Mozambique**

#### **Verdade**

Economic freedom declined during the past year, according to the 23th edition of the index sponsored by the Heritage Foundation, which examined 180 countries, Mozambique comes in 158th position with 49.9 points out of 100. Poor fiscal health, government's lack of integrity, lack of judicial effectiveness and weak protection of property rights contributed to this result.

Mozambique falls in the classification threshold of repression, after reaching positive levels in 2012 at 59.9 points. At below 50, a country is considered to be repressed; between 50 and 60, it is mostly free; moderately free between 60 and 70 free; between 70 and 80, primarily free; and above 80, it is free.

The pillar of fiscal health was scored low at 22.7, due to the influence of the state budget deficit as well as the encrypted public debt at 74.8% of gross domestic product.

The index highlights government spending positively as well as the overall weight of the tax burden that amounts to 25.1 percent of household spending.

In the rule of law category, all three pillars are negative. "Although property rights are recognised by the Government, they are not highly respected, and the application of property law is inefficient and inequitable. The judiciary is understaffed, and is poorly trained and subject to political influence. Corruption and extortion carried out by the police are widespread and impunity is a serious problem. Senior Government officials have conflicts of interest between their public duties and their private business interests," the index reads.

In the category of regulatory efficiency, freedom to do business is positive as well as the circulation of money is considered very free, yet labour freedom weighs negatively, particularly the existing restrictions on overtime.

Finally, in the category of trade freedom, market balance is considered good. The State's stakes in commercial banks as well as control over the investment bank for state projects gives a median score. However, ownership of land by the State weighs negatively and the large numbers of state-owned enterprises "distort the economy".

See <http://www.heritage.org/index/book/methodology>



### RANKING THE WORLD BY ECONOMIC FREEDOM

Rank	Country	Overall Score	Rank	Country	Overall Score	Rank	Country	Overall Score
1	Hong Kong	89.8	64	Saudi Arabia	64.4	128	Bangladesh	55.0
2	Singapore	88.6	65	Albania	64.4	129	Mongolia	54.8
3	New Zealand	83.7	66	El Salvador	64.1	130	Barbados	54.5
4	Switzerland	81.5	67	Dominica	63.7	131	Mauritania	54.4
5	Australia	81.0	68	Azerbaijan	63.6	132	Micronesia	54.1
6	Estonia	79.1	69	Spain	63.6	133	Lao P.D.R.	54.0
7	Canada	78.5	70	Mexico	63.6	134	Lesotho	53.9
8	United Arab Emirates	76.9	71	Fiji	63.4	135	Kenya	53.5
9	Ireland	76.7	72	France	63.3	136	Gambia	53.4
10	Chile	76.5	73	Tonga	63.0	137	Lebanon	53.3
11	Taiwan	76.5	74	Guatemala	63.0	138	Togo	53.2
12	United Kingdom	76.4	75	Côte d'Ivoire	63.0	139	Burundi	53.2
13	Georgia	76.0	76	Dominican Republic	62.9	140	Brazil	52.9
14	Luxembourg	75.9	77	Portugal	62.6	141	Pakistan	52.8
15	Netherlands	75.8	78	Namibia	62.5	142	Ethiopia	52.7
16	Lithuania	75.8	79	Italy	62.5	143	India	52.6
17	United States	75.1	80	Paraguay	62.4	144	Egypt	52.6
18	Denmark	75.1	81	South Africa	62.3	145	Sierra Leone	52.6
19	Sweden	74.9	82	Oman	62.1	146	Burma	52.5
20	Latvia	74.8	83	Montenegro	62.0	147	Vietnam	52.4
21	Mauritius	74.7	84	Indonesia	61.9	148	Uzbekistan	52.3
22	Iceland	74.4	85	Seychelles	61.8	149	Malawi	52.2
23	South Korea	74.3	86	Morocco	61.5	150	Cameroon	51.8
24	Finland	74.0	87	Trinidad and Tobago	61.2	151	Central African Republic	51.8
25	Norway	74.0	88	Swaziland	61.1	152	Papua New Guinea	50.9
26	Germany	73.8	89	Kyrgyz Republic	61.1	153	Kiribati	50.9
27	Malaysia	73.8	90	Bahamas	61.1	154	Niger	50.8
28	Czech Republic	73.3	91	Uganda	60.9	155	Iran	50.5
29	Qatar	73.1	92	Bosnia and Herzegovina	60.2	156	Argentina	50.4
30	Austria	72.3	93	Burkina Faso	59.6	157	Maldives	50.3
31	Macedonia	70.7	94	Cambodia	59.5	158	Mozambique	49.9
32	Macao	70.7	95	Croatia	59.4	159	Haiti	49.6
33	Armenia	70.3	96	Benin	59.2	160	Ecuador	49.3
34	Botswana	70.1	97	Slovenia	59.2	161	Liberia	49.1
35	Brunei Darussalam	69.8	98	Nicaragua	59.2	162	Chad	49.0
36	Israel	69.7	99	Serbia	58.9	163	Afghanistan	48.9
37	Colombia	69.7	100	Honduras	58.8	164	Sudan	48.8
38	Uruguay	69.7	101	Belize	58.6	165	Angola	48.5
39	Romania	69.7	102	Mali	58.6	166	Ukraine	48.1
40	Japan	69.6	103	Gabon	58.6	167	Suriname	48.0
41	Jamaica	69.5	104	Belarus	58.6	168	Bolivia	47.7
42	Kazakhstan	69.0	105	Tanzania	58.6	169	Guinea	47.6
43	Peru	68.9	106	Guyana	58.5	170	Turkmenistan	47.4
44	Bahrain	68.5	107	Bhutan	58.4	171	Djibouti	46.7
45	Poland	68.3	108	Samoa	58.4	172	Algeria	46.5
46	Kosovo	67.9	109	Tajikistan	58.2	173	Timor-Leste	46.3
47	Bulgaria	67.9	110	Moldova	58.0	174	Equatorial Guinea	45.0
48	Cyprus	67.9	111	China	57.4	175	Zimbabwe	44.0
49	Belgium	67.8	112	Sri Lanka	57.4	176	Eritrea	42.2
50	Malta	67.7	113	Madagascar	57.4	177	Congo, Rep. of	40.0
51	Rwanda	67.6	114	Russia	57.1	178	Cuba	33.9
52	Vanuatu	67.4	115	Nigeria	57.1	179	Venezuela	27.0
53	Jordan	66.7	116	Cabo Verde	56.9	180	North Korea	4.9
54	Panama	66.3	117	Congo, Dem. Rep. of	56.4			
55	Thailand	66.2	118	Ghana	56.2			
56	Hungary	65.8	119	Guinea-Bissau	56.1			
57	Slovak Republic	65.7	120	Senegal	55.9			
58	Philippines	65.6	121	Comoros	55.8			
59	St. Vincent and the Grenadines	65.2	122	Zambia	55.8			
60	Turkey	65.2	123	Tunisia	55.7			
61	Kuwait	65.1	124	São Tomé and Príncipe	55.4			
62	St. Lucia	65.0	125	Nepal	55.1			
63	Costa Rica	65.0	126	Solomon Islands	55.0			
			127	Greece	55.0			

**Economic Freedom Scores**

- 80-100 Free
- 70-79.9 Mostly Free
- 60-69.9 Moderately Free
- 50-59.9 Mostly Unfree
- 0-49.9 Repressed
- Not Graded

## **Oil & Gas**

### **Liquefied natural gas: launch of South Coral Project**

#### **Noticias**

The city of Maputo is hosting the launch of the South Coral FNLG project today to be installed in the Rovuma basin, an event that will culminate in the signing of agreements between the concessionary companies and the Government of Mozambique for their implementation.

The FNLG is a floating platform for the production of liquefied natural gas and is the first to be implemented in the eastern part of Africa, which will bring socio-economic benefits to Mozambique.

The project results from a partnership between the ENI, CPNC, GALP, KOGAS and ENH companies, as the first step for the phased exploitation of the existing resources in area 4 of the Rovuma Basin, about 450 billion of cubic metres (16TCF) of gas.

The project aims to put Mozambique on the list of the largest producers of liquefied natural gas, and attract investments to the related sectors and areas, thereby guaranteeing revenue for the Government which, in turn, will bring socio-economic benefits to the country.

The statement confirms that the agreements to be signed are related to the financing of the project and the contracts for the construction of the drilling platform, subsea production systems, installation and commissioning of the floating liquefied natural gas (FNLG-Floating LNG) unit.

## **Social Development**

### **How innovation and technology are helping save lives in Mozambique**

#### **UNICEF**

##### **Nelson Rodrigues**

Innovation is more than just technology, it's about being creative, resourceful and able to learn and adapt. Meet Belafonte Jaime who is a perfect example of this.

Belafonte Jaime works in Metuge District Health Department where he coordinates the activities of 19 community health workers. Since the upSCALE project started, Belafonte decided to learn about mobile applications management and troubleshooting mobile phones to ensure that as many children and families as possible in his district benefit from improved community-based healthcare.

When I visited Metuge district, the rainy season had started and road access beyond the capital city of Pemba was difficult. Muddy roads transform short distances into slow, lengthy routes that deny people access to adequate healthcare. The Ministry of Health is implementing the 'Agentes Polivalentes Elementares' strategy, which includes the deployment of approximately 3,700 community health workers, or APEs. as they are commonly known, throughout Mozambique.



*Belafonte (District Health Department) explains an Agente Polivalente Elementar (community health worker) how to use the upSCALE application. © UNICEF Mozambique/2017/Nelson Rodrigues*

Recently, UNICEF (in partnership with Malaria Consortium) has taken this support a step further through the implementation of upscale, an mHealth programme designed to improve the quality of care provided by the APEs (Community health workers). As part of the programme, the APEs are equipped with mobile devices with pre-installed software that supports the consultation workflow, improving the quality of the healthcare. In addition, the devices record patient history files and household information.

For a successful implementation of upSCALE, a change in practice is needed. When I first met Belafonte he was carrying two mobile phones with him.

“In our last monthly meeting, two APEs informed me that their devices were not working properly,” Belafonte told me. “I decided to try to solve the situation. On one of the phones the application shortcut was missing, so I had to re-install it. As for the other phone, I think it’s a hardware problem because I can’t turn it on!”

He explained that with the introduction of the programme he saw an opportunity to improve his work as well as that of the APEs, by improving the quality of services and generating faster, more reliable statistics. But in order to do so, he needed to have as many devices as possible operational. Without ever receiving training or instructions to do so, Belafonte learnt how to manage the mobile devices, and how to troubleshoot them either by remote or direct support.

Belafonte also identified community health workers that seemed better at handling the mobile application and designated them as focal points to provide support to three other community health workers to create a peer support network.

He explained, “It’s extremely hard to reach the communities, especially in the rainy season. The best solution is to have a good first line of response in the community. These devices and applications help the community to be able to deliver such a response. For me, it generates data and statistics so I know what is happening in communities. Can you imagine how many silent cases there would be if I didn’t have the statistics?”

“It also has a positive impact in the consultation procedures as the APEs are reminded of which questions to ask and what exact prescriptions to provide to children. And while the increase in the quality of the procedure is the most important, in the future we might even get to have maps so I’ll be able to pinpoint exactly which households have specific issues!”





*An Agente Polivalente Elementar (community health worker) practicing the registration of a patient in the upSCALE application. © UNICEF Mozambique/2017/Nelson Rodrigues*

## **IMF in Mozambique IMF points to difficulties in recovering donor confidence**

### **O Pais**

The International Monetary Fund (IMF) is optimistic about the good performance of most indicators in the Mozambican economy this year, and even projected growth above the initial forecast of 4.5%. Despite the optimism, justified mainly by the increase in coal production and exports (whose weight in the economy is around 6%), the IMF has expressed concern about some phenomena, including the difficulty of support for the State Budget.

During the presentation of the Regional Economic Prospects for Sub-Saharan Africa and Mozambique this Tuesday in Maputo to economists, businessmen, academics, diplomats and other individuals, IMF representative in Mozambique Ari Aisen pointed out other threats to growth. He emphasised the increase in the State's internal debt, which may also affect bank stability, in addition to external risks.

### **Inflation and stable exchange rates**

In addition to the growth of the Gross Domestic Product (GDP), the IMF forecasts that the general price level will fall, alleviating the high cost of living over the last two years. Without advancing numbers (noting that the Central Bank predicts average inflation below 15% this year against around 20% in 2016), the IMF says that one of the determinants of the fall in inflation (general price level) is the exchange rate appreciation. The metical has experienced an increase in recent months after a sharp fall (a dollar is slightly below 50 meticals). The increase in benchmark interest rates of the Banco de Moçambique was also decisive, despite the fact that it had reduced financing to the economy.

### **Government and Central Bank were instrumental in stabilising**

According to the IMF, the measures taken by the Government in the face of the deterioration of the main macroeconomic indicators have had positive effects. The example is the adoption of fiscal policy tightening (strong mobilisation to raise taxes internally through anti-tax evasion and greater fiscalisation of taxpayers).

Combined with the monetary adjustment by the Bank of Mozambique, this measure allowed the reduction of the deficit of the State Budget.

The IMF also projected an improvement in price stability and metical exchange rates against the dollar, but warned that stability will be threatened by the difficulty to restore donor confidence, among other factors.

## **Tourism in Mozambique**

### **Mozambique seeks Brazil's help with experience in tourism**

#### **APA News**

Mozambique's Minister of Culture and Tourism, Silva Dunduro, has met with a business delegation from Brazil, which will cooperate with the country in training trainers in the areas of restaurant, ecotourism, tourism guides, Interchange of school management of hotels and tourism, among others, APA can report on Thursday. Dunduro said his government intends to improve services in the hospitality industry and conservation areas through a more profitable cooperation with Brazil.

Addressing a media briefing on Thursday after the meeting, the minister highlighted the role of the training component that Brazilian business class brings to the country.

"We have a great interest in promoting sustainable tourism to communities, especially in conservation areas, because people are there and they have the relationship of the environment, but also local practices and experiences to bring wealth to the communities," he said.

Dunduro added: "There is already a multi-sectoral delegation that will work in the area of conservation, which will create bilateral development and cooperation projects that will stimulate Brazil as one of the centres that emit tourism for our country."

Fernanda Fedrigo, general coordinator of the Union of the Americas (UniAmérica) Faculty in Brazil believes that cooperation between the countries could improve the design of strategies to ensure the creation of several projects focused on education to improve social life between the two countries.

Mozambique is on course to become a major global tourist hub. In its latest report on tourism competitiveness, the World Economic Forum (WEF) has placed the southern African country among the world's top 10 tourist destinations that are expected to register more growth in demand for leisure travel in the next decade.

## **News Headlines this week:**

### **Thursday, 01 June 2017**

#### **Agriculture**

Encouraging signs in sugar industry

#### **Social Welfare**

Improved drug distribution expected

#### **Political Affairs**

Banco de Moçambique distances itself from new metical banknotes on social networks

#### **Oil & Gas**

SHI eyes US\$2.5 billion contract for Mozambique FLNG vessel

#### **International Affairs**

President Nyusi to visit the United States mid-June

#### **Political Affairs**

Renamo accuses government forces of breach of truce, police deny

### **Wednesday, 31 May 2017**

#### **Infrastructure Development**

Kariba Dam renovation boost for SADC power

More than 400 million meticaais invested in telecommunications expansion

#### **Business News**

Imported cement to be tested before sale in Mozambique

South Africa hosts 2nd Mozefo International Conference today

Government to create R1.5bn fund for steel industry

ArcelorMittal SA secures \$350m credit facility

### **Tuesday, 30 May 2017**

#### **Political Affairs**

Attorney General's Office holds coordinating council

#### **Business News**

MITADER closes thermal box factory in Matola

#### **Public Debt**

Mozambique's 'hidden' debt restructuring inevitable – Governor Zandamela

#### **Technology in Mozambique**

More than 7,000 people visited Moztech

#### **Labour Law**

Government and partners harmonize labour Courts Bill

## **Oil and Gas**

Inhambane: Sasol increases natural gas production capacity

## **Monday, 29 May 2017**

### **Mining & Energy**

Ncondezi calls off joint development agreement with Shanghai Electric Power

### **Economy**

INE revises Mozambique's growth in 2016 to 3.8%

### **Social development**

FAO launches Rural Invest in Mozambique

### **Healthcare**

Inadequacy of healthcare in Ethiopia, Mozambique, Tanzania and Zimbabwe revealed in new

### **Business News**

Lack of investment culture in start-ups in the country

### **Environmental News**

Forestry group with interests in Mozambique buys Woodbois International

### **Politics**

Nyusi calls for strengthening Frelimo's "internal cohesion"

## Twitter Feeds

Farm Share SA and 3 others follow



**Africa!** @afrofactz · May 23

**Mozambique** is the third largest exporter of bananas in Africa.

  6  5 



Cyril Ramaphosa Fdn and 44 others follow



**Africa Facts Zone** @AfricaFactsZone · 13h

This ocean-side guest house in Inhambane province, **Mozambique** is worth \$1 million.

