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# Mozambique Fisheries Surveillance Report 2014

February-April 2014



Also includes the following appendixes:

01. Navigare Security SOP
02. Contract Blue Water GOM 2007-2013
03. Terms of Reference Stokkan - Valsson
04. BMP 4
05. Icelandic regulation on control points of foreign vessels
06. Comments on inspections
07. IMF Country Report No.14/20
08. Official Programme

**TITLE OF REPORT:**

External independent review of fisheries surveillance operations in Mozambique 2014

**COMMISSIONED BY:**

The Norwegian Agency for Development Cooperation (NORAD)  
Icelandic International Development Agency (ICEIDA)  
and the Common Fund

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Image 1: Scenes from Mozambique

## 2 LIST OF ABBREVIATIONS

ADNAP	National Directorate of Fishery Administration
AIS	Automatic Identification System
BWM	Blue Water Marine Services
CAP	Fisheries Administration Commission
CCG	Fisheries Co-management Committees
CCP	Communitarian Fisheries Council
CCRF	Code of Conduct for Responsible Fisheries
CMN	Construction Mecanique de Normandie
CPB	Coastal Patrol Boat
DNA	Direcção Nacional de Águas (National Directorate of Water)
DNAP	Direcção Nacional da Administração Pesqueira (National Directorate of Fisheries Administration/Ministry of Fisheries)
DNEPP	National Directorate for Fisheries Economic and Policies
DNFP	National Directorate of Fisheries Surveillance
EAF	Ecosystem Approach to Fisheries
EC	European Commission
EEZ	Exclusive Economic Zones
EMATUM	Empresa Moçambicana de Atum, S. A. - A private Mozambican Tuna Company with registration office in the Netherlands
ERA	Ecological Risk Assessment
ERS	Electronic Reporting System
EU	European Union
FMC	Fisheries Monitoring Centre
FPV	Fishing patrol vessel
GDP	Gross Domestic Product
GOM	Government of Mozambique
ICEIDA	Icelandic International Development Agency
ICG	Icelandic Coast Guard
IDPPE	Institute for the Development of Small-scale Fisheries
IIP	Fisheries Research Institute

INIP	National Institute for Fisheries Inspection
IUU	Illegal, Unreported, and Unregulated Fishing Activities
IOCT	Indian Ocean Tuna Commission
MCS	Monitoring, Control & Surveillance
MdP	Ministry of Fisheries
NORAD	Norwegian Agency for Development Cooperation
RFMO	Regional Fisheries Management Organizations
VMS	Vessel Monitoring System
WIO	West Indian Ocean

### 3 EXECUTIVE SUMMARY

February 2014, commander of The Icelandic Coast Guard, **Einar Valsson** (Iceland) and former police investigator and now CEO of Navigare Security, **Kato Stokkan** (Norway), conducted an independent review of fisheries surveillance operations in Mozambique on behalf of the partners of the Common Fund. They shared the work between them, making the best use of individual competence, experience and background. Einar Valsson was the technical advisor and Kato Stokkan was responsible for the tactical part of the review. Conclusions and analyses are based upon interviews and information given from different institutions and sources.

This executive summary is highlighting the most important issues. Please read the entire report to get the total context.

#### The purpose of the mission:

- To review the Mozambican Ministry of Fishing's efforts in detecting or uncovering serious violations of the fisheries law since they started their activity in 2008 with special focus on their resources, including two fishery inspection vessels.
- Come up with recommendations on how this service can be more effective in the future.
- Look in to the recent EMATUM investment and find out how this investment will affect ongoing processes.
- Analyse and evaluate the past and current surveillance operations in Mozambican waters, review the way they are organised, and discuss possibilities and measures for improvements.



Image 2: The Mozambican Fishing Inspection Vessel Fleet in Maputo

### 3.1 MSC-responsibilities and Fisheries

The Monitoring control and surveillance (MCS) activity is a shared responsibility between the National Fisheries Administration (ADNAP), responsible for i.e. subjects for licensing and legal issues, and the National Directorate of Fisheries Surveillance (DNFP) for operation and law enforcement. Not an optimal solution for a country that still is developing their services and control at sea. By centralising these functions to DNFP, the effect will increase and the DNFP will be able to ensure the necessary overview and obtain sufficient resources to develop the future control and surveillance operations.

Irregular payments from the Ministry of Finance to the vessel operator causes cancelled operations and interrupted patrolling.

#### Conclusions:

- Although staff is competent, two governmental bodies responsible for the MSC-activities causes confusion and ineffective management.
- The Ministry of Finance does not pay the invoices to the vessels operators when due, which causes cancelled operations.

#### Recommendations:

- DNFP should be in charge of legal issues and licencing. This reorganization will give better coordination and structuring of the fisheries surveillance actions within the same institution. This recommendation is complimentary to the recommendation from the Department of Fisheries - Norway during the monitoring process of the programme.
- Combine all MCS operational matters under same body - DNFP - to improve the collection and analysis of intelligence information in a broad perspective and contribute, not only to controlling and combat illegal fishing, but also to standardise Safety and Rescue regulations in Mozambican water.
- The Ministry of Finance must pay their invoices to the vessels operators when due, to avoid cancelled operations.

### 3.2 Maritime Education

The Fisheries School (EP) and the Nautical School of Mozambique (ENM) are overlapping each other in education of navigation and ship engineering. The education level at the nautical school and the equipment at the school could be a solid platform for educating future navigators and ship engineers.

However, it is necessary to note that these institutions have completely different levels of studies. Moreover they are under the jurisdiction of different sectors and institutions.

#### Conclusions:

- Today there are not enough resources available to build up and maintain both schools.
- It is better to have one quality institution than two half way-functional institutions.

#### Recommendations:

- Consider consolidating the resources into one institution, making it possible to bring the nautical school up to an internationally accepted level. The Nautical School has majority of the equipment in place, and can be upgraded without high expenses. In relation to the merge of the Fisheries School with the Nautical School, the Ministry of Fisheries do not think

that there are sufficient grounds to make recommendations in this respect, given the nature of the evaluation focus. However, there were previous studies about this particular issue and the Ministry of Fisheries suggest they are analysed for a more in depth study of the matter. In our opinion, the two schools would benefit greatly from co-locating and sharing facilities.

### 3.3 Training, Planning, Patrol activities and establishment of Coast Guard duties

Pre-patrol planning and activities must develop further. The collection of intelligence information, analysis as well as advance targeting and selection must improve, results be evaluated, stored and shared with neighbouring countries. Today, these tasks are not performed professionally and are not set up to achieve optimal results.

A team consisting of external advisors with experience from coast guard duties, knowledge about DNFP functions and of intelligence and analysis activities should plan how to develop these functions and provide necessary training and coordination. Such an effort will increase the possibility for sightings, detection, inspections, infringements and detainment of fishing vessels caught fishing illegally. The training program should be conducted by someone with a solid background from policing, and be able to come up with a plan in advance for how to collect and use intelligence information combined with the operative element. Then training and implementation should take place.

The monitoring of fishing activities is an essential aspect of the enforcement of fishing regulations, ensuring compliance with resource management controls. By carrying out the MCS properly, the extent of illegal fishing will be reduced dramatically, resulting in a substantial increase in the stock population of the now overfished species. However, one should not increase catch until illegal fishing is properly addressed and reduced, and the best available monitoring and stock assessment technology is available.

The inspection vessels must not lose operation time due to lack of coordination between the Defence and Security Forces and the Ministry of Fisheries causing unnecessary delays. This can be achieved through better coordination and planning between the institutions.

Inspections and actions against illegal fishing among the artisanal fishermen in the country must be taken seriously. Planning and carrying out an operation in order to reduce the ecological consequences and the unfair competition caused by those fishing with small nets.

#### Conclusions:

- Patrolling activities are not sufficiently planned.
- There is minimal cooperation with neighbouring countries to limit illegal fishing.
- Few inspection zones make it difficult to control illegal fishing.
- Current legislation is not effectively executed.
- There are no control points for fisheries inspection at sea.
- There is no proper training available for intelligence and analysis activities.
- Artisanal fishing is not properly controlled.
- No requirements for fishing vessels to broadcast their AIS<sup>1</sup>-signals in Mozambican EEZ.
- Only circa 30% of the EU fishing vessels come to port for pre-inspection before obtaining their fishing license.

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<sup>1</sup> AIS - Automatic Identification System

### Recommendations:

- Strengthen cooperation with neighbouring countries and RFMO's - Increase the flow of information between the countries related to reported catch and suspicious behaviour.
- Establish a training program for intelligence and analysis activities to increase administrator's awareness of where and when illegal fishing takes place and how to approach and detain the IUU fishing vessels.
- Extend the vessels tasks - Multipurpose / Coast Guard - Beneficial for the operation and will not affect the main task - Fisheries inspection.
- Finance air surveillance to support MV Antillas Reefer during deep-water patrol at high season. The MCS strategy in Mozambique considers aerial solution/platform, but it is not carried out due to budgetary constraints. It is important to note that there were situations where this was possible within the MSC-SADC project. (Source: Ministry of Fisheries)
- Increase shallow water / coastal activity - This can be done during low season in deep-water fishing.
- Combine the shallow water operation with three small patrol vessels located in Maputo, Beira and Nacala. This can be started in cooperation with Golfinho from Maputo.
- Mandatory for fishing vessels longer than 20 meters<sup>2</sup> to transit their AIS-signals while in Mozambican waters to avoid and detect illegal fishing.
- To reduce the risk for violations, all foreign vessels, including EU vessels should come to port for pre-inspection before obtaining their licenses.
- Fishing vessels must pass a defined control zone in the surveillance area and inform the fishing inspection authorities in advance. This should result in higher numbers of controls as well as having a preventive effect and enable a more effective control.
- Improve legislation and establish control points for inspection of foreign fishing vessels entering and leaving Mozambican waters.

### 3.4 Operational Procedures for the fisheries inspectors and Monitoring programs

Various capacity-building activities have been carried out throughout the years, that is, since 2007 (within and outside the country). Concrete examples are the cases of: Standard Operational Procedures/Lines of Command (SOPs); Methodology of boarding fishing vessels at sea; Inspections at port and at sea.

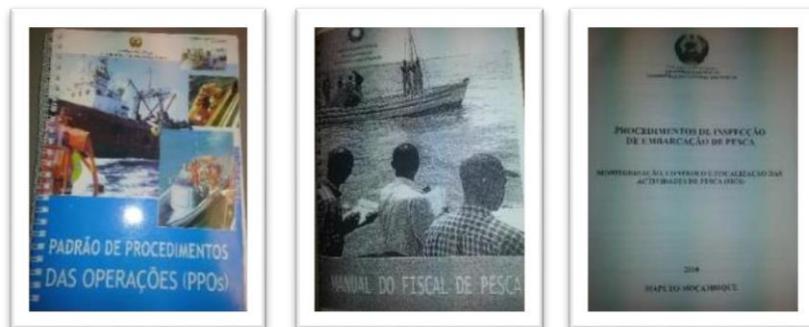


Image 3: The Fishing inspectors' procedures and handbooks

<sup>2</sup> Norway requires VMS on-board all of its fishing vessels longer than 15 meters. Iceland has mandatory regular positioning reporting at least every hour for fishing vessels inside Icelandic waters: Vessels shall report their position 6 hours prior to entry into the Icelandic EEZ. Icelandic AIS coverage area is approximately 50nm from the shore.

The tasks of the inspectors are well defined, but how they carry out their tasks is not satisfactory. Our expedition with the inspectors of MV Kuswag showed that some tasks were not conducted according to the procedures.

#### Conclusions:

- The fisheries inspectors does not execute operation procedures in a proper manner.
- The control of fishing gear is insufficient.
- The inspectors seem not to know how to calculate the content of the fish hold/well.
- The fisheries inspectors does not have the proper clothing to operate in cold storage.

#### Recommendations:

- Set up proper training program to improve inspector's skills when controlling fishing gear and especially when comparing catch log with fish hold/well calculations inspections.
- Foreign experts appointed by the Common Fund should conduct a strict monitoring program, supporting the fisheries inspectors during a limited period. This will enable the experts to evaluate the inspections, suggest and implement improvements and give professional advice. This will help the inspectors to do their work in accordance with the exciting procedures and handbooks. For the optimal result, this program should be in conjunction with earlier suggested training program for development and pre-planning of patrol activities.
- Zero tolerance on errors and omissions.

### 3.5 Security

#### Conclusions:

- The Security Forces has limited knowledge on how to operate within "Standard Operation Procedures"<sup>3</sup>, "Rules of Engagement"<sup>4</sup> and "Best Management Practice volume 4".
- The Security Forces does not have Ship Safety Officer Course.
- There is no dedicated group of trained Defence and Security Forces responsible for protecting the vessel.
- There are no clear lines of command (SOP).
- There is no insurance policy covering negative incidents caused by weapons.
- The armaments are not stored securely.

#### Recommendations:

- Improved training in on how to operate within "Standard Operation Procedures", "Rules of Engagement" and "Best Management Practice volume 4".
- A training and coordination program to be established.
- A permanent group of selected, prepared and trained personnel from the Security Forces should be on-board the surveillance vessels.
- Metal gun cabinets for safe storage of armaments is strongly recommended.

<sup>3</sup> Standard Operation Procedures (SOPs) can be defined as detailed, written instructions to achieve uniformity of the performance of a specific function or provide employees with a reference to common business practices, activities, or tasks.

<sup>4</sup> Rules of Engagement (ROE) are rules or directives to military forces (including individuals) that define the circumstances, conditions, degree, and manner in which force, or actions which might be construed as provocative, may be applied. Source NATO.

### 3.6 Fleet management

#### Conclusions:

- All vessel and crew insurance policies expires March 12, 2014.
- There is no insurance coverage for incidents caused by the use of weapons.
- Antillas Reefer has not been operative since January 2014.
- The basic cost of running the vessel is constant. More operational days at sea will only affect the fuel and provision costs.
- The contracted cost of running Antillas Reefer is high (USD 1.900.000 for a period of 6 months, with 75 days at sea) compared with the Kuswag contract (USD 900.000 for 6 months and 50 days at sea). For comparison, the cost of running a coast guard vessel on Iceland, with the same amount of days at sea is nearly equal to the cost of running Antillas Reefer. Factors like fuel expenses, insurance costs, etc. is the same, but maintenance cost seems higher in Mozambique. The salaries seem to be similar for the officers in the two countries, but salaries for able body seamen (AS) are much higher in Iceland. We were explained that the relatively high cost of running the vessel is due to the competition from the private sector and the lack of educated sailors in the country. In the Icelandic example, we have not considered the capital costs of owning a coast guard vessel.

Blue Water Marine Services operates both vessels and owns Kuswag and this is reflected in the contract value. The Government owns Antillas Reefer. Vessel owners must take the depreciation costs of the investment into consideration.

Even if Antillas Reefer is larger and the operational cost and -days are higher than Kuswag, we find the expenses for running the vessel too high.

#### Recommendations:

- Establish a proper insurance coverage for vessel and crew.
- Establish a third party insurance to cover possible negative incidents, as the result of the use of weapons.
- Berth the vessel in the most appropriate areas to increase the efficiency of the operation (not just in Maputo).
- Extend the operational days for the vessel.
- The fuel cost to be reduced with berthing the vessel in various ports and reduce the transits from/to Maputo.
- Schedule maintenance (dockings, large repairs etc.) of the vessels in low seasons for fishing.
- To ensure the best quality of service and the best price, the fleet management of the MV Antillas Reefer should regularly be up for evaluation and renewed tendering processes. However, the Ministry of Finance express their reservations about its practicality in terms of a lengthy procurement process, and the difficulty to obtain expressions of interest from companies for short-term contract given the nature this specialized area (fleet management).
- Improve the pre-planning schedule for the whole year so that the participating institutions can arrange ahead of time for their personnel participating in the operation (Fisheries inspectors and the Security Forces).
- In order to come up with a more accurate assessment of the vessel management cost structure it is necessary to undertake a thorough review of the existing cost structure.

### 3.7 Joint activities for training and surveillance

#### Conclusions:

- The surveillance vessel are not able to cover the entire Mozambican EEZ efficiently.
- When MV Antillas Reefer is docked or due to lack of payments, there is no surveillance activates at sea.
- **Recommendations:**
- A more efficient use of the surveillance vessel can be achieved through multipurpose solutions;
  - Use the vessel as permanent training platforms for maritime officers undergoing education.
  - Finance and conduct joint coastal operations against illegal fishing regularly using surveillance vessel and smaller vessels, sometimes in cooperation by surveillance aircrafts, in order to increase detection in high seasons for fishing.

### 3.8 EMATUM - the Mozambican Tuna Company

EMATUM (Empresa Moçambicana de Atum, S. A.) - the Mozambican Tuna Company, is a project causing a lot of concern. There seems to be a total lack of transparency in this project threatening to lead to serious consequences for the future economy of the country, instead of having the potential to be a valuable asset if managed and planned well. It should have been properly planned and developed through extensive analysis of cost benefit, support and reviews from supporting countries *prior* to the decision of investment.

The planned purchase of expensive naval patrol vessels for the Defence and Security Forces makes this picture even darker. There is no information available on why these expensive and apparently unsuitable patrol vessels were acquired. If their plan is to use them for Coast Guards duties, they must be able to stay at sea for longer period and to operate under rough weather conditions. We are also questioning why a country with friendly neighbours needs to purchase a number of small and unarmed interception vessels. If the purpose is protecting economical interest in Mozambican EEZ<sup>5</sup> the case is different. Then the question will be why the patrol vessels were purchased through a private company and not directly to the Security Forces? We do not know the answer.



Iceland/Norway, April 9, 2014

Einar Valsson

Kato Stokkan

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<sup>5</sup> EEZ - Exclusive Economic Zone

## 4 BACKGROUND

### 4.1 Project Introduction

“Norwegian Agency for Development Cooperation” (NORAD) and “The Icelandic International Development Agency” (ICEIDA) has commissioned Einar Valsson (Iceland) and Kato Stokkan (Norway) to conduct an independent review of fisheries surveillance operations in Mozambique.

The main goal of the project is to review the Mozambican Fisheries Surveillance and particularly the use of the two Mozambican surveillance vessels *MV Kuswag* and *MV Antillas Reefer*, including:

- Regulations and procedures for the operations,
- The outcome of the operations conducted since 2008,
- The reasons for no arrests so far,
- Recommendations for future MCS operations using surveillance vessels.



Image 4: The Mozambican Fishing Inspection Vessel Fleet in Maputo

The team also used time collecting and analysing the costly tuna-fishing venture **EMATUM** that came into being just a few weeks before **\$850m was raised in its name**. The public concern seems less about the way the money was raised than how the money has and will be used, since Mozambique is poor<sup>6</sup>.

We performed several interviews in Oslo and Bergen before travelling to Mozambique February 2 2014. We returned February 21 to analyse our findings and to complete our report by the end of March 2014.

The involved parties had prepared a thorough agenda in advance. It changed somewhat during our stay due to logistic challenges, but the altered agenda still managed to fulfil our needs in extracting necessary information.

All relevant documents referred to in this report are included in the appendix.

<sup>6</sup> Source: <http://www.economist.com/>

## 4.2 Scope and method of work

Both team members have maritime background, Valsson with a considerable knowledge of coast guard operation in general, as Commander in **The Icelandic Coast Guard**, and Stokkan through the **National Norwegian Police Anti-terror Unit**, diving/firefighting/maritime activity, international fraud, antipiracy and war crime investigations through his work in the **National Criminal Investigation Service in Norway** and **Navigare Security**. Both team members have significant experience from similar type of work, so they complement each other in various subjects of expertise and knowledge.

The project started by collecting, reviewing and analysing vast amounts of information;

- Information given to us by the project funders
- Open sources, web, libraries, newspapers, reports, etc.
- Boletim da República
- Official registries and databases
- Interviews of various employees in the public and private sector
- Informação sobre a pescaria do atum, Novembro de 2013
- IMF Country Report No.14/20
- Assistance to the Fisheries Sector of Mozambique, May 2009
- Support to the Fisheries Sector of Mozambique 2013-2017 - Programme Document Common Fund (Final document November 2013)
- Plano Estratégico de Desenvolvimento da Pescaria de Atum em Moçambique - PEDPA 2013

The documents gave us valuable information and enabled us to understand, or at least give us indications why the MCS project had not met the expectations one would anticipate from such a large investment.

The document “**Assistance to the Fisheries Sector of Mozambique**” co-financed by Norway and Iceland - **Appraisal of Program Document**, dated May 26. 2009, pointed out that:

*“The team stressed the need for precisely defined goals, outcomes and indicators that will show that the enhanced institutional capacity shall result in and how to make capacity building self-sustained by the end of the program period. There is need for a plan on how Mozambique intends to continue and consolidate the capacity that has been created”.*

This and other documents clearly suggest that the Mozambican government should gradually take over the funding of the activities in the different programs. One other common conclusion given by different teams was the focus on specific measurable results and indicators. The mentioned appraisal also concludes that the *reason for not reaching goals was not the lack of fund, but weakness in the capacity and competence in the key institutions within the fisheries administration.*

The subject that fishing inspectors should be well trained and have zero tolerance regarding violations was stressed in the same report.

Interviews, observations, and research are the primary tools of an analyst. Interviews were an effective technique widely used for gathering information before, during and after the team’s stay in Mozambique.

We interviewed more than 20 institutions and people during the project period, some interviews lasted several hours. Relevant references and quotes are made available in the report. The interviews as well as background documents are an important factor and explain why the MCS has not accomplished its mission objective.

### 4.3 Institutional set up for the surveillance operations

The **Ministério de Pescas de Mozambique (MdP) or Ministry of Fisheries**<sup>7</sup> provides assistance to the Government in defining principles, objectives, policies and plans of action in the framework of a responsible management of fishing resources, fishing activities, including fishing equipment, and other related services under the Ministry of Fisheries portfolio, and secures its implementation.

In addition, there are provincial responsibilities when it comes to carrying out control of landings of fish.

Directorates are organized into Departments and Offices. Ministry of Fisheries has their main offices in two different buildings in the capital city of Maputo. They also have local representatives in the different sectors of the country. Ministry of Fisheries' offices in Maputo control the Mozambican Fisheries Surveillance through an operation centre currently manned by three persons under the command of Head of Operation Fisheries Law Enforcement, João Noa Rafael Senete. Mr. Senete is a key person in the countries MCS activity.

The Ministry of Fisheries is responsible for all fisheries activities in Mozambique including the regulation of illegal, unreported and unregulated (IUU) fishing as well as ensuring sustainable use of resources in its various domains. One of its identified roles is to safeguard the access of Mozambique's fisheries products to its main export markets. Our mission did not take into account the reform process, which resulted in separation and segregation of competences. Additionally, it is important to note that within the framework of MCS in Mozambique, IIP handles Monitoring matters with respect to collection and analyses of data of scientific character. ADNAP, in its turn, is in charge of the Monitoring and Control tasks, which include a formulation of proposals regarding fisheries management, which later are expressed in a legal format. DNFP has as its main assignment, securing the compliance of established fisheries legislation and standards. Necessary to also refer that the segregation of the fisheries administration competences it is not only applied at central level, but also at local level.<sup>8</sup>

#### Licensing processes

DNFP and ADNAP maintain and update a list of fishing licenses/allowances on a monthly base. If by chance a particular boat has a history of illegal fishing, its license to fish in Mozambican waters will automatically be rejected.

Foreign vessels must come to a Mozambican port and undergo a preliminary inspection in order to get the fishing license.

For small-scale fisheries this is delegated to Serviços Distritais de Actividades Económicas - SDAEs.

<sup>7</sup> <http://www.mozpesca.gov.mz/>

<sup>8</sup> Source: Ministry of Fisheries

## 5 REGULATORY BASIS FOR THE OPERATIONS, FOCUSED ON LAWS AND REGULATIONS REGULATING THE USE OF THE VESSELS, INSPECTORS ETC.

Mozambique has implemented mechanisms for responsible management, the MCS scheme to combat IUU<sup>9</sup> fishing. Mozambique conducts sea patrols with its patrol vessels, coastal land based patrols and, where special situations exist, air patrols. Mozambique has recently implemented a new comprehensive law from 2013 regulating the fishing activity<sup>10</sup>. This law was entered into force in February 2014.

Mozambique has conducted its MCS operations since year 2000, when using, among other, vessels like the “Eagle Star”. The MCS activities in the 2000s were in the context of MCS-SADC Regional Programme. Operational time and experience is therefore more than 10 years. MV Kuswag, a former South African pollution vessel, brought in by the operator Blue Water Marine Services, has been operational in Mozambique since 2008. The vessel had limitations due to size, capacity, as well as speed, but it was a functional platform for surveillance. The contract for the vessel terminated in June 2013.

The fishing vessel, MV Antillas Reefer, was previously confiscated due to illegal fishing and is now modified as a modern surveillance vessel. Since 2012, it has been used to fight illegal, unregistered and under-reported fishing and works much better as a tool for MCS activities. The vessel is 53 meter long and has the necessary capacity to stay at the sea for a long time. The vessel is well equipped and functional.

MV Antillas Reefer is the major functioning operating tool for MCS. The vessel has a maximum speed of 12 knots, however even if the vessel is used effectively, it will never be able to sufficiently cover the entire economic zone in an effective manner.

The use of additional tools like Vessel Monitoring System<sup>11</sup> (VMS) is one instrument as well as the gathering and analysis of intelligence information.

The MCS operations and responsibilities lie with the;

- **National Directorate of Fishery Administration (ADNAP)** - VMS, ERS, licensing and other legal issues - and the
- **National Directorate of Fisheries Surveillance (DNFP)** - Operation and enforcement.

The MV Antillas Reefer is under responsibility of DNFP, as well as other control related issues like the inspectors. Both institutions are under the Ministry of Fisheries. The Fisheries Monitoring Centre (FMC) is also under the responsibility of ADNAP.

The way the MCS is currently organised is perhaps not the ideal set up. Generally, it would be beneficial to have these aspects integrated under the same division and in real time read out for improved possibilities in analysing intelligence information. The natural step in improving the MCS operations would be gathering all jurisdiction, administration and information under the same command. This not only for the benefits of monitoring and controlling the fishing vessels in the EEZ<sup>12</sup>, but also for setting up a safety and rescue operation (SAR) and monitoring the environment for possible pollution. Probably, DNFP is the best division to have that command, or building a new

<sup>9</sup> IUU - Illegal, Unreported, and Unregulated Fishing Activities

<sup>10</sup> See legislations; <http://www.mozpesca.gov.mz/index.php/en/legislation>

<sup>11</sup> VMS is a mandatory Entry/Exit and Catch Reporting system. Foreign fishing vessels must report catch on-board by species and weight on entry and every three days while operating in the zone as well as its total catch on-board on exit by species and weight.

<sup>12</sup>EEZ - Exclusive Economic Zones

institution (Coast Guard) for the entire operational responsibility. ADNAP's need for information regarding licensing vessels can be solved by readable, real time access from the VMS system.

The VMS system monitors all national fishing vessels over 20 meters and all foreign fishing vessels. It is a very important tool for monitoring the fleet. An Automatic Identification System (AIS)<sup>13</sup>, initially used as a collision avoidance system, gives information on all the ships in the area, their speed and courses and how to contact them (name, callsign, MMSI). This information is publically broadcasted on VHF radio which either can be picked up by other ships or by shore based receivers. **The weakness of the AIS is that the Master has the discretion to switch off the AIS if he believes that its use increases the ship's vulnerability, and it is not mandatory to use AIS outside the Mozambican coastline.** If the act and/or legislation would be improved so that it would be compulsorily for the fishing vessels to transmit their AIS signal within the Mozambican EEZ, it would reduce oil consumption and increase the effect of the Fishing patrol vessels (FPV).

According to law and legislation, all foreign fishing vessels must come to port in Mozambique for pre-inspection before they are allowed to start fishing inside the Mozambican EEZ. A bilateral agreement made with the EU, states that at least 30% of licensed vessels have to come for that inspection, an agreement that clearly undermines the control functions of the MCS.

It should be mandatory for fishing vessels longer than 20 meters<sup>14</sup> to transmit their AIS-signals while in Mozambican waters to avoid and detect illegal fishing. To reduce the risk for violations, all foreign vessels, including EU vessels should come to port for pre-inspection before obtaining their licenses. Today the risk of hijacking in the Indian Ocean is minimal, and it would be possible for EU vessels to come to port to obtain their licenses.

Currently, there is no effective control of foreign fishing vessels leaving Mozambican EEZ after termination of fishing. They can improve the inspection of those vessels by establishing control points, which are compulsorily to sail through on their way to and from the fishing ground. This is currently used in Iceland with good preventive results. (See Appendix)

Creating inspection zones will ease inspections resulting in higher numbers of controls as, a preventive effect and enable a more effective control. Fishing vessels must pass a defined zone in the surveillance area and inform the fishing inspection authorities in advance. Its implementation should be a part of reorganization process of MCS activities.

## 5.1 Procedures and rules for the on-board operations, including standard operation procedures, rules of engagement, weapon handling, storage and control system, lines of command - mixed crew

This chapter is touching a delicate subject; The armed Defence and Security Forces protecting a civilian vessel with a crew from a private company.

The private owned Mozambican company, Blue Water Marine Services, operates the MV Antillas Reefer and owns MV Kuswag. The two shareholders are Peter Micklewright, 68 years old, with 51 % of the shares and Managing Director Alexander Shalke, holding 49% of the shares. We had several meetings with the management of Blue Water Marine Services discussing operations procedures.

There are two operational crews, one for MV Antillas Reefer and one for MV Kuswag. MV Antillas Reefer was in dock with mechanical problems whilst we were in Mozambique, so we could not join

<sup>13</sup> AIS - Automatic Identification System

<sup>14</sup> Norway requires VMS on-board all of its fishing vessels longer than 15 meters. Iceland has mandatory regular positioning reporting at least every hours for fishing vessels inside Icelandic waters: Vessels shall report their position 6 hours prior to entry into the Icelandic EEZ. Icelandic AIS coverage area is approximately 50nm from the shore.

her on a surveillance mission. However, we performed a thorough inspection on-board. We joined MV Kuswag for a three days surveillance expedition instead. During this expedition, we interviewed the Security Forces about their training, tactics and how they would react on a hostile intent, but it was impossible to get a productive conversation regarding the subject.



Image 5: The operational crews

According to the contract, Blue Water Marine Services is responsible for maintaining and running the vessel. They also have the responsibility for insurance related matters. The insurance of MV Antillas Reefer and her crew is covered by Blue Water, which has a hull <sup>15</sup>and accident as well as life insurance for the Blue Water Marine Service staff. The inspectors are insured on an annual basis for the life insurance, covered by the Ministry of Fisheries. The Security Forces has their own mechanisms. Insurance is extremely important during this kind of operations. There is both a military and a civilian crew operating a civilian vessel owned by the Government.

The civilian Captain assured us that he was in charge on-board if a serious incident like a hijack attempt should occur, and that the Security Forces had to follow his instructions. Furthermore, he stated that he could control the Security Forces on-board. From our point of view, it is crucial that everyone understands what their powers are; how far they can go, and always check with someone more senior if they are ever in doubt.

MV Antillas Reefer has a number of civilian inspectors employed by the Ministry of Fisheries on-board. The presence of the Defence and Security Forces on-board is to ensure the safety of the vessel, crew and inspectors. The Security Forces have access to handheld rifles and machine guns. According to information provided, just one machine gun is mounted during vessels operations. The weapons are there to protect the crew against attacks from pirates and protect the inspectors while doing their duties. The weapons are stored at the lower deck in a small room protected by a padlock. The best solution would be to store the weapons in a metal gun cabinet placed at a strategic position at the bridge at a place that is visible, controllable and easy accessible.

Armed personnel on-board a civilian vessel doing fishery inspections in Mozambique waters, must as a minimum requirement, have the following functions in place:

- Standard operation procedures (SOP)
- Rules of Engagement

<sup>15</sup> Hull insurance - Hull insurance is vessel insurance that covers damage to a vessel, its machinery and its equipment.

- Regular group training in common practices
- Third party insurance and accident insurance
- Best Management Practice (BMP), version 4
- Regular risk analysis

In a stressful situation, it is extremely important to act correctly without unnecessary use of force. The right of self-defence must be achieved within the rules of proportionality. The crew must do regular exercises together with the Security Forces to be able to avoid situations and be prepared to handle any situation with minimum use of force.

It has been the interest of the Ministry of Fisheries to ensure the safety of the ship, crew and inspectors on the vessel, to ensure safe inspection operations. However, the SOP and Rules of Engagement on-board MV Kuswag did not clarify the responsibility between civilian and the Defence and Security Forces. At the Ministry of Fisheries, we were shown an older version of BMP. We did not see any ongoing training or briefing involving The Security Forces guards and the ship’s crew. After interviews at Ministry of Fisheries, we got the impression that the presence of the Security Forces on-board was a burden mostly due to professional differences. We also got the impression that the Security Forces was not selected, or trained to be able to protect the crew in a professional way.

We have enclosed a Standard Operation Procedure used by Navigare Security as an example, clarifying the responsibilities of the captain of the vessel and the armed Security Forces.

The current risk of being attacked by pirates in the Mozambique Channel is minimal. The number of pirate attacks at the east coast of Africa has decreased considerable since the peak in 2010/2011. The last attack in the Mozambique Channel was registered in December 2010.

There is no third party insurance to cover damage caused because of accident or death on third parties because of wrong weapons handling.

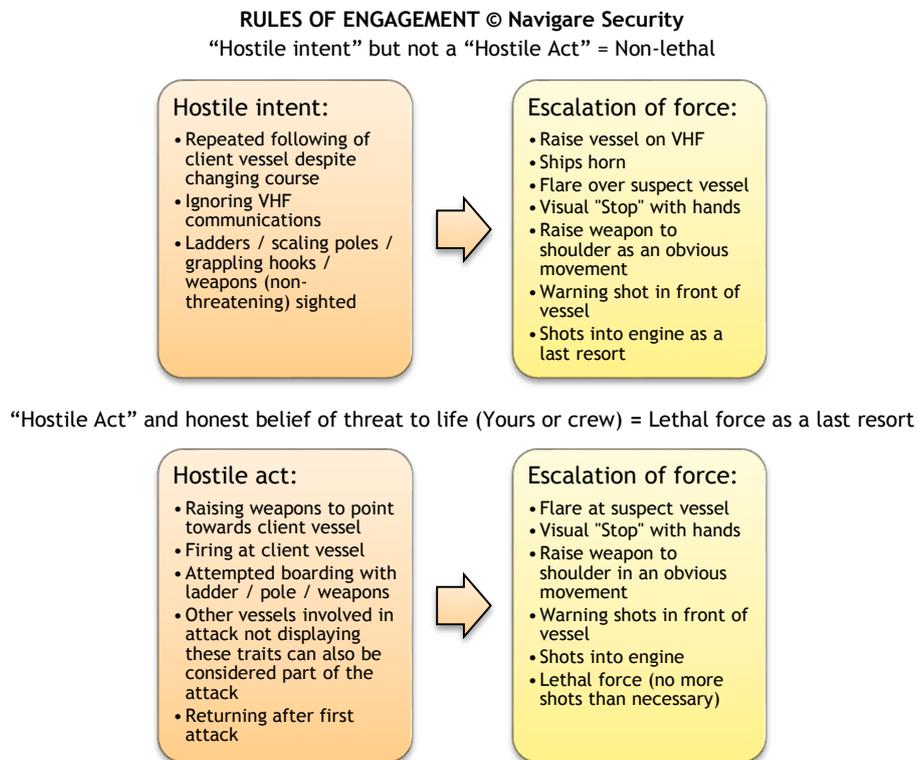


Image 6: Navigare Security’s Rules of Engagement

## 5.2 Conclusion/recommendations armed security

Fishing patrol vessels should be protected against attacks as well as being able to provide crews the necessary security and support during inspections. While at sea, necessary preparations, training and briefing can be done on-board to secure both vessel and crew.

- A training and coordination program must be established
- The Security Forces must pass a Ship Safety Officer Course
- There must be a dedicated group of trained Security personnel responsible for protecting the vessel
- Clear lines of command (SOP) must be established
- Insurance question must be cleared in advance
- Metal gun cabinets for weapons storage is highly recommended

## 6 THE PROCEDURES FOR THE PATROL OPERATION OFFSHORE USING THE SURVEILLANCE VESSELS FOR CONTROL OF FISHING VESSELS AND IMPLEMENTATION OF THESE PROCEDURES

The monitoring of fishing activities is an essential aspect of the enforcement of fishing regulations and, ensuring compliance with resource management controls. The Ministry of Fisheries has already established several operations procedures manuals for the fisheries inspectors - Procedures for Operations (PPO), “Manual do Fiscal de Pesca” and “Procedimentos de Inspeção de Embarcação de Pesca”.



Image 7: The Fishing inspectors' procedures and handbooks

During the evaluation mission, Valsson pointed out that the inspectors of MV Kuswag did not conduct the inspections according to the procedures. The tasks of the inspectors are well defined but the inspections are not satisfactory.

The Mozambique EEZ is nearly 600.000 km<sup>2</sup> and only one Fishing patrol vessel (FPV) is patrolling this area. Surveillance activity is carried out in view of the fisheries activity seasonality. Due to limited resources it is very important to conduct a proper risk assessment to ensure that the FPV is deployed in the most important place at all times - according to high/low season fishing activities. The patrolling schedule must be issued in advance for the whole year for all institutions involved in the operation so they can better plan the utilisation of personnel taking part in running the FPV.

The vessels should maintain precise records of fishing operations in the form of logbooks and the inspectors should know how to read and analyse these logs; *Vessel name, nationality, registration number, types of fishing gear used, gear specifications (e.g. mesh size), radio call sign, positions,*

*catch retained/discarded by species, etc.* However, logbooks should not be considered in isolation, as the quantities of fish recorded in logbooks are often not accurate values, but estimates. There are calculation methods on how to calculate gross fish hold volume, but the best opportunity to accurately record the quantity of fish is usually at the time of landing. The inspectors should also consider other documentation, such as landings declarations and sales notes, and facilitate submission to current fisheries regulations.

The civilian crew from Blue Water Marine Services conducts its boarding procedures very professionally, and very comparable to the procedures used at the Icelandic Coast Guard (ICG). We participated in boarding operations both by day and night and they were done in a secure and professional way.

The procedures conducted by the fisheries inspectors are in many ways similar to the standards used by the Icelandic Coast Guard. They start at the bridge with the captain of the vessel and go through all appropriate documents as well as fishing catch log book, ships log book, license etc. Then they inspect the fishing gear, which was during our evaluation mission not always done in accordance with the regulation.

The inspectors do not have the necessary skills to make proper checks of the fish hold. They need training to be able to read drawings, measure and calculate used/unused capacity of the hold and what conversion factor should be used to get the correct amount of catch and compare to the fisheries log book.

Some vessels are carrying out high seas transshipment, taking on-board catch from IUU vessels. The inspectors also need better tools for collecting evidence and interpreting findings. Inspectors need proper clothing for inspection of cold store.

Foreign experts should conduct a strict monitoring program, supporting the fisheries inspectors during a limited period. This would enable the experts to evaluate the inspections, suggest and implement improvements and give professional advice. This would help the inspectors to do their work in accordance with the procedures and handbooks. For the optimal result, this program should be in conjunction with previously suggested training program for development and pre-planning of patrol activities.

## 7 PRE-PATROL PROCEDURES, INCLUDING REASONS FOR/WHAT TRIGGER THE CONDUCTING OF PATROLS, AS WELL AS INFORMATION GIVEN TO THE FISHERIES INSPECTORS

Before patrolling, the intelligence information is gathered at National Directorate of Fisheries Surveillance (DNFP) through the VMS system and the ERS<sup>16</sup>, which is being developed. The capacity for analysing all possible information at the department is not satisfactory. Only two persons are stationed at the division, and the chief of operation is the only one analysing the information prior to patrolling. After analysing and prioritising, the chief of operations board the FPV to brief the captain, chief of inspectors and the Security Forces of the main tasks for the trip and the area to be patrolled.

On one hand, surveillance activities are carried out in view of the fisheries activity seasonality, and on the other, in a random way. There are no systems and operational procedures for conducting patrol outside the tuna fishing and prawn season.

Pre-patrol planning and activities must develop further. The collection of intelligence information, analysis as well as advance targeting and selection must improve. Results must be evaluated, stored

<sup>16</sup> ERS - Electronic Reporting System

and shared with neighbouring countries. Today, these tasks are not performed professionally and not built up to achieve optimal results. A team consisting of external advisors with experience from coast guard duties, intelligence and analysis activities, and knowledge about DNFP functions, should plan how to develop these functions and provide necessary training and coordination. Such an effort will increase the possibility for detection of illegal fishing activity. The training program should be conducted by someone with a solid background from policing, and be able to come up with a plan in advance for how to collect and use intelligence information combined with the operative element.

## 8 OPERATIONS OF THE SURVEILLANCE VESSELS SINCE 2008

### 8.1 Analysing VMS data and reports from the vessels

All data is saved in the VMS system and we looked at all records for two years (2010 and 2013) as well as the written reports for the same years. Extracted data showed that fisheries is taking place along the nearly 2.800 km long coastline but with seasonal effort. The track for the FPV's MV Kuswag and MV Antillas Reefer was in accordance with the fishing vessels records and most of the EEZ was covered over the year.

The written reports for these years were analysed and the numbers compared with the annual report. We found some discrepancies in reports made on-board the inspected fishing vessels and the final summary/report written on shore. The final summary/report did not always include warnings stated in the FPVs report. The inspectors must coordinate their reports before handing them over to the Ministry of Fisheries.

The inspector should report all discrepancies, even verbal warnings. All gathered information and reaction must be stored and used for training and evaluation purpose.

In the process of improvement of the procedures and institutional capacity, corrective actions to address this aspect will be considered by the Ministry of Fisheries.

### 8.2 Performance at large, results and records, patrol days, operational issues as well as results of inspections

The results from running the patrol vessels from 2008 - 2013 can be seen in the following table according to read out from annual reports:

Year	KUSWAG contract	ANTILLAS REEFER contract	Actual days at sea	Sightings	Inspections	Infringements
2008	150		93	60	35	1
2009	150		150	81	71	16
2010	150		150	87	79	3
2011	150		Missing data			
2012	100	150	70+118	181	130	24
2013	50	150	50+74	214	116	18
<b>Sum:</b>			<b>855</b>	<b>626</b>	<b>381</b>	<b>62</b>

We are missing quite a few records in our statistics for 2011 in order to finalise the table above. According to information from DNFP, the missing records are due to change of computer system.

In 2008, Blue Water Marine Services experienced start-up problems. Design, construction, installation and testing of hydraulic ramp on MV Kuswag (changes of equipment to launch and recover the boarding boat). In 2012 and 2013, they experienced systematic late payments, which caused financial and operational problems.

In October 2013, they discovered problems in MV Antillas Reefer's propulsion system, which called for extra docking of the vessel in Durban, South Africa. The same problem reoccurred this January. We suspect the reason is low quality repairs, assembly and material used by the shipyard in Durban.

From 2008 to 2011, MV Kuswag was the only surveillance vessel in operation. Due to the small size of the vessel, with a length of 29 meters, its reach was limited and it could not patrol the outermost Mozambican EEZ. After MV Antillas Reefer, with a length of 53 meters, came into service, it allowed to patrol the high seas and stay at scene for longer time. The duration of the longest trip they have carried out so far is 24 days.

Semi-industrial and industrial fishing vessels out of three nautical miles from the shore are included in the statistic for sightings, inspections and infringements. The area within the three-mile zone is only open to artisanal fishery. As seen from the table, only 62 infringements (missing numbers from 2011) were discovered in the inspections that took place in the period of 2008-2013. The infringements have not been severe and so far, no vessels have been arrested, but many of them have been fined for illegal fishing activities.

MV Antillas Reefer is not a fast speed vessel (max speed about 12 knots) and it is very difficult to patrol the whole area with only one vessel. Support from air from time to time would increase the chances of a positive identification of IUU fishing at the high seas, something that is already considered in the MCS strategy in Mozambique, but it is unfortunately not carried out due to budgetary constraints.

Many interviewees reported experiencing positive effects of the FPV program, and were positive that the surveillance had already shown preventive effects. Some suggested the vessel should have more than one (home) port when conducting patrols, as the distance to/from the port in Maputo was time-consuming and costly, hereby increasing the area and frequency of patrols. How to change crews and adding more berthing alternatives along the Mozambican coast, i.e. ports of Beira, Quelimane, Nacala etc. is something worth looking into. Berthing alternatives outside the bigger cities is not advisable due to the lacking infrastructure in parts of Mozambique.

### 8.3 Contract and mandate for operator of the vessels, Blue Water Marine, operational issues as well as system for maintenance and provisions

The Ministry of Fisheries granted us access to all contracts for MV Kuswag and MV Antillas Reefer dated 2007-2013. In 2007 procurement processes occurred. All the contracting of the services of Blue Water Marine Services, Lda were conducted within the framework of procurement procedures of Mozambique. The documentation referring to the procurement process was made available to the review mission.

We met with a mechanical engineer at the procurement offices, Luis Costa, and we were explained how the different processes had been conducted. The contract for surveillance operation services by the company Blue Water Marine started in 2008.

He told us that Blue Water Marine got the first contract in 2007 because they had the most competitive and comprehensive bid, and a price much lower than the offer from the competing company, which was the owner of MV Eagle Star. Blue Water Marine was the only company to provide the required bank guarantee as stated in the terms of conditions.

We analysed the offers from both companies in 2007 and Blue Water Marine had indeed the lowest bidding price at 73 million Metical's<sup>17</sup> and the offer from Eagle Star was 95 million Metical's. The difference in price in favour of Blue Water Marine Services was 22 million Metical's.

When the decision to convert Antillas Reefer from a fishing vessel to a fishing surveillance and inspection vessel was taken in 2011, the contract went to Blue Water Marine Services without a tender process. The reason being the Ministry of Fisheries was satisfied with the way they were running MV Kuswag and considered it practical to use the same company for both vessels.

They should have produced a tender before starting the process of converting Antillas Reefer. They had more than sufficient time to prepare the specifications and do a tender before sending Antillas Reefer to the yard in Durban, South Africa. Instead they used the easy solution, using Blue Water Marine Services both to be responsible for changes to the vessel, as well as for further operations.

The team conducted several interviews with the owners of Blue Water Marine Services and were able to inspect their offices, workshop and both vessels. We stayed on-board MV Kuswag three days at sea. Our inspections concluded that both vessels are "ship shape".

MV Antillas Reefer seemed to be well maintained. The engine room was clean and the bridge looked well organized. During the last 6 months there has been a problem with the shaft tube that runs the propeller of the vessel. The vessel must soon return to the yard in Durban for repairs. The vessel had recently the same problem and Blue Water Marine Services has contacted their lawyer and are in discussions regarding responsibility. The repair is calculated to cost \$ 100 000. The vessel was due to dock in the first week of March 2014. They cancelled the docking due to lack of payment from the Ministry of Finance in Mozambique.

The payment issue shows that Mozambique is still not capable of running the vessel by themselves. Blue Water Marine Services management has been very cooperative and used personal credits to be able to run the vessel, even though there have been considerable delays in payment from the Government several times. If the Ministry of Fisheries operated the vessel instead, and payments were not made, we presume that the vessel would have been berthed as result of lack of funds. The consequences would be serious. If the crew is not paid it's a risk that they will disappear to jobs that are more attractive, and it will be difficult replacing them with skilled personnel. Further consequences should be obvious.

#### 8.4 Expenses Kuswag/ Antillas Reefer from contract material

The contracted cost of running Antillas Reefer is high (\$ 1.900.000 for a period of 6 months, with 75 days at sea) compared with the Kuswag contract (\$ 900.000 for 6 months and 50 days at sea).

Blue Water Marine Services operates both vessels and owns Kuswag and this is reflected in the contract value. The Government owns Antillas Reefer. Vessel owners must take the depreciation costs of the investment into consideration.

Even if Antillas Reefer is larger and the operational cost and -days are higher than Kuswag, we find the expenses for running the vessel too high.

To come up with a more accurate assessment it is necessary to undertake a thorough review of the existing cost structure.

For comparison, the cost of running a coast guard vessel on Iceland, with the same amount of days at sea is nearly equal to the cost of running Antillas Reefer. Factors like fuel expenses, insurance

<sup>17</sup> 1 USD = 25.15 MZN as of Jan 1, 2007

costs, etc. is comparable, but maintenance cost seems higher in Mozambique. The salaries seem to be similar for the officers in the two countries, but for the able body seamen salaries are much higher in Iceland. We were explained that this is due to the competition from the private sector and the lack of educated sailors in the country. In the Icelandic example, we have not considered the capital costs of owning a coast guard vessel.

Table 1: Cost of running surveillance vessels in Metical's (or USD where specified)

Date	Vessel	Start	End	OP. days	Pr. day MT	P. period MT	Daily fuel cost	Daily costs in port	Daily operational	Maximum price 6 months	Contribution Common fund MT
09.10.07	Kuswag	09.10.07	Not in contract	150	100 274	15 041 094	425				Not in contract
xx.09.09	Kuswag	05.12.09	05.12.10	150	114 312	41 723 993	0				41 723 993
07.10.10	Kuswag	06.12.10	06.12.11	150	278 160	41 723 993	0				41 723 993
01.01.12	Kuswag	01.01.12	30.06.12	50	648 000	32 400 000	0				32 400 000
28.12.12	Kuswag	01.01.13	30.06.13	50			0	\$3 290	\$6 666	\$900 000	\$900 000
12.10.10	Antillas Reefer	Docking cost	\$1 694 000	0							
03.01.12	Antillas Reefer	15.01.12	15.06.12	75		51 300 000	0				Not in contract
03.06.12	Antillas Reefer	16.06.13	16.01.13	75		51 300 000	0				51 300 000
17.01.13	Antillas Reefer	17.01.13	30.06.13	75		51 300 000					Not in contract

### 8.5 Identified challenges related to patrol activity and operating surveillance in Mozambique waters, including institutions related activity

Looking ahead, the biggest challenge for patrol activities is the joint effort in fighting illegal, unregistered and under-reported fishing among the artisanal fishermen. As mentioned earlier statistics from Ministry of Fishing's website states that in 2012 the annual catch was totally 200.800 tons. 179.200 of this is from small-scale fishing, and 21.600 is from industrial fishing.



Image 8: Inspection of artisanal fishing outside Beira

There is an unknown amount of catch taken every day, and considerable illegal use of fishing gear due to lack of monitoring and surveillance. The situation is well known, but the capacity to deal with this is very limited in both willingness to implement, work force and assets. This particular challenge will be difficult to deal with due to importance of daily food security for the families of involved fishermen. The previously mentioned NORAD web report states “about 35 per cent of the country’s population is chronically malnourished and 240 000 have an uncertain food situation”. It’s the teams opinion that the constant use of illegal fishing nets gives an accelerated effect. Fish and shrimps will not be able to grow and reproduce, affecting the complete marine ecological chain.

Challenges for the semi-industrial and industrial fleet is the by-catch - fish or other marine species that are caught more or less unintentionally while catching certain target species and target sizes of fish. The by-catch is sometimes more valuable than the targeted species. One approach is to put in place a regulation that the by-catch cannot exceed a certain percentage of the total catch of licensed targeted species. Another approach is to ban fishing in areas where by-catch is unacceptably high or to use alternative or modified fishing gear. A technically simple solution is to use nets with a larger mesh size (a legal net has a minimum mesh size of 38 mm), allowing smaller species and smaller individuals to escape.

We have not found information regarding the by-catch of vulnerable species like the sea turtles and dolphins. It seems that a system like the “turtle excluder device” (TED) is not in place yet (See illustration below from the Australian Fisheries Management Authority). In fact, we were asked if we could provide information on how to obtain and use TED’s in Mozambique.

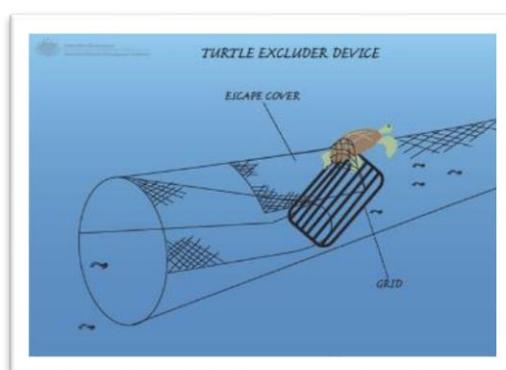


Image 9: Example of a Turtle Excluder Device from the Australian Fisheries Management Authority

The use of the Fishing patrol vessels is not strictly for MCS operations at deep sea or for the industrial fleet. The FPV’s are also very important for patrolling and controlling the shallow waters and artisanal fisheries. It is a huge challenge fighting the illegal fishing activities without serious and continuous controls and inspections throughout the coastline. For instance, during our visit to the Sofala province, almost all fishing gear we could see was illegal. We interviewed several fishing inspectors saying that this is an important reason for overfishing.

The legal mesh size for shallow water shrimp fishing in artisanal fisheries - beach seine<sup>18</sup> is of 38 mm. For industrial and semi -industrial fisheries the mesh size is larger (55 mm). Artisanal fishermen uses mosquito nets catching everything that comes into the net. Sofala Bank is the area for the most important Mozambican fishery as well as the shallow water shrimp fishery. The scientist at the Fisheries Research Institute (IIP) mentioned this illegal fishing as one of the main reasons for decreased prawn stock at Sofala bank. The small prawns are caught at the coastal area on the way out from the fresh water to the deep water to lay the eggs. The catch at the Sofala bank has been dramatically reduced during the last ten years. It was not possible for us to get liable figures on the reduction, as there is a considerable discrepancy in the figures available (some sources estimate reductions from 70,000 to 2,500 tons, others from 70,000 to 20,000 tons).

The team is aware of other possible reasons for the considerable reduction like, cutting of mangrove threes, white spots, diseases caused by invasion of foreign prawns, changes in migration and climate changes. According to our sources at IIP, most of the mentioned causes do not have any scientific basis or rationale. Until evidence is given, we remain with the fact that illegal fishing is a considerable reason for the huge reduction in quantity.

<sup>18</sup> A beach seine is a seine net operated from the shore.

The Ministry of Fisheries must pursue a strong set of actions in order to improve inspections and actions against illegal fishing among the artisanal fishermen. We suggest planning and carrying out an operation in order to reduce the ecological consequences and the unfair competition caused by those fishing with small nets.

There is a proposed plan for cooperation between MV Antillas Reefer - working as a base platform operating from outer perimeters of the EEZ - and small patrol vessels working from the shore based stations. Coastal Patrol Boats (CPB's) could be based in and work from Maputo, Beira, Nacala controlling the artisanal fisheries and ask for assistance from MV Antillas Reefer when needed.

The challenge for this setup is that there is currently no capacity for maintenance or running of such assets in Beira and Nacala. In Maputo, it is possible to cooperate with Golfinho, a boat based at the Fisheries school. According to information from official sources, the vessel will after its transformation represent a reinforcement of existing means.

It is possible to extend the operational days at MV Antillas Reefer from 150 days to at least 200 days a year. The basic cost is constant for the crew and vessel so the only extra cost is fuel and provisions which i.e. might be covered if some of the paid fines for illegal fishery were returned to the Ministry of Fisheries, meaning that their budget revenues should be increased due to effective results. This solution could also increase the motivation for extra effort. In relation to the return to the Ministry of Fisheries of the value of fines, should be noted that there is a system in place to handle revenue values<sup>19</sup>.

Legal fishing methods will reduce the catch for some time, allowing the species stock status to increase and in the end offering a more stable, sustainable and valuable fishing industry. This will not just benefit the coastal area, but most likely also have positive effect on i.e. prawn stocks on deeper water.

As mentioned before, the most important measure for monitoring the outermost areas of Mozambican water is when FPV's can cooperate with air surveillance and reconnaissance aircrafts increasing the chances of detecting fishing vessels involved in illegal fishing. If renting aircrafts, one should have two qualified fishing inspectors on-board with cameras recording evidence of illegal activities, establishing communication between the aircraft and FPV's i.e. VHF AM radio on-board the vessels. The inspectors need to be professionally trained to take on such work.

The MCS strategy in Mozambique considers aerial solution/platform, but it is not carried out due to budgetary constraints. It is important to note that there were situations where this was possible within the MSC-SADC project.

## 8.6 Cooperation with neighbouring countries as well as organizations

The National Directorate of Fisheries Surveillance (DNFP) is already cooperating with neighbouring countries as well as Regional Fisheries Management Organizations (RFMO's), but this cooperation needs to be strengthened and the flow of information needs to be increased. Information in foreign reports indicates that foreign fishing vessels are fishing tuna illegally in Mozambican waters. The reported tuna catch to Mozambican institutions are 5-7.000 tons annually, but around 20.000 tons to the IOTC. This is a huge discrepancy in reported catch, which need to be controlled.

A mandatory comparison of catch reported to the vessels country of origin - and the numbers last reported to the Mozambican governing bodies - should be carried out when foreign fishing vessels

<sup>19</sup> Source: Ministry of Fisheries

re-enter Mozambican waters for fishing and before the vessels can start fishing again in Mozambican EEZ.

### 8.7 Plans and documentation for future operation of all patrol vessels in the MCS support of fisheries management as well as the program of Ministry of Fisheries

The government need to decide how the future operations of the FPV's will be carried out, like increasing the vessels tasks and building up some kind of Cost Guard Service taking care of safety and rescue operation (SAR) in Mozambican water. They need to figure out how to improve crew's qualifications and expertise. The Coast Guard vessels in Iceland are operated as multi task vessels and the vessels officers are trained as fisheries inspectors as well. If the vessels in Mozambique are to be operated with governmental employees, the crew can be trained to perform multi task operations as well as the safety and security aspect regarding self-defence.

A more efficient use of the surveillance vessels can be achieved through multipurpose solutions;

- Use the vessels as permanent training platforms for maritime officers undergoing education.
- Conduct joint coastal operations against illegal fishing regularly using surveillance vessels and smaller boats, sometimes in cooperation by surveillance aircrafts, in order to increase detection in high seasons for fishing.

Furthermore, one need to implement project plans with a timeline clearly stating when and how the Mozambican government will take over the operation of MV Antillas Reefer from the private company and how to finance the operation.

Improved education facilities for the crew is encouraged i.e. the two separate schools (The Fisheries School and the Nautical School of Mozambique) for seafarer's education can be merged to utilize existing instrumental equipment, reduce maintenance, administration and personnel cost, and focus on creating one exceptionally well equipped and run school for education in navigation and engineering.

However, in relation to the merge of the Fisheries School with the Nautical School, the Ministry of Fisheries do not think that there are sufficient grounds to make recommendations in this respect, given the nature of the evaluation focus. However, there were previous studies about this particular issue, and the Ministry of Fisheries suggest they are analysed for a more in-depth study of the matter.

We want to highlight some of the point we have discussed earlier, and that touches some of the points that should be looked in to:

- On an institutional level, it would be beneficial to have all fisheries related matters within same governing body. Performance at large, results and records, patrol days, operational issues as well as results of inspections.
- Identification of challenges related to patrol activity and operating surveillance in Mozambique waters, including institution related activity.
- Cooperation with neighbouring countries as well as organisations.
- Plans and documentation for future operations of all patrol vessels in the MCS support of fisheries management as well as the program of Ministry of Fisheries.

## 9 RECOMMENDATIONS FOR FUTURE MCS OPERATIONS

### 9.1 Advices to the discussion on the future operation of the vessels to make the service more efficient as well as suggestions for changes in MdP regulations for monitoring and control of fishing

- Pool all MCS operational matters under same body - DNFP - to improve the collection and analysis of intelligence information in a broad perspective and contribute, not only to controlling and combat illegal fishing, but also to standardise Safety and Rescue regulations in Mozambican water.
- Establish control points for inspection of foreign fishing vessels entering and leaving Mozambican waters. This will give better opportunity for monitoring and controlling the foreign vessels.
- Improve the pre-planning schedule for the whole year so that the participating institutions can arrange ahead of time for their personnel participating in the operation (Fisheries inspectors and the Defence and Security Forces).
- Berth the vessel in the most appropriate areas.
- Set up proper training program to improve inspector's skills when controlling fishing gear and especially when comparing catch log with fish hold/well calculations inspections.
- Consider the possibility of training and programs for governmental employees too if they are to run MV Antillas Reefer.
- Extend the vessels tasks - Multipurpose / Coast Guard - Beneficial for the operation and will not affect the main task - Fisheries inspection.
- Extend the operational days for the vessel - The basic cost of running the vessel is constant so this will only affect the fuel and provision cost. The fuel cost can be controlled with berthing the vessel in various ports and reduce the transit from/to Maputo.
- Increase shallow water / coastal activity - This can be done during low season in deep-water activity. Very important to continue the fight against illegal activity amongst artisanal fisheries in cooperation with local inspectors and MV Antillas Reefer.
- Strengthen the shallow water operation with three small patrol boats located in Maputo, Beira and Nacala. This can be started today in cooperation with Golfinho from Maputo.
- Finance renting an aircraft for air surveillance to support MV Antillas Reefer during deep-water patrol at high season.
- Strengthen cooperation with neighbouring countries and RFMO's - Increase the flow of information between the countries related to reported catch and suspicious behaviour.
- Open calls for tender for generating competing offers from different bidders, to obtain the best and most cost effective operation for running MV Antillas Reefer.
- Zero tolerance against illegal fishing.

### 9.2 EMATUM - the Mozambican Tuna Company

We tried to gather information about the EMATUM project during our stay in Mozambique, but it proved to be more difficult than anticipated. EMATUM is registered as a private company, but the owners seem to be dominated by government institutions. The company was established to enable the country to take care of their own tuna fish resources instead of giving out licenses to foreign companies. The business idea is to use long line tuna fishing vessels with large freezers and fish hold cooling rooms, bringing a larger catch to shore for further handling, processing and sales/export. This was supposed to create more than 1500 jobs in Mozambique and give a considerable higher income than by selling relatively inexpensive licences to foreign vessels and not keep the value chain in the country. According to the article "Government Justifies Purchase of Tuna Fishing Fleet" published by AllAfrica.com, 27th November, 2013, Victor Borges, the Minister for Fisheries,

explained that a feasibility study for EMATUM predicted the company, when fully operational, will employ 1,500 Mozambique citizens and catch approximately 23,000 tonnes of tuna a year, providing the government with an annual revenue of 90 million USD”.

**To be able to make the project financially prudent, the plan is to:**

- Nationalize tuna fishing
- Catch 23,040 tons of tuna annually
- Sell tuna at the average price of \$ 9.45 per kg
- Order 21 long liner tuna-fishing vessels
- Order 3 bait fishing trawlers
- Order 6 patrol vessels
- Fleet up to 130 vessels during 15 years (30 vessels in two years).
- Give the possibility for the construction of further vessels in Mozambique

Ematum originally ordered 30 vessels, including 6 patrol vessels. From open sources, we have understood that the 6 patrol vessels contract was handled by the Ministry of Defence. By thoroughly examining the information gathered, we conclude that the 6 patrol vessels are not for protecting the Ematum tuna fish vessels, but for specific Defence and Security Forces purposes (i.e. helping the country combat piracy, and to secure off-shore oil and gas operations). Our conclusion is therefore that the vessels are not linked to Fishing Inspection or suitable for protection of tuna vessels fishing outside shallow waters in Mozambique.

We have pictures showing the 6 new Navy patrols vessels, built at CMN in France, the same yard, which is contracted to build the tuna vessels. Currently the vessels are in the port of Pemba. Our conclusion is that the vessels are not at all designed for staying at sea during longer period of time, neither suitable for permanent patrol activity. The vessels are interceptors, only suitable for “hit and run” operations. To avoid or prevent hijacking or robbery at sea you need to have suitable patrol vessels at sea with short response time. Only ocean-going patrol vessels will be suitable to patrol and protect Mozambique’s territorial waters. The type of ship will have the necessary bunker capacity and facilities for the crew, and could be operational in harsh weather conditions.

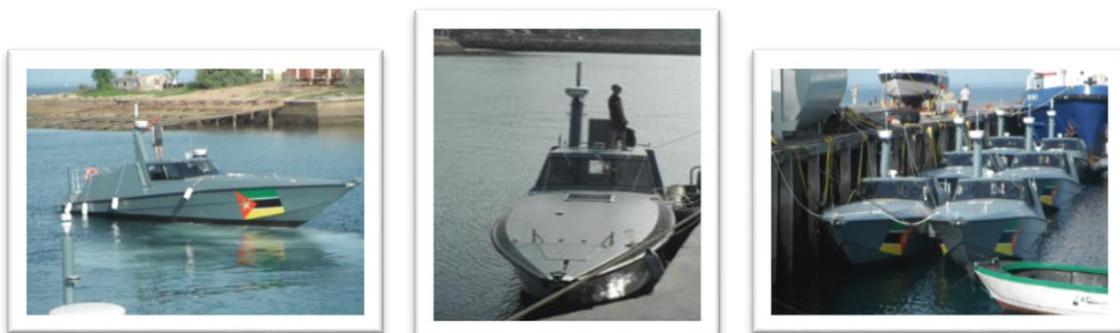


Image 10: CMN France Interceptors at Pemba Port

### 9.3 Reasons why the MCS program has not been effective, and our advices about the future development of the program

During our stay, we have looked in to the effectiveness of the administration in the Ministry of Fisheries and in our opinion, there are several ways to make operations more cost effective. The major components should be:

- Cooperation between neighbouring countries
- Patrolling cooperation between MV Antillas Reefer and two or three local vessels
- Collection and processing of intelligence information
- Zero tolerance on illegal activity
- Fast handling of offenses in the legal system
- Cost effective patrol activity
- Multipurpose vessel
- Operation mosquito net

MCS activities have been ongoing for many years, still we can see details that should have been sorted out, and that would not cost too much to amend, but it will need coordination and firm leadership. In our opinion, political issues and operative functions should be a separate discussion.

The operational office at the Ministry of Fisheries should be established in a more professional way than today. It should be an operational room where associated persons could perform their duties in the same room and work closely together. ADNAP tasks that have to do with the operative part of surveillance should be transferred to the Ministry of Fisheries' operational room to do the service more cost effective.

The intelligence officer should gather background information on all foreign vessels operating in Mozambique's waters as well as nearby. He should cooperate on regular basis with similar institutions and policing authorities in other countries as well as collecting information from open sources on illegal fishing. The intelligence officer must be able to learn how illegal fishing is conducted, and fully comprehend the consequences of illegal fishing. There are several institutions in Mozambique that can assist in obtaining this information professionally; one example is ADNAP that has considerable resources as well as their own monitoring service. All obtained material should be analysed by using a program especially designed for this purpose (Analyst notebook or equal programs) and then be used to make risk analysis on what to concentrate on. By comparing this information with facts gathered from the vessel monitoring system (VMS) as well as Automatic Identification System (AIS), it would be possible to select targets for illegal long line fishing as well as fishing from trawlers. If you add the use of aircrafts with fishing inspectors obtaining evidence of illegal fishing you will have a much more effective system than today. If inspectors on board the plane can take photos of the vessels illegal activities, fishing activities, and correct position and time are recorded, the inspectors can file a proper report that is sufficient evidence for further investigation. Then the court can take a decision for illegal fishing, even if MV Antillas Reefer is not able to catch the vessel in Mozambique's waters.

During our stay in Mozambique and through several discussions, we could feel that illegal artisanal fishing was a sensitive subject. According to the Ministry of Fisheries the actions for the elimination of the use of illegal gear are considered a major challenge and a strategic priority of the MCS for artisanal fishing. The MCS is an activity that involves actions of Monitoring, Control and Surveillance. Three entities/bodies of the Ministry of Fisheries bear responsibilities in that process, within their statutory powers, namely the IIP, ADNAP and DNFP. Because of its cross cutting approach/nature, IDPPE has an important role, in regards of artisanal fisheries issues.

There are also interventions and involvement of community-based fisheries organizations. Further, they state that there is also a process that will strengthen the delegation of authority to the local level, in the context of LOLE (local admin act). Actions to combat the illegal fishing for this subsector, involve education, participation in the context of established co-management system. Over the years there has been awareness raising and training of fishing communities about these aspects with the aim of discouraging the use of illegal fishing gear and adoption of good fishing practices.

There are almost 300 000 artisanal fishermen in the country and through our field work and despite the efforts of the Ministry of Fisheries, we could still see hundreds of mosquito nets and other illegal fishing gear and nets being used. We witnessed the overfishing, the use of nets that caught everything in its way, and could only imagine the long-term devastating environmental effects of the illegal fishing. According to our interviews with central persons in several institutions and the industry in general, this represents a serious problem. They are over-exploiting the resources of small fish and shrimps. However, the causes could also result from legal or illegal fishing.



Image 11: The catch of a mosquito net

The overall impression is that this problem is not given enough attention, even if the authorities have several ongoing preventive projects. It is easy to blame industrial fisheries for overfishing, but all the years of MCS activity has not detected any major illegal fishing out in the economic zone. There should be established a plan for how to deal with the problem, and this plan should be implemented to stop illegal small-scale fishing. We understand that it is difficult for inspectors to operate and enforce the law in their own district, but the Ministry of Fisheries in Maputo could solve the problem in coordination with inspectors from other districts.

MV Antillas Reefer should have more tasks besides monitoring illegal fishing. The activity today brings few results and it is relatively costly, especially compared to the results. The fact that the vessel is at sea will have a preventive effect against illegal fishing. MV Antillas Reefer is more than 50 meter long and is well equipped. It would be possible to hold training lectures on-board. The vessel should be at least a permanent platform for:

- All year training of cadets from The Fisheries School/Nautical School - both engine and deck
- Training for fishing inspectors, with education on-board the vessel
- Marine research
- Rescue operations

The suggestions should not affect the major task for the vessel, which is fishing inspection. The expenses for running the vessel should be divided between institutions. In the long run, it should be considered whether the vessel should also be used as a coast guard vessel.

## 9.4 Other findings and issues that must be considered

During our stay, we got the impression that the Ministry of Fisheries have some difficulties in coordinating and planning effective surveillance and fulfil their objectives within the planned timelines. It is simply not enough to train people and give them equipment if they are not able, or if they do not have the necessary authority to complete their tasks.

One example is The Fisheries School and their fishing boat Golfinho. Early 2013 decisions were made to upgrade the boat to enable longer expeditions and train future fishermen. One suggestion was to use the boat on joint operations with MV Antillas Reefer. Still this project has not been materialised. It will not be necessary to do expensive changes. Reasonable price quotes has been gathered and all preparations are done, but the project has not developed. We are aware of possible reasons for not being able to finish the project, but we have the impression that lack of implementation ability and willingness can be two of the reasons for not finalizing the upgrade.

The ideal solution for the Ministry of Fisheries must be to run MV Antillas Reefer themselves, but in our opinion, it is advisable to use a private company for this purpose. A private company like Blue Water Marine Services has demonstrated that they are up to the task, and even if the expenses for running the vessel are at European levels, our conclusion is, based on cost-benefit, that a solid private company is still the best solution.

The upcoming delivery of a considerable number of tuna fish vessels, will most likely lead to serious consequences for the economy of the project since there are no proper budgets or plans for the administration, maintenance, equipment and staffing of the vessels. Since the private company EMATUM owns the vessels, though mainly government owned, we suggest that they use a solid private company to run the vessels. This can be done by arranging a proper tender process.

Monitoring, Control and Surveillance (MCS) activity at the Ministry of Fisheries cost considerable amount of money as we have described in this report. This activity is ongoing and constantly developing, and economical and technological assistance from Iceland and Norway has been crucial for this project. The Norwegian Institute for Marine Research has been assisting in the process of the conversion of MV Antillas Reefer. They have made reports and given solid suggestions based on considerable experience and knowledge, but they are not getting sufficient feedback on their advices.

Donor countries giving considerable resources to Mozambique should follow up their investments on a regular basis. Attending meetings, writing reports and analysing bookkeeping records is not enough to monitor on-going projects. Field work is essential to be able to evaluate the effect of the assistance given, and enables the countries to follow their projects more closely and seeing first-hand how their money is spent, what is still needed, when to hand over the project or downscale or cut down on funding etc. Mr. Jon Åge Birkeland, a former employee at the Norwegian embassy in Maputo explained us that MCS were to be run as a project without micromanagement from the Common fund sponsors. As we see it today, the biggest contributor Norway must take more responsibility as well as consider stronger direct involvement to ensure that their contribution is giving the necessary result. We understand that the Embassy is not the right tool for micro management, but contracting a private consulting company from outside Mozambique to do the necessary inspections and follow up recommendations may be the right tool.

For how long should the Common Fund - Norway and Iceland - financial assistance to Mozambique's Ministry of Fisheries continue? After visiting the Nautical School and the Fisheries School, which received some funding for some short-term courses under the previous programme 2008-13, we were disappointed to see the neglect. A lot of the expensive equipment given is not functional anymore, due to lack of resources for maintenance (knowledge, training, money). The local

employees are doing their best, but without money, it is impossible to do expensive and necessary maintenance. Regardless, our advice is that the contribution countries should scale down their support to MCS and that the Ministry of Fisheries should contribute more.

Another issue supporting our advice to scale down the assistance is the fact that Mozambique has recently ordered six expensive patrol vessels from the yard CMN in France. They are purchased under the Security Forces' budget, after a decision taken at high political level without a proper tender process. We are not able to understand why the Security Forces need 6 patrol vessels. The shipyard should rather build one or two patrol vessels for coast guard/fishing inspection duties in Mozambique, either as supplement to the MV Antillas Reefer, or as a replacement. We know that the yard CMN in France is capable of building robust and seaworthy 40-60 meter patrol vessels. That kind of vessels are ideally suited to patrol Mozambique's exclusive economic zone of 200 nautical miles.

## 9.5 Compilation of findings, identification of areas of concern, options to enhance performance of the program and preliminary recommendations

During our stay in the country, we met many highly skilled, motivated and dedicated people, especially in the Ministry of Fisheries. Our impression is that lack of coordination and many small organisations with limited resources are hindering the development of a more effective organisation.

Proper MCS training would provide relevant skills and expertise in enforcement practices and procedures, sufficient to participate with confidence in both vessel and port inspections, both independently, and in cooperation with the surveillance vessels crew and the Security Forces. Knowledge ensures safe and effective vessel inspections. We want to focus on:

- Authorities and powers of inspectors, captain, the Security Forces
- Health, safety and security issues during port/vessel inspections
- Offences, evidence and statements
- How to respond to suspicious activities?
- Pre-boarding communication
- How to conduct the boarding?
- The importance of an initial safety inspection
- Inspecting vessel holds, wells, fridges/freezers and below decks
- Inspecting the gear and deck equipment
- Inspecting the bridge: vessel, catch and crew records, electronic equipment
- Action against vessel or master
- How to prepare an investigation report?
- How to read a logbook?
- How to conduct an interview?
- How to prepare a risk assessment?  
Determine the likelihood and the consequences of risks  
Determine procedural steps, evaluate possible hazard(s), safety control(s), etc.
- Risk mitigation procedures

The monitoring of fishing activities is an essential aspect of the enforcement of fishing regulations, ensuring compliance with resource management controls. By carrying out the MCS properly, the extent of illegal fishing will be reduced dramatically, resulting in a substantial increase in the stock population of the now overfished species. However, one should not increase quotas until illegal fishing is properly addressed and reduced, and the best available monitoring and stock assessment technology is available.

The Monitoring control and surveillance (MCS) activity is a shared responsibility between the National Fisheries Administration (ADNAP), responsible for among other subjects for licensing and legal issues, and the National Directorate of Fisheries Surveillance (DNFP) for operation and law enforcement. By centralising these functions to DNFP, the effect will increase and the DNFP will be able to ensure the necessary overview and resources to develop the future control and surveillance operations. DNFP should be in charge of legal issues and licencing. This reorganization will give better coordination and streamlining services within the same institution.

Pre-patrol planning and activities must develop further. The collection of intelligence information, analysis as well as advance targeting and selection must improve and results evaluated, stored and shared with neighbouring countries. Today, these tasks are not done professionally and are not built up to achieve optimal results. A team consisting of external advisors with experience from coast guard duties, intelligence and analysis activities, and knowledge about DNFP functions, should plan how to develop these functions and provide necessary training and coordination. Such an effort will increase the possibility for detection of illegal tuna fishing. The training program should be conducted by someone with a solid background from policing, and be able to come up with a plan in advance for how to collect and use intelligence information combined with the operative element. Then training and implementation should take place. This must be executed as a separate project.

The inspection vessels must not lose operation time due to lack of coordination between The Security Forces and the Ministry of Fisheries causing unnecessary delays. This can be achieved through better coordination and planning between the institutions.

Inspections and actions against illegal fishing among the artisanal fishermen in the country must be taken more seriously. We suggest planning and carrying out an operation in order to reduce the ecological consequences and the unfair competition caused by those fishing with small nets.

It should be mandatory for fishing vessels longer than 20 meters<sup>20</sup> to transit their AIS-signals<sup>21</sup> while in Mozambican waters to avoid and detect illegal fishing. To reduce the risk for violations, all foreign vessels, including EU vessels should come to port for pre-inspection before obtaining their licenses.

Creating inspection zones will ease inspections resulting in higher numbers of controls as, have a preventive effect and enables a more effective control. Fishing vessels must pass a defined zone in the surveillance area and inform the fishing inspection authorities in advance.

The Ministry of Fisheries has already established several operations procedures manuals for the fisheries inspectors - Procedures for Operations (PPO), “Manual do Fiscal de Pesca” and “Procedimentos de Inspeção de Embarcação de Pesca”, where the tasks of the inspectors are well defined, but the results are not satisfactory. Our expedition with the inspectors of MV Kuswag showed that many tasks were not conducted according to the procedures.

Foreign experts should conduct a strict monitoring program, supporting the fisheries inspectors during a limited period. This enables the experts to evaluate the inspections, suggest and implement improvements and give professional advice. This will force the inspectors to do their work in accordance with the procedures and handbooks. For the optimal result, this program should be in conjunction with earlier suggested training program for development and pre-planning of patrol activities.

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<sup>20</sup> Norway requires VMS aboard all of its fishing vessels longer than 15 meters. Iceland has mandatory regular positioning reporting at least every hours for fishing vessels inside Icelandic waters: Vessels shall report their position 6 hours prior to entry into the Icelandic EEZ. Icelandic AIS coverage area is approximately 50nm from shore.

<sup>21</sup> AIS - Automatic Identification System

A permanent group of selected, prepared and trained security personnel should be on-board the surveillance vessels. They must have comprehensive knowledge on how to operate within “Standard Operation Procedures”, “Rules of Engagement” and “Best Management Practice volume 4”. A third party insurance to cover possible negative incidents as the result of the use of weapons, must be in place.

We suggest scheduling maintenance (dockings, large repairs etc.) of the vessels in low seasons for fishing. The Ministry of Fisheries must pay their invoices to the vessels operators when due, to avoid cancelled operations. We recommend outsourcing the fleet management to a professional private company. In order to ensure the best quality of service and the best price, the fleet management should regularly be up for evaluation and renewed tendering processes. In this case, we did not find documented tender/procurement procedures. However, the Ministry of Fisheries express their reservations about its practicality in terms of a lengthy procurement process, and the difficulty to obtain expressions of interest from companies for short-term contract given the nature this specialized area (fleet management).

A more efficient use of the surveillance vessels can be achieved through multipurpose solutions;

- Use the vessels as permanent training platforms for maritime officers undergoing education.
- Conduct joint coastal operations against illegal fishing using surveillance vessels and smaller vessels regularly, sometimes in cooperation with surveillance aircrafts, in order to increase detection in high season for fishing.

EMATUM (Empresa Moçambicana de Atum, S. A.) - the Mozambican Tuna Company, is a project causing a lot of concern. There seems to be a total lack of transparency in this project threatening to lead to serious consequences for the future economy of the country, instead of having the potential to be a valuable asset if managed and planned well. EMATUM should have been properly pre-planned and developed through extensive analysis of cost benefit, support and reviews from supporting countries *prior* to the decision of investment.

The planned purchase of expensive patrol vessels without even a tender for the Security Forces makes this picture even darker. There is no information available on why these expensive and apparently unsuitable patrol vessels were acquired. If the plan is to use them for Coast Guards duties, they must be able to stay at sea for longer period and to operate under rough weather conditions. We have also questioned why a country with friendly neighbours needs to purchase a number of small and unarmed interception vessels. If the purpose is protecting economical interest in Mozambican EEZ the case is different. Then the question will be why the patrol vessels were purchased through a private company and not directly by the Security Forces? We do not know the answer.



The Fisheries School (EP) and the Nautical School of Mozambique (ENM) are overlapping each other in education of navigation and ship engineering. The education level at the nautical school and the equipment at the school could be a solid platform for educating future navigators and ship engineers. By consolidating the resources to one institution, it is possible to bring the nautical school up to an internationally accepted level. Today there are not enough resources available to build up and maintain both schools. It is better to have one quality institution than two non-functional institutions. The Nautical School has majority of the equipment in place, and can be upgraded without high expenses. Even if these institutions have completely different levels of studies and are under the jurisdiction of different sectors and institutions, we think that both schools would benefit greatly from co-locating and sharing facilities.

- END OF DOCUMENT -

## 10 APPENDIXES

01. Navigare Security SOP
02. Contract Blue Water GOM 2007-2013
03. Terms of Reference Stokkan - Valsson
04. BMP 4
05. Icelandic regulation on control points of foreign vessels
06. Comments on inspections
07. IMF Country Report No.14/20
08. Official Programme

# Standard Operating Procedures for Embarked Teams of Privately Contracted Armed Security Personnel

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## DOCUMENT CHANGE HISTORY

Issue	Date	Issued	Authorised
00	14 March 2012		Kato Stokkan Navigare Security
01	15 June 2012		Kato Stokkan Navigare Security

# 1. INTRODUCTION

**To be updated to reflect current area of operation**

## **1.1 References**

These Standard Operating Procedures (SOPs) have been prepared on the basis of information and guidance drawn from the following sources:

The Geneva Convention

IMB/ICC

IMB PIRACY REPORTING CENTRE

Best Management Practice 4

CJTF-HOA

UKMTO

The Norwegian Insurance Guidance for the Selection of Private Companies

The Norwegian Penal Code

The Norwegian Police Firearms Regulations

ICOC-PSSP (International Code of Conduct for Private Security Service Providers)

The Voluntary Principles

UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials

## **1.2 Applicability**

In addition to being the SOPs for conduct of the ship in piracy-prone waters, this document is the Security Plan for MV ..... whilst on passage from ..... to..... .

It includes the organisation for the security of MV..... her crew and embarked personnel.

It takes into account the security situation in the waters of the western Indian Ocean.

This document is to be used in conjunction with the ISPS Code Ship Security Plan (SSP)

## **1.3 General Situation**

Under its Duty of Care obligations to MV ..... and her crew, ..... has commissioned the preparation of this Anti Piracy Security Plan and Procedures and the assistance of ... Privately Contracted Armed Security Personnel (PCASP). The PCASP will

conduct a Piracy-specific Security Assessment (PSSA) of MV....., provide support and advice on physical security preparations, provide lookout, guarding and mentoring during the voyage and liaise with other security assets whilst the ship is in piracy-prone waters.

#### ***1.4 Threat Assessment***

Attacks against international shipping have increased since the beginning of 2008 with the waters off the coasts of Yemen, Somalia, Kenya and Tanzania being particularly affected. Attackers have financial motives and are well co-ordinated, using fast craft, captured vessels and heavy weapons including heavy machine guns and rocket propelled grenades.

The threat of such attacks is high and places considerable extra demands on the seafarer in terms of the need for thorough preparation, mental and physical, and increased vigilance.

## 2. OVERVIEW

### *2.1 Context*

These SOPs are intended for NAVIGARE SECURITY and its client and are to be followed as closely as possible. NAVIGARE SECURITY wishes to demonstrate to its clients the factors that are seen as important in the delivery of the company's services. These SOPs should be considered together with a Piracy Specific Security Assessment (PSSA) which should be conducted by NAVIGARE SECURITY well before the client's ship is due to enter piracy-prone waters.

The client's needs are taken into account during the preparations of these SOPs and the client's Company Security Officer (CSO) will have been invited to incorporate the client's own adjustments necessary to meet the particular circumstances of the client's ship and trading practices. Once amendments are agreed, the SOPs are to be signed by both the client and NAVIGARE SECURITY Security, and become part of the contract between them.

Rules of Engagement (ROE) are replaced in these SOPs by Rules for the Use of Force (RUF). All references to the Penal Code and regulations are based on the fact that clients' ships are either owned or controlled by Norwegian owners and the PCASPs embarked are Norwegian or British nationals. International Law is used when considering and defining Self Defence. Laws and limitations given by the Flag State as well as IMO regulations have also been taken into consideration.

It is understood and agreed that the employment of PCASPs on board a client's ship is a civilian mission where the owner or client and the flag state have approved and accepted these SOPs.

Guided by Bergen Risk Solutions, Navigare and IMSA Ltd – NAVIGARE SECURITY's partner providers - these SOPs take account of existing safety and security measures the client may have adopted.

These SOPs are intended for ships on the High Seas, but in principle apply should an attack occur within a country's territorial waters. If there is such an attack where the use of force by PCASPs becomes necessary, the ship must inform the authorities in that country. Failure to notify may result in criminal prosecution being brought against NAVIGARE SECURITY and the client.

These SOPs are intended for NAVIGARE SECURITY's PCASPs, but are designed so that they are also applicable should the client require an unarmed security team.

These SOPs contain requirements and checks which must be met before opening fire, but they are designed so that there is scope for a team leader to exercise his own judgement in countering an attack. Conditions such as length of forewarning of an attack, weather,

number of attackers, types of weapons used in the attack can all have a bearing on the PCASP response.

The Master has complete responsibility for ship safety and security. He or she is invariably to be told before PCASPs open fire, unless fire is being returned in self-defence as a last resort. Any security assessment that affects crew or ship safety should be discussed with the Master in advance if time allows. NAVIGARE SECURITY's PCASPs are individually responsible for the use of firearms on board the ship, and this accords with International Law and the Norwegian Penal Code.

The ship's size, speed, manoeuvrability, freeboard, cargo, and operating area will all dictate how PCASPs will conduct themselves and orchestrate their response to an attack. Every attack is likely to be different, but a principle for NAVIGARE SECURITY's PCASPs is minimum use of force in the interests of limiting damage to own ship, but each case must be weighed against the danger and risk for the crew and ship.

Clear and unambiguous communications between NAVIGARE SECURITY's PCASPs and ship's crew as an attack develops, are essential for success in repelling the attack. It is vital that the crew and the security team get to know each other well in advance, and practice how they will communicate with each other so that their combined response under duress is effective and seamless.

A ship and crew are a closed society and the Master is responsible for both, and for running the ship. Countering pirate attack is above and beyond these responsibilities, and hence the employment of armed guards or PCASPs who are embarked to provide protection against this additional danger. These SOPs point to the cooperation required between the Master and everybody involved in safety including the PCASPs, and this must start with their embarkation and be developed during the voyage into piracy-prone waters.

NAVIGARE SECURITY emphasises the importance of onboard cooperation and communication. NAVIGARE SECURITY will review the ship's existing practices and to enhance them, implement new procedures based on these SOPs. All this coupled with thorough and careful assessment and sustained exercises and drills, will give ships protected by NAVIGARE SECURITY the edge when it comes to defending themselves against pirate attacks.

Care will be taken that the presence of a security team will not adversely affect or interfere with the ship's operation or voyage. Any additional security measures will always be fully explained and justified.

These SOPs are not a complete checklist, but are an important tool in the provision of additional security. The team will make independent and updated assessments of security requirements and mitigations as the voyage develops, and will constantly be working through new contingencies before they occur.

These SOPs are for the combined use of the PCASP team and the ship, and largely drive the preparations that are necessary before the ship enters piracy-prone waters.

Once in the danger area, the PCASP Team Leader provides the cohesion necessary to get the best from his team. His orders must be followed – notwithstanding the individual team member’s responsibilities for their own actions in opening fire – and he will record events and variances that will subsequently be reported to NAVIGARE SECURITY and copied to the Client’s CSO.

Where the word Master is used in these SOPs, it means the captain of the ship.

## **2.2 Definitions**

<b>Critical situation</b>	The time between a potential threat being detected and the time at which it is no longer considered a threat
<b>Security Team</b>	A group of Privately Contracted Armed Security Personnel (PCASP), consisting of a Team Leader and four others
<b>Operator</b>	A seaman who is a trained specialist in an additional qualification (damage control, firefighting, small arms)
<b>Master</b>	The senior officer on board the ship. He or she may delegate certain responsibilities from time to time, so that they may sleep
<b>Management</b>	Management manages the ship’s operation from ashore on behalf of the ship’s owners
<b>Chief Officer or First Mate</b>	Second in command of the ship. Senior bridge watch keeper
<b>Chief Engineer</b>	Senior engineer of the ship
<b>CSO</b>	Managements ISPS Code qualified Company Security Officer ashore
<b>Pirate</b>	A person armed and equipped in such a manner for, and showing the intent to, illegally board a ship
<b>PMSC</b>	Private Maritime Security Company
<b>PCASP</b>	Privately Contracted Armed Security Personnel

## **3. OUTLINE SECURITY ACTIONS**

### **Update to reflect current area of operation**

#### ***3.1 Preparations***

PCASPs will be embarked during the passage from ..... to ..... . NAVIGARE SECURITY's PCASPs are highly trained maritime security operatives with specific experience in the western Indian Ocean. Once the PCASPs are embarked and the Security Plan and SOPs have been discussed and agreed with the Master/SSO, security contingencies arising from them must be exercised and drilled with the entire crew and any additional personnel totally involved.

The lead PCASP is there to provide liaison between the Master and the security team and to train the crew in the ship-specific security SOPs. MV ..... already has a Ship Security Plan (SSP). PCASPs are ISPS Code trained and it is their responsibility to work with the Master to dovetail the Security Plan and SOPs with the SSP in order to optimise the ship's security posture.

#### ***3.2 Intelligence***

Whilst PCASPs are embarked in MV ..... as a deterrent for when a threat is encountered, an integral aspect of NAVIGARE SECURITY's service is their possession of the latest intelligence information and any other relevant guidance instructions which might impact or influence the ship's voyage. This is provided and regularly updated by Bergen Risk Solutions (BRS).

#### ***3.3 Deterrence***

In their choice of target, pirates will invariably choose the easy option. If the MV..... looks well defended and prepared, and it is apparent that a good lookout is being kept and there are uniformed armed guards visible, the pirates are likely to be deterred from pressing on with an attack. Should they do so however, PCASPs will adopt a graduated response with shouted warnings and warning shots to further deter the pirates.

#### ***3.4 The Citadel***

In the event of a serious attack which may threaten being boarded by overwhelming numbers of pirates; everybody in the ship will lock themselves together in a pre-agreed citadel. A Citadel Plan will be prepared by the Master and Team Leader when the PCASPs

arrive on board, and whole ship drills in closing up in the citadel will be practised against the Plan.

There are 3 reasons for closing up in the citadel:

- It provides protection from gunfire and physical attack;
- It prevents hostage-taking; and
- It keeps own people out of the way should military forces attempt to retake the ship.

Citadels have been used to good effect in riding-out recent attempted attacks, but their success is related to the amount of effort that goes into their preparation. MV .....’s citadel will be prepared for lengthy occupation with ventilation, lighting, food, water, first aid supplies, temporary heads and if possible secondary ship controls and communication.

## 4. SECURITY ORGANISATION & RESPONSIBILITIES

### Update to reflect current area of operation

#### ***4.1 Security Team***

The Security Team will consist of:

... x Privately Contracted Armed Security Personnel (PCASPs) - 1 x Team Leader (TL), 1 x 2 i/c and .... x PCASPs

#### ***4.2 General Approach to Security Operations***

The PCASPs are present to ensure that the ship's voyage may continue without interference from external forces with malicious intent, be they criminals, militants, pirates or other unwelcome elements.

The PCASPs will provide enhanced surveillance and respond to any attempt to approach or board the vessel. In line with this there may be a requirement for PCASPs to employ non lethal devices to interdict any craft that do not respond to warnings to stay clear and are deemed as closing the distance between themselves and MV ..... with the intention of boarding.

#### ***4.3 Duties of the Privately Contracted Armed Security Personnel***

The Master shall at all times, be responsible for the safety and security of the ship, its crew and all embarked personnel. Safety and security go hand-in-hand but, where there is any conflict between the two, safety will have priority.

Whilst onboard MV ..... PCASPs are responsible to the Master for the organisation, procedures and conduct of ship-specific security operations.

The PCASP Team Leader has the following duties:

- Report to the Master on matters relating to the security of the ship, crew and embarked personnel.
- Advise the Master and the ..... CSO/onshore manager on security matters.
- Gather security-related information from available and appropriate sources.
- Co-ordinate all security operations and procedures with the Master.

- Co-ordinate the interface onboard between the Master/SSO, crew and company representatives.
- Co-ordinate the interface between the security operations of the ship and warships in the area of operation.

Additionally PCASPs have the following duties:

- Clean and maintain all project-provided security weapons and equipment borne.
- Manage security procedures.
- Implement the Security Plan and SOPs.

#### ***4.4 PCASP Weapons***

Permission to use weapons and personnel on board is approved by the Flag State. The relevant flag state is contacted in advance to the mission, details of crew, weapons & crew are provided along with the mission plan.

The approval is for .....  
weapons, ....for each PCASP.

The following rules apply:

- The PCASP Team leader is responsible for the observance of proper weapon handling & regular maintenance of such.
- Upon signing out of the armoury, weapons are inspected and cleaned. Maintenance is carried out while on board when required and again in turn before they are stored at destination armoury upon disembarkation.
- PCASPs are responsible for their own weapons and ammunition.
- The Master and crew are to be briefed on PCASPs' use of weapons.
- Only PCASPs are to handle or have close contact with weapons.
- A weapon is 'loaded' when there is a round in the chamber.
- During transport to and from the ship, weapons will not be loaded with:
  - magazine separated
  - safety-catch on
  - weapons pointing in safe direction
- On board, weapons will not be loaded while they are being moved around the ship.
- Ammunition will be stored separately from weapons.
- When not required, weapons will be locked away securely, minus bolts.
- Weapons will be adjusted and tested for each new assignment.
- A period for weapons adjustment and testing will be agreed with the Master who will establish the rules for "clear range" ie over what arc and to what range weapons may be fired, and contingencies for which the order "check fire" will be given.
- Routine weapons handling will not interfere with the ship's daily operations.
- Weapons will be maintained and inspected daily by the PCASP TL.

- The ship's crew are not allowed to use any sort of weapon whilst PCASP' are embarked.

## ***4.5 Security Equipment***

The following ship's equipment may be brought into use in support of the up-graded security regime agreed between Master and Team Leader:

Radar - ARPA

AIS

Searchlights

Public Announcement/Tannoy system

Internal communications/Telephone system

VHF Radio

Satellite telephone

Email facilities (business use only)

Vessel high pressure water system (Fire Hoses/Monitors only)

Flares/Smoke

Any other equipment that can be utilised to enhance security

Additional fit (provided by PCASPs):

If Applicable

## 5. SHIP SECURITY ORDERS

**To be updated to reflect current area of operation**

### ***5.1 General***

These security orders although compiled over many operations in the Indian Ocean and elsewhere, can be amended in light of circumstances at any time. Proposed amendments should be submitted to the PCASP Team Leader who after discussion with the Master will endorse such changes if he judges they are sensible and issue an updated edition.

The orders are designed for the safety and welfare of all and must be strictly adhered to. Some minor inconveniences may arise as a result, and may affect from the normal working practices of the ship. Everyone is asked to comply with them and to be especially vigilant while transiting piracy-prone waters.

### ***5.2 Guidelines for the Master***

As stated at Paragraph 3.3 above, the Master has ultimate responsibility for the safety and security of his ship and its people.

*The over-riding guideline is that the Master should not permit any action to be taken which may endanger the life or well-being of people under his command in attempting to maintain command and control of the ship.*

*It follows that even though there are armed guards on board, the MV..... is not a war-fighting ship and there should never be any question of PCASPs trying to reverse a ship hijacking by "shooting it out" with the pirates. Once deterrence has failed and the pirates have control of the ship the correct course of action is invariably to remain locked up in the citadel until military forces arrive to retake the ship. It will almost always be better to accept being taken hostage than put lives unnecessarily at risk by trying to beat the pirates at their own game.*

### ***5.3 Security Orders for the Bridge Watch***

#### **5.3.1 Daylight Hours**

Maintain continuous all-round visual and radar watch.

Be aware of the Alert State colour codes (Green, Amber and Red) described in Section 7 and the ship state of readiness (e.g. Notice for fire hose pressure).

On detecting a suspicious contact closing the ship, inform the on-watch PCASP and the Master by the quickest means - giving its position, course and speed.

Continue to monitor the contact and report what it is doing and establish numbers of people and if weapons are visible.

Call the PCASP TL to the bridge by the quickest means.

3 PCASP's close up on the upper deck

Clear any crew off the open decks who may be conducting essential work (they will be doing so with your permission) using the PA system or ship siren.

Should weapons be identified, or if the situation dictates it (i.e. continued fast approach and no communications), then initiate the emergency Alarm (see Section 6 WARNING SIGNALS).

Clear the bridge of non-essential personnel - Master, OOW, lookouts and PCASP TL remain on the bridge.

All crew muster in the Safe Area.

Activate Fire Hoses.

Activate SSAS (GMDSS).

Activate AIS.

Establish voice communications with UKMTO (Annex A / C).

Send distress and mayday calls – **THIS IS A COMMAND DECISION ONLY**

All hands including 3 upper deck PCASPs to the citadel – **THIS IS A COMMAND DECISION ONLY**

Master, OOW and PCASP TL leave bridge locking internal access to bridge behind them

### **5.3.2 Hours of Darkness**

As for daytime - plus:

Train a Searchlight on the approaching contact as a deterrent

If the first you see of an approaching craft is visually as it enters the ship's illuminated area, sound the emergency warning signal immediately.

Send distress and mayday calls – **THIS IS A COMMAND DECISION ONLY**

## ***5.4 Security Orders for PCASPs***

### **5.4.1 The on-watch PCASP**

The on-watch PCASP :

- Is to be armed (no round in the chamber), uniformed with standard PPE, a torch and hand-held VHF
- is to be alert on the bridge, constantly monitoring the security situation, aided by a fully-charged portable VHF with spare, charged battery. He will assist with the lookout
- is to ensure that there are sufficient numbers of watch on deck – in radio contact with the bridge - to assist with effective lookout and the initial stages of response to a suspicious approach
- is to be alerted by the OOW at the first sign of anything suspicious
- is to close-up the off-watch PCASPs at the first sign of anything suspicious
- is to initiate emergency procedures depending on the situation, including closing-up the Master and the PCASP TL if not already awake

### **5.4.2 PCASP not on-watch**

Off-watch PCASP may sleep, but are always to be at immediate notice to close up at their pre-designated upper deck action post. When summoned, they will go there via the bridge where their weapons and ammunition are secured but immediately available. The off-watch PCASPs' whereabouts are to be known by the on-watch PCASP who is to have the means to summon them if an attack is detected.

## ***5.5 Security Orders for Crew and Embarked Personnel***

Access to and from the internal parts of the ship is to be via a designated single access point ONLY

All other external doors are to be locked, chocked and / or strapped so that they can only be used as an exit in case of emergency. Keys for these doors are to be carried by nominated

personnel 24 hours a day. A safe locking system is in force which denies access from outside the ship.

Traffic between accommodation decks and the bridge deck is to be via the internal stairwell only (except in an emergency).

Access to areas forward of the superstructure will be allowed only for essential operations and with specific instructions of the OOW.

A curfew will be in force during darkness.

Personnel are not allowed on deck without prior permission - day or night. Any one ordered on deck must gain permission from the bridge before they leave, and report back immediately on their return.

“Darken Ship” - if and when ordered - is to be strictly observed.

When ordered to the safe room or citadel - go there as fast as possible keeping clear of the upper deck.

In bad weather, there may be no prior warning of pirate attack. If the alarm or siren sounds, react fast, immediately.

Be familiar with the emergency procedures and the alert state colour codes. If you are unsure of any procedures regarding security, ask the PCASP or OOW to explain.

Remember that security is everyone’s responsibility. Anything that is regarded as suspicious must be reported immediately to the OOW or PCASP.

## **6. WARNING SIGNALS & ACTIONS**

**To be updated to reflect current area of operation**

### ***6.1 Emergency Warning Signals***

The EMERGENCY WARNING SIGNAL is a sounding of the ships general alarm and siren, and repeated verbal instruction for all personnel to move to the safe room. Everybody except the bridge watch is to muster here and the OOW is to be informed when all are accounted for.

ADVANCE WARNING will, if possible, be given either by the bridge making an announcement using the PA system, or verbally by a member of the security team, or both.

Neither the general alarm nor siren will be activated in this eventuality.

### ***6.2 Actions to be taken by Crew and Embarked Personnel***

#### **Emergency Warning Signal**

Stop what you are doing and go immediately to the safe room.

#### **Advanced Warning**

Stop what you are doing, shut down any machinery that may present a problem if left running and move quickly to the safe room.

### ***6.3 Entry from Main Deck to SAFE ROOM***

This is to be done via the designated access point which will be monitored by a member of the bridge crew. Once in the safe room, a muster will be carried out by the Chief Officer and reported to the OOW.

NO ONE IS TO LEAVE THE SAFE ROOM UNTIL THE "ALL CLEAR" IS GIVEN.

### ***6.4 Ship - Actions on Advanced Warning***

Several recent attacks on ships have been by multiple craft. One craft will try to distract the ship's attention by firing indiscriminately at the upper deck and bridge while others will manoeuvre to place attackers on board from a different direction. The requirement for an all round lookout cannot be over-stated.

MV..... is a handy ship and evasive manoeuvring should be attempted, including zig-zagging or closing on other ships that may be able to assist. Over zealous shiphandling resulting in running down or capsizing attacking craft however should be resisted in the interests of not inflaming the situation. The aim should be to put as much distance as possible between the ship and the attackers.

## 7. COMMUNICATIONS

**To be updated to reflect current area of operation**

### ***7.1 General***

MV..... has fixed and hand held VHF for communications on board, and satellite and email capability. The PCASPs have their own VHF hand held radios for inter team communications, a satellite phone and, when in range, mobile telephone.

Useful contact numbers for emergency use: Annex C

#### ***Note:***

Should avoidance or escape prove impossible or if there is uncertainty over PCASP ability to put down an attack:

- Make your distress calls with clear ID, position and number of souls on board as per the BMP4 format.
- Use standard procedures in the interests of securing the lives of people on board and the safety of your ship and cargo.
- Do not resist orders given to you by the hi-jackers. Behave humbly and appear co-operative. This greatly improves your chances of surviving the ordeal you are now embarked upon.

### ***7.2 Information to be Communicated***

All possible methods of communication of an attack should be used, giving as much detail as time permits. A pre written email which would only need the current position added greatly improves the speed with which it could be transmitted to multiple addressees in the heat of the moment.

See Annex C.

## 8. ALERT STATES

**To be updated to reflect current area of operation**

### **8.1 ALERT STATE GREEN (ISPS Code SECURITY LEVEL 1):**

Applicable conditions: Normal operating status with MINIMAL security risk.

Vessel preparedness: In accordance with normal operating mode.

Usual practise that would be adopted in any safe port or sea area.

Actions On (If required)-As per level 2

### **8.2 ALERT STATE AMBER (ISPS Code SECURITY LEVEL 2):**

Applicable conditions: Areas where there is a MODERATE threat of attack, either in port or at sea. Good visibility and radar conditions with minimal boat traffic.

Ship Preparedness:

Upper Decks –

Escape hatches/ trap doors locked and secured, preventing entry from without.

All doors shut and locked except for single working/emergency access point for upper deck personnel;

All personal needing to venture onto the upper deck are to clear through the bridge first. A log is to be kept on the bridge of such personnel.

Non-essential equipment stowed;

Ladders and ropes recovered, disconnected and or tied down/ stowed;

2 x fire monitors trained on port and starboard gunwales, fire pump switch ready to activate on bridge.

External lighting ready for use and checked 1 hour before dusk;

Internal radio communications between Bridge, deck crew and PCASPs checked prior to use.

Darken ship enforced, with only navigation or no lights visible. **COMMAND DECISION**

**Citadel –**

Water/ food provisions and Med-Kit assembled;

Locking mechanism(s) identified and readied/adjusted for immediate operational use.

Communications to the bridge should be checked as should any working external communications (at least one form of internal communication should be located in the lockdown location).

Emergency Response equipment e.g. Med-kit, NVG's, binoculars etc; situated at suitable bridge location in grab bag.

Smoke dischargers ready for activation at foot of bridge stairs and at bottom of main stairwell adjacent to the citadel.

#### **Personnel -**

All personnel to be made aware of Alert State.

Bridge Radar/ Watch and PCASPs to be vigilant and aware of actions to be carried out on detection or approach of unidentified craft.

#### **Actions On - Indirect distant threat 2-3 NM**

Suspicious vessel(s) observed and monitored

Withdraw working crew from upper deck

Suspicious vessel report ready for transmission

Fire hoses activated

#### **Actions On-Direct near threat 1-2 NM Miles**

Master to the bridge

SOUND GENERAL ALARM. All off watch crew to the safe room

PCASPs close up on upper deck – weapons loaded

Send suspicious vessel report

Master & TL monitor the situation

S/By with pyro and evasive action

Suspicious vessel report to Coalition Ch16/8

Call UKMTO +971 50 522 3215/6007 via satphone

Warning flare fired to let the approaching pirates know that we have seen them

### **Actions On - Pirate Attack Imminent**

Crew to Citadel

Upper deck PCASP fire warning shots

SSAS and AIS activated

PCASP 2i/c with Chief Officer to citadel

Equipment to be removed from bridge:

- Spare handheld radios (PCASP 2i/c)
- Ships log (2nd Off)
- Current passage chart (2nd Off)
- Flares (PCASP B)
- Anti Piracy SOP (PCASP TL)

All EMERGENCY transmissions sent

Master & TL monitor from bridge

Master increases speed and takes evasive manoeuvres

### **TRANSMIT MAYDAY**

### **Actions On - Pirates alongside and boarding or rounds impacting the bridge**

- Master disengages steering and engine controls on the bridge and transfers control to Citadel
- Upper deck PCASPs return fire

If PCASP TL judges pirates are winning the firefight, he orders upper deck PCASPs back to the bridge

- PCASPs secure all doors
- Master, 2<sup>nd</sup> Officer & PCASP team to citadel
- PCASP B pops smoke on bridge and bottom of stairwell
- Citadel lockdown
- Auxiliary steering initiated/continue steaming
- Await military forces

### **Actions On - citadel routine**

- Silent routine
- Minimal movement across doors to stairwell
- Initiate emergency communications via pre planned emergency comms loop
- Covert observation of bridge from pre-planned observation point
- Establish comms with the outside world and await instructions

### **Actions On – Leaving the citadel**

If a military security team has boarded the ship:

- Do exactly what they tell you to do. They may have difficulty identifying the bad guys.

If a military security team has not boarded the ship:

- Initiate deliberate entry on instructions from coalition ops room
- Clear from poop deck up, entering all cabins and compartments in a controlled search and with utmost caution

### ***8.3 ALERT STATE RED (ISPS Code SECURITY LEVEL 3):***

Applicable conditions: Areas where there is a SIGNIFICANT threat of attack, either in Port or at sea: in addition - areas of poor visibility bad radar conditions and/or high density shipping.

Ship Preparedness: All Level 2 measures to be in place. In addition:

#### **Upper Deck –**

Radio communications between Bridge and PCASPs checked and maintained.

#### **Personnel –**

Personnel are to be made aware of the increased Alert State. Bridge, Radar and PCASP personnel are to be rigorously vigilant and constantly go over Immediate Action drills in their minds. Crew to be briefed and awake and updated regularly on developments on ships PA system.

### **Actions On - As per level 2**

## 9. THE NORWEGIAN CIVIL PENAL CODE

Section 48 of the Norwegian Civil Penal Code states: *“No person may be punished for an act committed in self-defence. It is a case of self-defence when an otherwise criminal act is committed for the prevention of, or in defence against, an unlawful attack if the act does not exceed what appeared to be necessary for that purpose, and it must not be considered absolutely unfitting to inflict so great an evil as is intended by the act in view of the dangerousness of the attack, the guilt of the assailant, or the legal right assailed.”*

The above provision concerning the prevention of an unlawful attack is also applicable to acts performed for the purpose of effecting a lawful arrest or preventing a prisoner from escaping from prison or custody.

If any person has exceeded the limits of self-defense, he shall nevertheless not be liable to a penalty if such excess is due solely to emotional upset or consternation caused by the attack.

Norwegian citizens can be prosecuted and punished under Norwegian law for offences committed abroad, even if the conditions are not punishable under the relevant national legislation. *Article 12 of the Norwegian Civil Penal Code*

## **10. RULES FOR THE USE OF FORCE**

The aim of these Rules for the Use of Force is to describe how a ship and its crew may be protected and defended by a NAVIGARE SECURITY team of Privately Contracted Armed Security Personnel (PCASP).

### ***10.1 General***

These Rules are promulgated so that they are:

- a. In accordance with Flag State Law;
- b. In accordance with regulations of any port and any port and coastal state laws which govern the storage and use by PCASPs of their weapons and security equipment;
- c. Consistent with the aim of protecting and defending the crew and ship;
- d. Consistent with the use of force only being used when essential and then only using the minimum level necessary;
- e. Part of a detailed and graduated response plan which is reasonable and proportionate;
- f. Clear in setting out the roles of the Master of the ship and the Team Leader of the PCASP;
- g. Documented, agreed and signed by the owners and NAVIGARE SECURITY as an Annex to the Contract or Agreement for the provision of security services on board the ship; and
- h. Recommended to be submitted by the ship's owners to the Flag State prior to embarkation of the PCASP.

### ***10.2 NAVIGARE SECURITY Obligations***

NAVIGARE SECURITY will be contractually bound to ensure that:

- a. PCASPs it provides are trained and qualified to relevant, documented PMSC standards in the appropriate use of force in accordance with Flag State Law;
- b. If PCASPs use force, it is in a manner consistent with applicable law;
- c. If PCASPs use force, it does not exceed what is strictly necessary;
- d. Use of force is proportionate and appropriate to the situation;
- e. PCASPs will have clear and unambiguous instructions and training on when and how force may be used;
- f. PCASPs will take all reasonable steps to avoid the use of lethal force; and

- g. The Team Leader and PCASPs confirm that they understand these obligations.

### ***10.3 Self-Defense & the Right to Exercise It***

Team Leader and individual PCASPs always have the **sole responsibility for any decision taken by them to use lethal force, including targeting and weapon discharge**, always in accordance with these Rules for the Use of Force and applicable national law. Under most national laws, individuals have a right to use reasonable force **to prevent a serious crime** and the right to use force **in their own personal self-defense**.

### ***10.4 Chain of Command***

The Master of the ship has and retains ultimate responsibility for the safe navigation and overall command of the ship, and any decisions made by the Master shall be binding.

NAVIGARE SECURITY instructs Team Leaders and PCASPs accordingly.

When the Team Leader decides that there is an actual, perceived or threatened attack, he advises the Master, Officer of the Watch or other responsible officer that he intends to invoke the Rules for the Use of Force.

Once the Rules for the Use of Force have been invoked, the Team Leader is responsible for all decisions on the use of force, **save that the Master retains the authority to order the security personnel to cease firing under all circumstances**. This does **not affect** each of the Security Personnel's right of self-defense.

### ***10.5 Graduated & Proportional Defense***

The following principles apply:

- a. Force used must be necessary and proportional, to enable a graduated approach and effective command and control during an attack;
- b. Respect for human dignity and the human rights of all involved must prevail throughout; and
- c. Attempts at non-violent means are to be applied first.

Non-violent means for consideration are:

- a. Presence – being visible on the upper deck and bridge wings to potential attackers;
- b. Visual – the use of flares or lasers initially aimed over a potential attacker's head, and then at them;

- c. Sound – the use of long range acoustic signaling devices (LRAD) giving warnings or any other means such as loud hailers or written banners; and
- d. Show intent – the use of passive measures such as hoses, releasing nets and logs to hinder approaches of small boats, showing PCASP weapons and raising them to show intent to use.

## ***10.6 States of Readiness***

NAVIGARE SECURITY employs 3 States of Readiness:

- a. **NORMAL** – Firearms are stowed in their container (usually on the Bridge, with keys in the Team Leader’s keeping) and PCASPs maintain normal watch-keeping;
- b. **HEIGHTENED** – Firearms issued from their container. PCASPs on watch with crew and firearms loaded and made ‘safe’; and
- c. **STAND-TO** – PCASPs stand to at pre-determined stations with firearms ready and safety catches applied, under the orders of the Team Leader.

## ***10.7 Actions On***

When Stood-To, the Team Leader:

- a. Assesses the precise level of risk and decides action to be taken;
- b. Issues fire control orders to PCASPs, identifying intended target and type of fire;
- c. Directs PCASPs to open fire.

## ***10.8 Types of Fire***

Depending on the range and behaviour of a suspect craft, engagement with firearms is to be as follows:

- a. **WARNING SHOTS** –
  - i. Fired into the air a safe distance above the attacking craft over the pirates’ heads, or to the side of the craft, to display clearly PCASPs’ armed capability;
  - ii. Fired into the water ahead of the attacking craft for the same purpose; and
  - iii. Utilised to assess the accurate range, speed and angle of approach of the attacking craft.

- b. **DISABLING FIRE** – Disabling fire, targeting the attacking craft's engine or hull so as to stop the attack, but without intentionally using lethal force.
- c. **DELIBERATE DIRECT FIRE** – Deliberate direct fire is to be used against the attackers when all other methods have failed.

### ***10.9 Use of Lethal Force & Opening Fire at a Person***

Lethal force is only to be used as a last resort and in accordance with the principles described in Paragraph 10.3 above – **Self-Defence and the Right to Exercise It**. The circumstances where lethal force in self-defence can be used will vary. Such circumstances may include an armed attack on a ship where the attackers are:

- a. Firing directly at the ship or persons on board in circumstances where the attackers have failed to heed warning shots or other deterrent measures, assuming there was sufficient time for such measures;
- b. Preparing to fire or firing at the ship whilst clearly demonstrating an intention to close with the ship in an attempt to board, by positioning the attacking craft very close or alongside and preparing climbing ladders for that purpose; and
- c. Aiming or firing rocket-propelled grenades or similar weapons.

When a PCASP has to resort to opening fire on an attacker:

- a. **Only aimed shots are to be fired to stop the attack;**
- b. **No more rounds than are necessary are to be fired in order to stop the attack; and**
- c. **Every precaution is to be taken by the PCASP not to injure anyone other than the targeted attacker.**

### ***10.10 Post Incident Actions***

Any attack is to be reported immediately to the UK Maritime Trade Operations office in Dubai and other authorities as appropriate.

If firearms have been used, the Flag State is to be informed.

NAVIGARE SECURITY Team Leaders and PCASPs will make and sign recordable statements following an attack, describing the actions taken.

**NOTE:**

*There are no precise ranges at which particular actions and procedures should be initiated and each attack will develop differently depending on time of day, weather, sea-state, the amount of force being used and on individuals. Every attack is likely to have to be judged swiftly at the time it occurs and the legitimacy or otherwise of using a greater or lesser amount of force, decided in seconds rather than minutes. This is an underlying reason for having comprehensive and widely practiced SOPs in force to prescribe the preparations needed before action is joined with an adversary.*

## 11 Procedures Post Contact

Assuming the attack has been repulsed:

- In accordance with the normal practices of seafarers, the ship will ensure that medical and first aid assistance is given to the attackers, and that they have some means of returning to their mother ship or ashore.
- Contact UKMTO/Coalition ops room with coordinates and details of the attack.
- Collect photographic and other evidence of the attack, pirates, weapons, equipment and damage. (for report – see below)
- PCASP TL debrief PCASPs and ship's crew.
- Write a report of the attack whilst details are fresh in peoples' minds.
- CONTINUE GUARDING THE SHIP – EVIDENCE GATHERING & PAPERWORK ARE NECESSARY, BUT A SECONDARY REQUIREMENT.

NAVIGARE SECURITY PCASPs produce a report following an attack which is sent by the quickest

means to the client's head office and NAVIGARE SECURITY headquarters. It contains:

- Attack position, DTG and Time Zone
- Weather and sea state
- Timetable of events
- Brief rationale for the use of weapons
- Targeting rationale
- Number of rounds fired
- Injuries caused by attackers' action and own fire
- Damage caused by attackers' action and own fire
- Own weapon-types used – serial numbers - effectiveness
- Report author's name and position
- Signatures of key people involved

### ***11.1 Notes for the conduct of post contact discussion***

CONTINUE GUARDING THE SHIP – POST CONTACT DISCUSSION IS NECESSARY, BUT A SECONDARY REQUIREMENT.

- To be conducted in a quiet environment
- Discuss openly how the attack was repulsed
- The consequences of the use of weapons
- Could the attack have been resolved differently?
- What have we learnt from the attack?
- What could have been done better?
- Were the legal conditions for use of weapons met?
- How do individual PCASPs feel?
- What effect has the attack had on the ship's crew?
- Do we need to talk about this attack again?

### ***11.2 Finally -***

Firearms may only be used as a last resort when other less drastic measures have failed or in situations where other methods will clearly not succeed.

Firearms are only to be used when PCASPs or crew are threatened with force or weapons, and the use of firearms appears the only way to prevent loss of life or serious injury.

This SOP is designed for PCASPs on board ships. These SOP are an Agreement between The client and NAVIGARE SECURITY for the implementation of maritime security services on board the ship.

# **ANNEXES A & B - SAFEROOM & CITADEL LOCKDOWN PROCEDURES**

## ***THREE (3) PHASE OPERATION***

### ***Phase 1 – Safe room Procedure***

When the order is given, verbally and by the sounding of the General Alarm/siren:

1. All crew not on Bridge watch move to the designated safe room, e.g. CREW MESS ROOM.
2. Movement to the safe area is to be by the internal stairwell

The Chief Officer will muster all personnel on his arrival. When the Chief Engineer has been accounted for he will make his way to the engine room, maintaining contact with the Chief Officer via handheld radio.

The muster status is to be passed to the OOW on the bridge ASAP.

- In case of a missing person the Chief Officer will detail a suitable officer to find the missing person(s)
- The Chief Officer must be in radio contact with the OOW

All personnel are to remain in the safe room until the 'all clear' is given. No one will leave the safe room unless given permission from the bridge. The 'all clear' to leave the safe room will be verbal.

### ***Phase 2 – Citadel Lockdown Procedure***

If the order is given to move to the citadel the following will take place:

All crew mustered in the safe room move to the citadel e.g. ECR, The Chief Officer last with the PCASP 2 i/c.

Once in the citadel the Chief Officer carries out a muster, any missing persons being reported to the Master.

While the muster is being taken all but the Master, PCASP TL and OOW will vacate the bridge and proceed to the citadel.

When the PCASPs have entered the superstructure after leaving the upper deck the remaining bridge crew will vacate the bridge and proceed directly to the citadel. The last action of the Master will be to set engine controls to STOP.

The bridge door to the internal stairwell will be locked by the last man through.

When all crew are mustered in the citadel, the Chief Engineer will switch off all internal domestic lighting.

On completion of the above actions when all crew are accounted for and in the citadel the door will be locked from the inside.

The crew are to remain silent.

Establish communications with naval assets using the emergency VHF located in the citadel.

When external communications are established with coalition or military forces, a password is to be established for authentication before the citadel is opened by the crew.

The Master will use his discretion as to how long the ship's crew remain in the citadel if communications are not established.

## **STORES**

All stores should be in place in the citadel prior to entry in to the High Risk transit area:

- Emergency VHF fit with wire antenna through emergency escape hatch
- Emergency Sat Phone if applicable
- Bottled water
- Dry rations
- First Aid/trauma Equipment
- Torches including batteries and spares
- Fire Fighting Equipment to include BA
- Heads arrangement

**FIRE FIGHTING AND FIRST AID EQUIPMENT SHOULD BE IN ADDITION TO THE SHIP'S STANDARD EQUIPMENT.**

**SAFEROOM AND CITADEL LOCKDOWN PROCEDURES WILL BE EXERCISED AT LEAST ONCE PRIOR TO ENTRY IN TO PIRACY-PRONE WATERS.**

### ***Phase 3 - Re-entry Procedure***

#### **If assisted by military forces:**

**The CSO is to establish comms with military forces and pass crew information i.e. names, DOB etc. This information can then be used to ascertain that the military forces are talking to the crew and not the attackers.**

#### **Have military forces put a team onboard?**

If so, have they ascertained there are no attackers remaining onboard?

Having ascertained the ship is clear have they given the 'all clear' for the crew to leave the citadel?

#### **Have military forces declined to put a team onboard?**

Have they monitored your ship?

Have they concluded that there are no attackers onboard?

Have they given you the 'all clear' to leave the citadel?

You will not know whether there are attackers remaining onboard.

You will need to re-enter compartments in a deliberate fashion and clear the ship from the lowest deck and cabin by cabin back to the bridge.

This should be undertaken by a small team led by a PCASP.

The rest of the crew remain in the citadel whilst clearance is going on.

Once the ship has been confirmed clear of attackers, invite the Master to the bridge.

Inform military forces that the ship is back under the Master's command.

#### **In the absence of military force intervention or guidance**

The Master (advised by the PCASP TL) will need to make decision on leaving the citadel after a period.

You will not know whether there are attackers remaining onboard.

You will need to re-enter in a deliberate fashion and clear the vessel from the lowest deck and cabin by cabin back to the bridge.

This should be undertaken by a small team led by a PCASP.

The rest of the crew remain in the citadel.

Once the ship has been confirmed clear of attackers, invite the Master to the bridge.

**If at any time you suspect that there might still be attackers remaining onboard withdraw back to the citadel**

## **ANNEX C - CONTACT PROCEDURES IN AN EMERGENCY**

This table shows who each responsible person must contact in the event of a pirate attack and the order in which they should be contacted. These actions are to be taken before contacting any other body, including the operator. The immediate safety and that of nearby ships is best assured through contacting these organisations.

<b>Responsible Person</b>	<b>1<sup>st</sup> Contact</b>	<b>2<sup>nd</sup> Contact</b>	<b>3<sup>rd</sup> Contact</b>	<b>Post-Incident</b>
Master	UKMTO	MSC-HOA	MARLO/NATO	IMB-PRC
PCASP TL				<b>NAVIGARE SECURITY Ops</b>
OOW	VHF Ch.16			

## **ANNEX D - EMERGENCY CONTACT DURING TRANSIT GULF OF ADEN**

### **COMPANY SECURITY OFFICER (CSO)**

TELEPHONE:

MOBILE:

EMAIL:

### **Designated Person Ashore (DPA)**

TELEPHONE:

MOBILE:

EMAIL:

### **Primary Point of Contact**

**If attacked by pirates please call UK Maritime Trade Operations (UKMTO) giving your ship's name, position and the nature of the attack/suspicious activity.**

### **UKMTO**

TELEPHONE: +971 50 552 3215 or +971-50-552-6007

FACSIMILIE: +971-4-306-5710

TELEX: (51) 210473

EMAIL: [ukmto@eim.ae](mailto:ukmto@eim.ae)

WEBSITE: <http://www.rncom.mod.uk/templates/MaritimeOperations.cfm>

## Secondary Points of Contact

### MSC-HOA (EU Naval Force)

Via Website for reporting: [www.mschoa.org](http://www.mschoa.org)

Telephone: +44 (0) 1923 958 545

Fax: +44 (0) 1923 958 520

Email: [postmaster@mschoa.org](mailto:postmaster@mschoa.org)

### NATO SHIPPING CENTRE

Website [www.shipping.nato.int](http://www.shipping.nato.int)

Email: [info@shipping.nato.int](mailto:info@shipping.nato.int)

Telephone (24hrs): +44(0)1923 956 574

Fax: +44(0)1923 956 575

### MARLO (US Navy Liaison Office, Bahrain)

Website [www.cusnc.navy.mil/marlo/](http://www.cusnc.navy.mil/marlo/)

Email: [marlo.bahrain@me.navy.mil](mailto:marlo.bahrain@me.navy.mil)

Office: +973 1785 3925

Duty (24hrs): +973 3940 1395

Fax : +973 1785 3930

### INTERPOL

Website [www.interpol.int](http://www.interpol.int)

Email: [os-ccc@interpol.int](mailto:os-ccc@interpol.int)

Telephone (24hrs): +33(0) 4 72 44 76 76

### IMB PIRACY REPORTING CENTRE

Email: [piracy@icc-ccs.org](mailto:piracy@icc-ccs.org)

Telephone: +60 3 2031 0014

Fax: +60 3 2078 5769

Telex: MA34199 IMBPC1

## **ANNEX E – PCASP TEAM RULES**

### ***PCASP Team leader:***

- Wears a visible ID card throughout
- Ensures that PCASPs wear NAVIGARE SECURITY uniform PPE during the voyage
- Is the first point-of-contact with the Master
- Acknowledges the Master's over-arching responsibility for ship and crew but explains that he and NAVIGARE SECURITY will manage security aspects
- Agrees with the Master a Service Level Agreement
- Agrees with the Master how these SOPs are to be implemented
- Rapidly orientates himself into the ship,
- Presents proof of documentation for the PCASP team
- Introduces the PCASP team to Master and crew
- Take notes of deck heights and identifies optimum firing positions for his team
- Assess existing ship equipment that may be useful in defending the ship
- Recommend to the Master necessary changes to ship's routines
- Notifies NAVIGARE SECURITY head office of significant objections the Master may have to arrangements PCASP TL needs to implement
- Writes a report on his Team's deployment before leaving the ship which the Master is to sign and retain copy

He is to bear in mind: "The initial impression the PCASP Team makes on the ship's senior officers and the trust we have managed to generate in our capabilities during this first meeting, will open the way for the best possible working arrangement which could make the difference between success and failure in repelling a pirate attack."

### ***PCASP Team Members:***

1. Are to wear NAVIGARE SECURITY uniform, PPE and protective clothing
2. Are never off duty from joining the ship to final disembarkation
3. Are to wear visible ID cards throughout
4. Are to learn the ship and how to get around it quickly in darkness
5. Are respectful to all on board. "The customer is always right"
6. Are familiar with daily routine on board.
7. Know on board emergencies, routines and contingencies
8. Know SOPs for fire fighting
9. Know SOPs for evacuation
10. Know SOP for abandon ship

11. Know the ship's performance data
12. Know the ship's freeboard and its ramifications
13. Know nature of cargo and its hazard category
14. Know areas where firearms may be safely used, and areas where cargo or other combustible hazards prevent their use
15. Have ready access to and knowledge of ship's GAs
16. Be aware of ship security and contingency plans
17. Obey Ship's Standing Orders
18. Maintain a proper and professional relationship with the crew
19. Consume no alcohol or drugs – Infringement = dismissal from Navigare Security employment

## **ANNEX F – PCASP CHECK LIST**

Invitation to the Master to a briefing on The Security Plan for the voyage

Crew to attend Security Orientation Briefing

Daily Security updates throughout the voyage.

Bergen Risk Solutions maps and advice to be used

Assessment of existing passive measures

Passive measures to consider:

- Razor wire
- Power Fence with Somali warning
- Water Cannons
- Citadel
- Safe room
- Trailing Lines
- Smoke, tear gas, pepper concentrate
- Upgraded observation/look out
- Enhanced radar watch
- Securing metal doors, scuttles and windows to accommodation
- Pyrotechnics

Upper deck placement of PCASP Team at different threat levels

Security exercises and drills regime

Arrangements for weapons and ammunition when PCASPs sleeping but at immediate notice

CONTRACTS

BWM - GOM



REPÚBLICA DE MOÇAMBIQUE  
Ministério das Pescas

PROCESSO Nº 35/MP-DNFP/UGEA/2011

CONTRATO Nº 03/MP-UGEA/2007

ADENDA Nº 01/MP-UGEA/2012

CONTRATO DE ALUGUER DO BARCO PATRULHA

Maputo, 07 Janeiro de 2012

30/9/12  
12.09.12

ADENDA AO CONTRATO DE ALUGUER DO BARCO KUSWAG I  
ÂMBITO DO CONCURSO N.º 35/MP-DNFP/UGEA/2011

N.º do CONTRATO: 03/MP-UGEA/2007

Data: 24/09/2007

N.º da ADENDA: 01/MP-UGEA/2012

Data: 01/01/2012

Entre,

O Ministério das Pescas, situado na Rua Marquês de Pombal n.º 1255, Maputo, no acto representado pelo Senhor HERMINIO LIMA TEMBE, exercendo as funções de Secretário Permanente do Ministério das Pescas, com poderes bastantes para o acto, doravante denominado como "AFRETADOR",

e

A BLUE WATER MARINE SERVICES, Lda., situada na Rua Marquês de Pombal, n.º 1002, em Maputo, com o Número Único de Identificação Tributária (NUIT) n.º 400105057, representada no acto pelo Senhor ALEXANDER J.F. SCHALKE, exercendo as funções de Director Executivo, com poderes bastantes para o acto, doravante denominado como "FRETADOR", é estabelecida a presente Adenda ao Contrato, que se rege pelos seguintes termos:

### 1. OBJECTO DO CONTRATO

O Contrato tem por objecto o aluguer e gestão da embarcação - patrulha, devidamente equipada, denominada "Kuswag 1", registada em Moçambique sob n.º MPT 9153 X, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período adicional de seis meses.

O "FRETADOR" declara-se pronto e capaz de fornecer a embarcação nos termos e condições estabelecidas no Contrato N.º 03/MP-UGEA/2007.

### 2. DEFINIÇÕES

Nesta Adenda, às palavras e expressões utilizadas, dar-se-ão os significados a elas atribuídos no contrato principal excepto onde o contexto exija diferenciação.

### 3. EFICÁCIA

O presente Contrato começa a produzir efeitos, legalmente, após a assinatura do mesmo por ambas as partes e o Visto do Tribunal Administrativo.



#### 4. DATA DE INÍCIO

A data de início das actividades operacionais contempladas nesta Adenda terá lugar no dia 01 de Janeiro de 2012.

#### 5. DATA DE TÉRMINO

A data de término será o dia 30 de Junho de 2012 quando, e de acordo com as cláusulas contratuais, se encontrarem concluídos os cinquenta (50) dias de patrulha contratados e o pagamento das remunerações a que o FRETADOR tiver direito.

#### 6. PREÇO

1. Pela utilização da embarcação referida nesta Adenda, o "AFRETADOR" pagará ao "FRETADOR" o valor originariamente acordado no contrato N.º 03/MP-UGEA/2007 incluído o IVA, no montante global de 32.400.000,00 MT (trinta e dois milhões e quatrocentos mil meticais), o equivalente a USD1,200,000.00 (um milhão e duzentos mil dólares norte-americanos), ao câmbio de 27,00MT (vinte e sete meticais), na data da celebração deste contrato, incluindo a diferença entre o valor do seguro básico da embarcação para as operações normais e o da cobertura dos riscos das patrulhas com armas ligeiras. O referido valor será pago *pro rata* numa base mensal e transferido na conta n.º 102680020016 do Banco BancABC titulada pelo FRETADOR.
2. Os dias de patrulha referidos na cláusula anterior são calculados na base de vinte e quatro horas (24h) de presença no mar.

#### 7. CABIMENTO ORÇAMENTAL

A despesa no valor de 32.400.000,00 MT (trinta e dois milhões, quatrocentos mil meticais), incluído o IVA, tem cabimento orçamental e será suportada pelos Fundos do Programa de Cooperação entre Moçambique e Noruega.

#### 8. GARANTIA

O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de 60 mil dólares americanos (USD 60.000), o equivalente a 5% (cinco) por cento do valor do contrato.

#### 9. ANTI-CORRUPÇÃO

Nos termos da Lei n.º 6/2004, de 17 de Junho, as partes comprometem-se a não favorecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

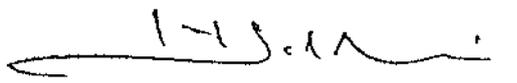
#### 10. REMISSÃO

À presente Adenda são aplicáveis as cláusulas, definições e demais disposições do Contrato N.º 03/MP-UGEA/2007, celebrado entre o "FRETADOR" e "AFRETADOR"

que teve aprovação e Visto do Tribunal Administrativo em 09 de Outubro 2007, o qual faz parte integrante deste acordo e encontra-se a ele anexo, para todos os efeitos legais.

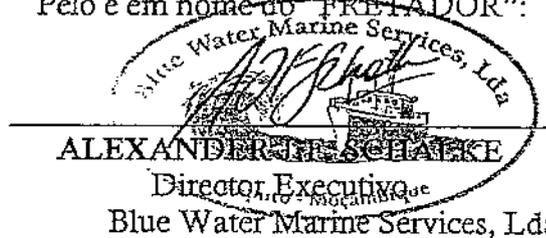
Maputo, a 01 de Janeiro de 2012

Pelo e em nome do "AFRETADOR":



Sr. HERMINIO LIMA TEMBE  
Secretário Permanente  
Ministério das Pescas

Pelo e em nome do "PRETADOR":



ALEXANDER J. SCHAEKE  
Director Executivo de  
Blue Water Marine Services, Lda



REPÚBLICA DE MOÇAMBIQUE  
**Ministério das Pescas**

**PROCESSO N° 39/MP-DNFP/UGEA/2012**

**CONTRATO N° 03/MP-UGEA/2007**

**ADENDA N° 41/MP-UGEA/2012**

**CONTRATO DE ALUGUER DO BARCO PATRULHA**

**Maputo, 28 Dezembro de 2012**

# ADENDA AO CONTRATO DE ALUGUER DO BARCO KUSWAG I

ÂMBITO DO PROCESSO N.º 35/MP-DNFP/UGEA/2012

N.º DO CONTRATO: 03/MP-UGEA/2007

Data: 24/09/2007

N.º DA ADENDA: 41/MP-UGEA/2012

Data: 28/12/2012

Entre,

O **Ministério das Pescas**, situado na Rua Marquês de Pombal n.º 1255, Maputo, no acto representado pelo Senhor **HERMINIO LIMA TEMBE**, exercendo as funções de Secretário Permanente, com poderes bastantes para o acto, doravante denominado como "AFRETADOR",

e

A **BLUE WATER MARINE SERVICES, Lda.**, situada na Avenida 10 de Novembro, n.º 74, em Maputo, com o Número Único de Identificação Tributária (NUIT) n.º 400105057, representada no acto pelo Senhor **ALEXANDER J.F. SCHALKE**, exercendo as funções de Director Executivo, com poderes bastantes para o acto, doravante denominado como "FRETADOR", foram acordados os termos e condições de extensão por renovação do Contrato adendado acima melhor epigrafado:

## 1. OBJECTO DO CONTRATO

O Contrato tem por objecto o aluguer e gestão da embarcação - patrulha, devidamente equipada, denominada "Kuswag 1", registada em Moçambique sob n.º MPT 9153 X, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período adicional de seis meses.

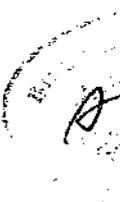
O "FRETADOR" declara-se pronto e capaz de fornecer a embarcação em condições técnicas estabelecidas no Contrato N.º 03/MP-UGEA/2007.

## 2. DEFINIÇÕES

Nesta Adenda, às palavras e expressões utilizadas, dar-se-ão os significados a elas atribuídos no contrato principal excepto onde o contexto exija diferenciação.

## 3. EFICÁCIA

O presente Contrato começa a produzir efeitos, legalmente, após a assinatura do mesmo por ambas as Partes.



#### **4. DATA DE INÍCIO**

A data de início das actividades operacionais contempladas terá lugar no dia 01 de Janeiro de 2013.

#### **5. DATA DE TÉRMINO**

A data de término será o dia 30 de Junho de 2013 quando, e de acordo com as cláusulas contratuais, se encontrarem concluídos os cinquenta (50) dias de patrulha contratados e o pagamento das remunerações a que o FRETADOR tiver direito, podendo-se renovar automaticamente havendo cabimento orçamental para o efeito e mediante não objecção do financiador.

#### **6. PREÇO**

1. Pela execução do objecto do contrato e na base de prestação de serviços exclusivamente para as pescas o "AFRETADOR" pagará ao "FRETADOR" o valor de seis mil, seiscentos e sessenta e seis dólares americanos (USD 6.666,00) por cada dia de mar e três mil, duzentos e noventa dólares americanos (USD 3.290,00) por cada dia em Porto, no montante global de novecentos mil dólares americanos e trinta e dois céntimos (USD 900.000,32), incluído o IVA. O referido valor será pago pro rata numa base mensal e transferido na conta MZM n.º 0002000246300101, do Banco MCB, titulada pelo FRETADOR, ao câmbio do Banco de Moçambique na data de pagamento da factura devida.
2. Os dias de patrulha referidos na cláusula anterior são calculados na base de vinte e quatro horas (24h) de presença no mar.

#### **7. CABIMENTO ORÇAMENTAL**

A despesa no valor de novecentos mil dólares americanos e trinta e dois céntimos (USD 900.000,32), incluído o IVA, tem cabimento orçamental e será suportada pelos Fundos do Programa de Cooperação entre Moçambique e Noruega.

#### **8. GARANTIA**

O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de USD 45,000.00 (quarenta e cinco mil dólares americanos), o equivalente a 5% (cinco) por cento do valor do contrato, convertido em meticais, ao câmbio da taxa média do Banco de Moçambique da data da assinatura do contrato.

#### **9. ANTI-CORRUPÇÃO**

Nos termos da Lei n.º 6/2004, de 17 de Junho, as partes comprometem-se a não favorecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

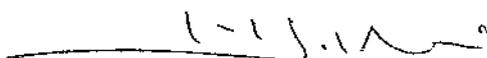


## 10. REMISSÃO

À presente Adenda são aplicáveis as cláusulas, definições e demais disposições do Contrato n.º 03/MP-UGEA/2007, celebrado entre o "FRETADOR" e "AFRETADOR" que teve aprovação e Visto do Tribunal Administrativo em 09 de Outubro 2007, o qual faz parte integrante deste acordo e encontra-se a ele anexo, para todos os efeitos legais.

Maputo, a 28 de Dezembro de 2012

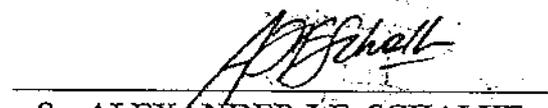
Pelo e em nome do "AFRETADOR":



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**Sr. HERMINIO LIMA TEMBE**  
Secretário Permanente  
Ministério das Pescas

Pelo e em nome do "FRETADOR":



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**Sr. ALEXANDER J.F. SCHALKE**  
Director Executivo  
Blue Water Marine Services, Lda

# CONTRATO DE AFRETAMENTO DO BARCO COASTWATCH

ÂMBITO DO CONCURSO N.º 911/MP-DNAP/UGEA/2007

TRIBUNAL ADMINISTRATIVO

VISTO:

Maputo 09 de 10 de 2007 N.º do CONTRATO: 03/MP-UGEA/2007  
Data: 24/09/2007

Entre,

O JUIZ CONSELHEIRO

O MINISTÉRIO DAS PESCAS, situado na Rua Consiglieri Pedroso n.º 347, Maputo, no acto representado pelo Senhor RODRIGUES ARMANDO BILA, exercendo as funções de Secretário Permanente do Ministério das Pescas, com poderes bastantes para o acto, doravante denominado como "AFRETADOR",

e

A BLUE WATER MARINE SERVICES, Lda., situada na Avenida T0 de Novembro n.º 74, em Maputo, com o Número Único de Identificação Tributária (NUIT) n.º 400105057, representada no acto pelo Senhor ALBERTO ADRIANO MATLOMBE, exercendo as funções de Director Geral, com poderes bastantes para o acto, doravante denominado como "FRETADOR".

As partes têm entre si justo e contratado o seguinte:

## DO OBJECTO DO CONTRATO E DO PRAZO DE FORNECIMENTO

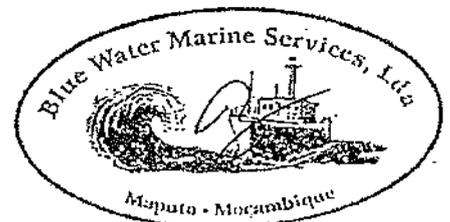
### Cláusula Primeira (Objecto do Contrato)

1. O Contrato tem por objecto o aluguer de embarcação - patrulha, em regime de afretamento por tempo doravante denominado por "Embarcação", devidamente equipada, denominada "COASTWATCH", registada em Moçambique sob n.º MPT 9153X, cujas especificações técnicas constam do ANEXO I, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique de acordo com o caderno de encargo.
2. Sem prejuízo do disposto no número anterior, a gestão técnica da Embarcação estará a cargo do FRETADOR, competindo ao AFRETADOR a utilização da mesma para os propósitos do Contrato e de acordo com os planos operacionais a serem elaborados pelo AFRETADOR e entregues ao FRETADOR.

### Cláusula Segunda (Prazo de Validade)

O prazo de validade do contrato é de 2 (dois) anos a contar da data de entrega formal e da disponibilidade da embarcação, nos termos da cláusula quinta, podendo ser prorrogado por períodos a acordar entre as partes, devendo para o efeito o AFRETADOR notificar ao FRETADOR da sua intenção com antecedência mínima de três meses.

São devidos emolumentos nos termos do  
Decreto n.º 28 de 9 de Julho de 1996

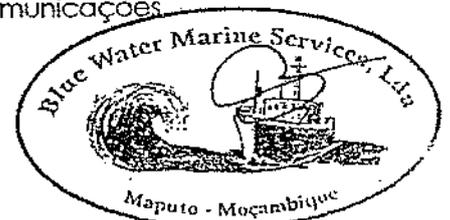


## DO PREÇO E FORMA DE PAGAMENTO

### Cláusula Terceira (Preço)



1. Pela utilização da "Embarcação", o **AFRETADOR** pagará ao **FRETADOR** o preço de cem mil duzentos e setenta e três vírgula noventa e seis meticais (100.273,96 MT) acrescido de IVA, por cada dia de calendário, valor equivalente a três mil oitocentos e trinta e sete dólares americanos vírgula cinquenta centavos (USD 3.837,50), acrescido de IVA, ao câmbio de 26,13 meticais na data de abertura das propostas. O preço refere-se a uma utilização de 150 dias de patrulha no mínimo/ano.
2. Quando a utilização da embarcação for acima de 150 dias o **AFRETADOR** pagará um valor adicional diário de quatrocentos e vinte e cinco dólares (425 Usd - custo fixo) acrescido do valor de combustível naquela data (custo variável). O consumo diário de combustível é de dois mil, seiscentos e quarenta litros (2640 l).
3. Para o efeito o **AFRETADOR** deverá definir o número de dias extra para atingir 200 dias, aos quais pagará o valor referido do número anterior.
4. O custo dos dias de docagem, atracagem em porto, manutenção, reparações, reabastecimento em combustível, água e víveres já estão considerados no preço do contrato de acordo com o n.º 1 dos Termos e Condições do Caderno de Encargos.
5. O preço do Contrato exclui o IVA, e cobre as demais obrigações fiscais e outros encargos do **FRETADOR**.
6. Todos os pagamentos devidos ao **FRETADOR** serão efectuados mensalmente pelo **AFRETADOR** no prazo de 7 (sete) dias a contar da recepção da nota de débito e serão feitos mediante a transferência bancária ou cheque para a Conta n.º 102680020027 (African Banking Corporation - Usd) ou Conta n.º 102680020016 (African Banking Corporation - MT) titulada pelo **FRETADOR**.
7. O **FRETADOR** emitirá uma garantia bancária definitiva de 10% do valor do contrato a favor do **AFRETADOR**, no acto da assinatura do mesmo e válida pelo período de vigência do contrato.
8. Do valor total do frete o **AFRETADOR** adiantará o valor relativo a três meses correspondentes a nove milhões, vinte e quatro mil, seiscentos e cinquenta e seis meticais e quarenta centavos (9,024,656.40 MT) equivalente a trezentos e quarenta e cinco mil, trezentos e setenta e cinco dólares americanos e vinte e nove cêntimos (345,375.29) ao câmbio de 26,13 meticais, na data de abertura das propostas. O adiantamento acima referido visa ao **FRETADOR** dotar a embarcação de condições necessárias para os propósitos do contrato e de pintura da mesma nas cores definidas pelo contratante.
9. O serviço SATCOM estará sob gestão do Fretador, e o custo correspondente ao seu uso será por conta do **AFRETADOR** quando utilizado pelos oficiais do Ministério das Pescas. Para tal, manter-se-á um livro de registo das comunicações.



10. O custo de combustível acordado à data da abertura do concurso, quando houver uma variação no respectivo custo, subida ou descida acima de 10% do objecto da correspondente compensação mensal como "factor de compensação" aplicável sobre metade do custo do valor diário do frete.
11. Os pagamentos atrasados nos termos da Cláusula 14, acrescidos de juros, não constituem renúncia por parte do FRETADOR ao direito aqui estipulado de terminar este acordo, caso a situação assim o aconselhar.

**Cláusula Quarta  
(Eficácia do contrato)**

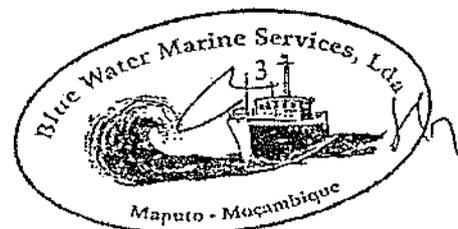
O presente contrato produz efeitos entre as partes a partir da data do Visto do Tribunal Administrativo.

**Cláusula Quinta  
(Execução do contrato)**

1. A execução do presente contrato inicia-se com a verificação cumulativa do Visto do Tribunal Administrativo e disponibilização da embarcação no Porto de Pesca de Maputo.
2. Para o efeito o FRETADOR deverá obter as necessárias autorizações para o desembaraço da embarcação.

**INÍCIO DAS OPERAÇÕES  
Cláusula Sexta  
(Condições da embarcação)**

1. O FRETADOR criará todas as condições para que a Embarcação, no acto de entrega no Porto de Pesca de Maputo e início das operações, esteja em condições apropriadas para as operações requeridas no caderno de encargo, de entre as quais:
  - a) De acomodar a bordo dois barcos insufláveis, pertencentes ao AFRETADOR, bem como dispositivos de lançamento dos mesmos ao mar e de recolha.
  - b) De existência de recipientes/tanques e espaços apropriados e aceites de acordo com os usos marítimos, para o acondicionamento do combustível e lubrificantes dos barcos insufláveis à custo do AFRETADOR.
2. O FRETADOR deverá agir com a necessária diligência, antes e durante a vigência do presente contrato, mantendo a embarcação robusta e nas condições descritas no número anterior.



**Cláusula Sétima**  
**(Plano de operação)**

1. O Afretador encarregar-se-á de desenhar o plano de operação da embarcação, para a zona constante do caderno de encargos, tendo em conta o conhecimento do Fretador.
2. O Plano referido no número anterior deverá garantir que a embarcação, no período de veda de camarão, tenha um período de presença mínima obrigatória a ser definido pelo AFRETADOR.
3. Os Planos de operação serão apenas do conhecimento do FRETADOR e AFRETADOR e serão de natureza confidencial e circulação restrita.



**Cláusula Oitava**  
**(Inspeção)**

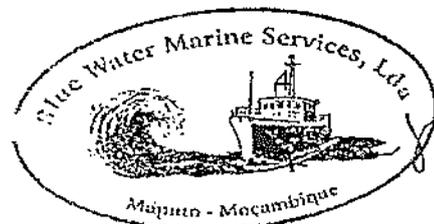
1. Antes do início das operações e ainda estando o barco na doca, as partes acordam em designar técnicos especializados, para certificar as condições técnicas da Embarcação.
2. As despesas dos técnicos especializados designados pelo Instituto Nacional da Marinha (INAMAR), para os efeitos do n.º 1, serão suportadas pelo FRETADOR.
3. O FRETADOR comunicará no final de cada mês, através de um relatório técnico, ao AFRETADOR, sobre a operação, manutenção e reparação do equipamento durante aquele mês, havendo.

**Cláusula Nona**  
**(Avarias e substituição de embarcação)**

1. O FRETADOR poderá a qualquer tempo, antes ou durante o afretamento, havendo razões fundadas, substituir a embarcação objecto do contrato, mediante prévio assentimento do AFRETADOR.
2. Em caso da Embarcação objecto do presente contrato de afretamento encontrar-se avariada ou por qualquer motivo indisponível para as operações de fiscalização, e haver necessidade de uso da mesma neste período o FRETADOR deverá garantir a sua rápida substituição de modo a não comprometer os propósitos do contrato.
3. Decorridos três (03) dias de inoperacionalidade por avaria sem substituição não haverá correspondente pagamento.

**Cláusula Décima**  
**(Incumprimento da missão)**

1. A embarcação patrulha não poderá ser usada para fins diversos dos constantes do presente contrato.



2. Sempre que seja necessário salvar vidas ou abrigar-se contra os riscos do mar a embarcação poderá, sem prévia comunicação ao AFRETADOR, desviar-se da rota, observando-se a legislação marítima competente ao caso, conforme disposto no n.º 2 da Clausula Decima Segunda do presente contrato.

#### Clausula Décima Primeira (Porto Base)

1. A embarcação patrulha terá como Porto Base, o Porto de Pesca da Beira.
2. Por motivos devidamente fundamentados o AFRETADOR poderá indicar outro Porto de Pesca.

#### Cláusula Décima Segunda (Tripulação)

1. O FRETADOR será responsável por contratar toda a tripulação necessária para a embarcação principal, com a excepção do pessoal indicado pelo AFRETADOR que faça parte da equipa de fiscalização.
2. Durante a vigência do contrato, a tripulação da embarcação deverá estar à disposição, a qualquer hora, para o embarque, sem prejuízo das questões de segurança.
3. Para as missões normais de patrulha o número máximo de pessoal do AFRETADOR será de sete (7) incluindo o pessoal da Marinha de Guerra devidamente armado.
4. Os barcos insufláveis, quando estiverem a bordo do barco objecto do presente contrato, serão tripulados pelo pessoal do FRETADOR que se responsabiliza em treinar o pessoal indicado pelo AFRETADOR. Quando as embarcações insufláveis não se encontrarem a bordo da embarcação principal por terem sido retiradas deliberadamente pelo AFRETADOR para o cumprimento de outras tarefas, competirá a este a contratação da respectiva tripulação.

#### Cláusula Décima Terceira ( Responsabilidade do FRETADOR)

1. O FRETADOR responsabiliza-se pelas perdas de vidas, ofensas à integridade do pessoal que vai a bordo da embarcação patrulha quando estas resultarem de dolo ou negligência.
2. Todas as reparações, custos de manutenção, combustível, água e mantimentos, e todos os consumos durante a vigência do contrato são da responsabilidade do FRETADOR.
3. Em caso de qualquer acontecimento do mar, resultante da negligência ou dolo do Capitão e seu pessoal, o FRETADOR assumirá toda a responsabilidade perante o AFRETADOR pelos dias em que não será possível realizar a missão, se não substituir a embarcação;



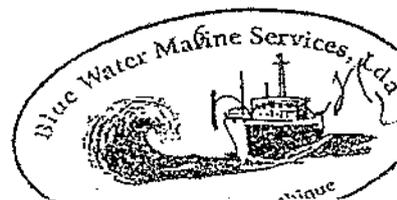
4. O FRETADOR deverá cumprir com todos os requisitos de higiene e segurança de acordo com as regras internacionais aplicáveis.
5. É da responsabilidade do FRETADOR cuidar e fazer a manutenção dos barcos insufláveis enquanto estiverem a bordo, como um fiel depositário do Ministério das Pescas.
6. O Fretador deve igualmente manter todos os documentos e certificados da embarcação e tripulação válidos pelo período de validade do contrato.

**Cláusula Décima Quarta  
(Responsabilidade do AFRETADOR)**

1. É da responsabilidade do AFRETADOR:
  - a) Efectuar os pagamentos de acordo com os calendários acordados;
  - b) Efectuar o seguro do seu pessoal e, se necessário, da carga ou equipamento de operação que puser a bordo da embarcação.
2. Assumir responsabilidade pelos danos humanos e patrimoniais causados pelo seu pessoal a embarcação resultando de dolo ou negligência.

**Cláusula Décima Quinta  
(Seguro)**

1. O AFRETADOR suportará a diferença do valor de seguro básico no valor de treze mil, setecentos e cinquenta dólares americanos (Usd 13.750,00), pagos pelo FRETADOR e do seguro avançado para patrulhas com armas ligeiras no valor de trinta e nove mil, trezentos e oitenta dólares americanos (Usd 39.380,00), o que corresponde a vinte e cinco mil, seiscentos e trinta dólares americanos (Usd 25.630,00).
2. O seguro a que se refere o número anterior corresponde aos riscos de patrulha com armas ligeiras e um seguro contra acidentes pessoais da tripulação fornecida pelo FRETADOR.
3. O FRETADOR deverá assegurar e manter o seguro em condições usuais contra perdas, danos e responsabilidade públicas. Os prémios devidos são da responsabilidade do FRETADOR. Uma cópia da apólice de seguro será disponibilizada ao AFRETADOR a seu pedido. Qualquer imunidade possível ou deduções providenciadas no seguro são do FRETADOR.
4. O FRETADOR deverá manter o seguro válido pelo período de tempo em que os barcos insufláveis estiverem a bordo da embarcação patrulha para o uso normal das actividades objecto do presente contrato.
5. O FRETADOR tomará todas as medidas administrativas e outras que, em caso de acidente, perda ou dano, deverão ser tomadas para assegurar reclamações



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aceitáveis para companhias de seguro relevantes. Neste caso, tem de ser aceite pelo AFRETADOR dentro de 48 horas pelo meio formal mais rápido e eficaz.



#### Cláusula Décima Sexta (Término do acordo)

Em caso de incumprimento por parte do AFRETADOR, de qualquer pagamento por mais de 45 (quarenta e cinco) dias, o FRETADOR poderá, 30 (trinta) dias após a notificação, terminar o contrato se o AFRETADOR não apresentar motivo justificativo da demora aceite pelo FRETADOR.

#### Cláusula Décima Sétima (Subrogação)

O FRETADOR não poderá subrogar a sua posição contratual para terceiro sem o consentimento do AFRETADOR.

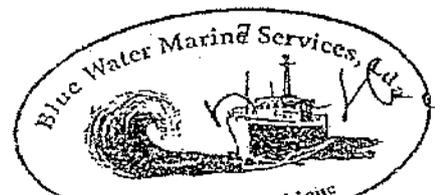
#### Cláusula Décima Oitava (Cessação)

O contrato pode ser rescindido pelas partes nas seguintes circunstâncias:

- a) **Vontade unilateral** - Qualquer das partes poderá rescindir o contrato mediante um aviso prévio de noventa (90) dias devendo para tanto indemnizar a outra parte pelos prejuízos causados, designadamente perdas e danos.;
- b) **Por justa causa** - Pela ocorrência de circunstância que possam comprometer de forma grave o cumprimento das obrigações decorrentes do presente contrato, ou pelo incumprimento das obrigações decorrentes deste contrato, notificando a outra parte. Decorridos os prazos descritos na Cláusula décima sexta e não for reparada a situação de mora no pagamento o FRETADOR poderá rescindir o contrato;
- c) **Falência** - Se o FRETADOR encontrar-se em situação de falência técnica e financeira e se mostrar incapaz de cumprir com as suas obrigações contratuais.

#### Cláusula Décima Nona (Força Maior)

1. Cessa a responsabilidade das partes por falta ou atraso na execução do Contrato, quando o incumprimento resulte de "Força Maior".
2. Para efeitos deste Contrato, "Força Maior" significa um acto que está para além do controlo razoável de uma das Partes, e que torna o desempenho ou as obrigações de uma das Partes impossíveis ou impraticáveis quanto razoáveis para serem considerados impossíveis nessas circunstâncias, e inclui, mas não se limita só a guerra, distúrbios, greves, bloqueios, confisco, desordem civil, tremor



*Bele*

de terra, incêndio, explosão, tempestade, cheia ou outras condições climatéricas adversas.

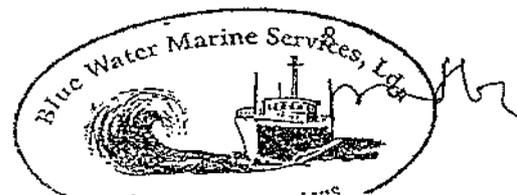
3. No caso do Contrato vir a ser inviabilizado por razão de Força Maior ou pelo facto de ter irrompido guerra, ou por qualquer outro evento inesperado, fora do controle das partes, o **AFRETADOR** deverá atestar que o Contrato foi inviabilizado. O **FRETADOR**, em consequência, paralisará os serviços com a máxima rapidez, após ter recebido o certificado, sendo paga por todos os serviços executados antes do recebimento da notificação, bem como será reembolsada por custos adicionais razoáveis e necessariamente incidentes durante o referido período sobre os Serviços e, na retomada dos Serviços, após o final de tal período.

#### Cláusula Vigésima (Confidencialidade)

1. Todas as informações obtidas pelo cumprimento das obrigações do presente contrato, o **FRETADOR** deverá mantê-las confidenciais, não podendo ser usadas sem o consentimento do **AFRETADOR**. O **FRETADOR** deverá fazer todos os esforços para que as informações não possam ser usadas por terceiros partes quando subcontratadas, em caso de substituição da embarcação.
2. Esta cláusula não se aplica a informações já publicadas ou que sejam de domínio público.
3. Todas as informações providenciadas pelo **AFRETADOR** ao **FRETADOR** para o cumprimento do presente contrato permanecerão propriedade do **AFRETADOR**, não podendo ser usadas pelo **FRETADOR** para terceiros propósitos, senão os contratuais.
4. A quebra de confidencialidade constitui uma causa de rescisão do contrato, nos termos da al. b) da Cláusula Décima oitava.

#### DA CESSAÇÃO DO CONTRATO E DAS SANÇÕES Cláusula Vigésima Primeira (Sanções)

1. Em caso de incumprimento injustificado da missão por parte do **FRETADOR**, por mais de um dia, ou justificação inaceitável, este deverá suportar uma indemnização no valor diário do aluguer da embarcação por cada dia do referido incumprimento.
2. Em caso de incumprimento da missão por razões de avaria e não sendo possível a sua substituição, o **FRETADOR** perderá a totalidade do pagamento pela falta de operacionalidade e se a impossibilidade se mantiver por mais de trinta dias poderá o **AFRETADOR** rescindir o contrato e exigir a indemnização devida.



## DAS CLÁUSULAS GERAIS

### Cláusula Vigésima Segunda (Reuniões entre as partes)

O AFRETADOR e o FRETADOR reunir-se-ão uma vez por mês para avaliação do desempenho, devendo os aspectos operacionais da embarcação não prejudicados em acta.

### Cláusula Vigésima Terceira (Combate à Corrupção)

As partes no presente Contrato comprometem-se a não oferecer, directa ou indirectamente vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com o propósito de obter julgamento favorável sobre os serviços a prestar.

### Cláusula Vigésima Quarta (Foro)

O Foro competente para a resolução dos litígios emergentes deste contrato é o Tribunal Administrativo.

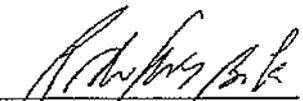
### Cláusula Vigésima Quinta (Documentos)

Constituem parte do presente contrato, os seguintes documentos:

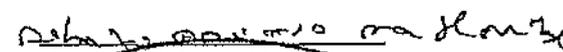
- Caderno de Encargo;
- Termo da proposta de preços submetidos pela contratada;
- Especificações técnicas da embarcação de acordo com o modelo internacionalmente aceite;
- Seguro da embarcação.

O presente Contrato vai ser assinado pelas partes em 02 (dois) exemplares, de igual teor, cada um deles fazendo fé.

PELO AFRETADOR

  
Rodrigues Armando Bila  
(Secretário Permanente)

PELO FRETADOR

  
Alberto Adriano Matilombe  
(Director Geral)  
Blue Water Services, Lda  
Maputo - Moçambique





REPÚBLICA DE MOÇAMBIQUE  
Ministério das Pescas

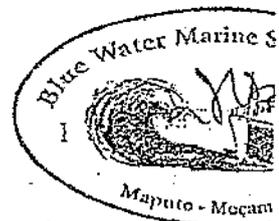
PROCESSO Nº 011/MP-DNAP/UGEA/2007

<sup>21</sup>  
CONTRATO Nº 03/MP-UGEA/2007

ADENDA Nº 07/MP-DNAP/UGEA/2009  
(SETEMBRO 2009)

CONTRATO DE ALUGUER DO BARCO PATRULHA

Maputo, Setembro de 2009



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29/10/09  
14.10.09

ADENDA AO CONTRATO DE ALUGUER DO BARCO KUSWAG 1  
ÂMBITO DO CONCURSO N.º 011/MP-DNAP/UGEA/2007

N.º DO CONTRATO: 03/MP-UGEA/2007  
N.º DA ADENDA: 07/MP-DNAP/UGEA/2009

Data: 03/07/2009  
Data: /09/2009

Entre,

O Ministério das Pescas, situado na Rua Consiglieri Pedroso n.º 347, Maputo, no acto representado pelo Senhor RODRIGUES ARMANDO BILA, exercendo as funções de Secretário Permanente do Ministério das Pescas, com poderes bastantes para o acto, doravante denominado como "AFRETADOR";

e

A BLUE WATER MARINE SERVICES, Lda., situada na Avenida 10 de Novembro n.º 74, em Maputo, com o Número Único de Identificação Tributária (NUTT) n.º 400105057, representada no acto pelo Senhor ALBERTO MATLOMBE, exercendo as funções de Director Geral, com poderes bastantes para o acto, doravante denominado como "FRETADOR", é estabelecida a presente Adenda ao Contrato, que se rege pelos seguintes termos:

1. OBJECTO DO CONTRATO

O Contrato tem por objecto o aluguer da embarcação - patrulha, devidamente equipada, denominada "COASTWATCH", registada em Moçambique sob n.º MPT9153X, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período adicional de um ano.

O "FRETADOR", declara-se pronto e capaz de fornecer a embarcação nos termos e condições estabelecidas no Contrato.

2. DEFINIÇÕES

Neste Contrato, às palavras e expressões utilizadas, dar-se-ão os significados a elas atribuídos no contrato principal-excepto onde o contexto exija diferenciação.

3. ENTRADA EM VIGOR

O Contrato entrará em vigor imediatamente após a assinatura do mesmo por ambas as partes e o Visto do Tribunal Administrativo.

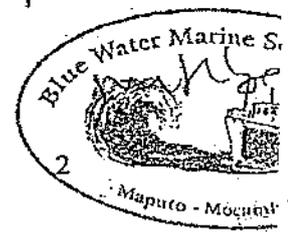
4. DATA DE INÍCIO

A data de início será o dia 05 de Dezembro de 2009.

~~Blue Water Marine S. Lda.~~  
Número n.º 1143,00 MT

*for*

TRIBUNAL ADMINISTRATIVO  
VISTO  
20/11/09



## 5. DATA DE TÉRMINO

A data de término será o dia 05 de Dezembro de 2010, quando, e de acordo com as cláusulas contratuais, se encontrarem concluídos os dias de mar contratados e o pagamento das remunerações a que o FRETADOR tiver direito.

## 6. Preço da Adenda ao Contrato

Pela utilização da "Embarcação", o AFRETADOR pagará ao FRETADOR o preço de 114.312,31MT (cento e catorze mil, trezentos e doze meticais e trinta e um centavos) acrescido do IVA, por cada dia de calendário, valor equivalente a USD4.374.75 (quatro mil trezentos setenta e quatro dólares americanos e setenta e cinco céntimos), acrescido do IVA, ao câmbio de 26.13MT (vinte e seis meticais e treze centavos) na data de abertura das propostas, totalizando o valor anual de 41.723.993,15MT (quarenta e um milhões, setecentos vinte e três mil, novecentos noventa e três meticais e quinze centavos), acrescido do IVA. O preço refere-se a uma utilização de 150 dias de patrulha no mínimo/ano.

## 7. Cabimento Orçamental...

A despesa no valor de 41.723.993,15MT (quarenta e um milhões, setecentos vinte e três mil, novecentos noventa e três meticais e quinze centavos), tem cabimento orçamental e será suportada pelos Fundos do Programa de Cooperação entre Moçambique e Noruega.

## 8. GARANTIA

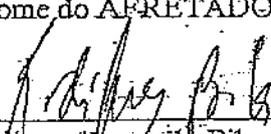
O Contratado prestará no acto da assinatura da Adenda ao Contrato, uma garantia bancária a favor da Contratante no valor de 4.172.399,31MT (quatro milhões, cento setenta e dois mil, trezentos noventa e nove meticais e trinta e um centavos), o equivalente a 10% (dez) por cento do valor total do contrato.

## 9. ANTI-CORRUPÇÃO

Nos termos da Lei nº 6/2004, de 17 de Junho, as partes comprometem-se a não favorecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

Maputo, aos 16 de Setembro de 2009

Pelo e em nome do AFRETADOR:

  
Sr. Rodrigues Almandô Bila  
Secretário Permanente  
Ministério das Pescas

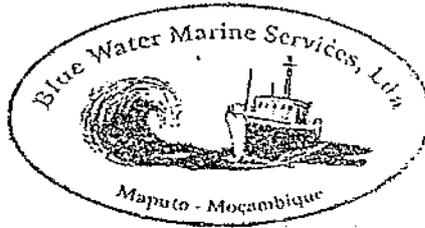


Pelo e em nome do FRETADOR:



Alberto Adriano Matlombe

Alberto Adriano Matlombe  
Director Geral  
Blue Water Marine



~~Blue Water Marine Services, Ltd.~~

~~Maputo - Moçambique~~

1.143,00 MP

*Handwritten signature or initials.*



REPÚBLICA DE MOÇAMBIQUE  
Ministério das Pescas

PROCESSO N° 011/MP-DNAP/UGEA/2007

CONTRATO N° 03/MP-UGEA/2007

ADENDA N° 27/MP-ADNAP/UGEA/2010  
(OUTUBRO 2010)

CONTRATO DE ALUGUER DO BARCO PATRULHA

Maputo, 7 Outubro de 2010

BC

# ADENDA AO CONTRATO DE ALUGUER DO BARCO KUSWAG 1

ÂMBITO DO CONCURSO N.º 011/MP-DNAP/UGEA/2007

N.º DO CONTRATO: 03/MP-UGEA/2007

DATA: 03/07/2009

N.º DA ADENDA: 27/MP-ADNAP/UGEA/2010

DATA: /10/2010

Entre,

O Ministério das Pescas, situado na Rua Consiglieri Pedroso n.º 347, Maputo, no acto representado pelo Senhor RODRIGUES ARMANDO BILA, exercendo as funções de Secretário Permanente do Ministério das Pescas, com poderes bastantes para o acto, doravante denominado como "AFRETADOR",

e

A BLUE WATER MARINE SERVICES, Lda., situada na Avenida 10 de Novembro n.º 74, em Maputo, com o Número Único de Identificação Tributária (NUIT) n.º 400105057, representada no acto pelo Senhor ALBERTO ADRIANO MATLOMBE, exercendo as funções de Director Geral, com poderes bastantes para o acto, doravante denominado como "FRETADOR", é estabelecida a presente Adenda ao Contrato, que se rege pelos seguintes termos:

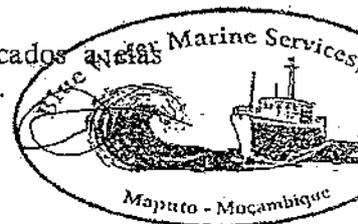
## 1. OBJECTO DO CONTRATO

O Contrato tem por objecto o aluguer da embarcação - patrulha, devidamente equipada, denominada "Kuswag 1", registada em Moçambique sob n.º MPT 9153 X, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período adicional de um ano.

O "FRETADOR" declara-se pronto e capaz de fornecer a embarcação nos termos e condições estabelecidas no Contrato N.º 03/MP-UGEA/2007.

## 2. DEFINIÇÕES

Nesta Adenda, às palavras e expressões utilizadas, dar-se-ão os significados atribuídos no contrato principal excepto onde o contexto exija diferenciação.



Bila

### 3. EFICÁCIA

O presente Contrato começa a produzir efeitos, legalmente, após a assinatura do mesmo por ambas as partes.

### 4. DATA DE INÍCIO

A data de início das actividades operacionais contempladas nesta Adenda terá lugar no dia 06 de Dezembro de 2010.

### 5. DATA DE TÉRMINO

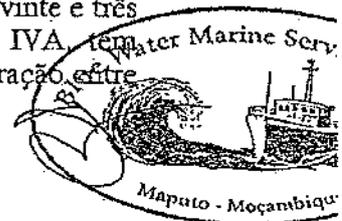
A data de término será o dia 06 de Dezembro de 2011 quando, e de acordo com as cláusulas contratuais, se encontrarem concluídos os dias de mar contratados e o pagamento das remunerações a que o FRETADOR tiver direito.

### 6. PREÇO

Pela utilização da "Embarcação", o "AFRETADOR" pagará ao "FRETADOR" o preço de 114.312,31MT (cento e catorze mil, trezentos e doze meticais, trinta e um centavos) acrescido do IVA, por cada dia de calendário, valor equivalente a USD 4.374.75 (quatro mil, trezentos setenta e quatro dólares americanos, setenta e cinco centavos), acrescido do IVA, ao câmbio de 26,13MT (vinte e seis meticais e treze centavos) na data de abertura das propostas, totalizando o valor anual de 41.723.993,15 MT (quarenta e um milhões, setecentos vinte e três mil, novecentos noventa e três meticais e quinze centavos), acrescido do IVA. O preço refere-se a uma utilização de 150 (cento e cinquenta) dias de patrulha no mínimo/ano e bem assim, a diferença entre o valor do seguro básico da embarcação para as operações normais e o da cobertura dos riscos das patrulhas com armas ligeiras, já adiantado pelo "FRETADOR", no valor de USD 12.815,00 (doze mil, oitocentos e quinze dólares americanos), pagáveis em meticais ao câmbio médio do dia praticado pelo Banco de Moçambique, nas datas de pagamento.

### 7. CABIMENTO ORÇAMENTAL

A despesa no valor de 41.723.993,15 MT (quarenta e um milhões, setecentos vinte e três mil, novecentos noventa e três meticais e quinze centavos), acrescido do IVA, tem o seu cabimento orçamental e será suportada pelos Fundos do Programa de Cooperação entre Moçambique e Noruega.



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## 8. GARANTIA

O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de 4.172.399.31 MT (quatro milhões, cento setenta e dois mil, trezentos noventa e nove metcais, trinta e um centavos, o equivalente a 10% (dez) por cento do valor do contrato.

## 9. ANTI-CORRUPÇÃO

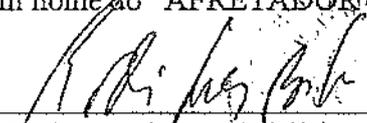
Nos termos da Lei n.º 6/2004, de 17 de Junho, as partes comprometem-se a não favorecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

## 10. REMISSÃO

À presente Adenda são aplicáveis as cláusulas, definições e demais disposições do Contrato N.º 03/MP-UGEA/2007, celebrado entre o "FRETADOR" e "AFRETADOR" que teve aprovação e Visto do Tribunal Administrativo em 09 de Outubro 2007, o qual faz parte integrante deste acordo e encontra-se a ele anexo, para todos os efeitos legais.

Maputo, aos 7 de Outubro de 2010

Pelo e em nome do "AFRETADOR":

  
Sr. Rodrigues Armando Bila  
Secretário Permanente  
Ministério das Pescas

Pelo e em nome do "FRETADOR":

  
Alberto Adriano Matlombe  
Director Geral

Blue Water Marine Services, Lda

# CONTRATO DE GESTÃO DO NAVIO DE PATRULHA ANTILLAS REEFER

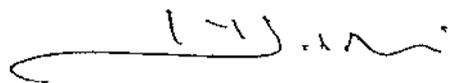
## Capítulo I IDENTIFICAÇÃO DAS PARTES

1. Data do acordo: 17 DE JANEIRO DE 2013	Nome do Navio: ANTILLAS REEFER
2. Proprietário (nome, localização registada do escritório e lei do registo)	3. Gestor (nome, localização registada do escritório e lei do registo)
Nome: <b>MINISTÉRIO DAS PESCAS DE MOÇAMBIQUE</b>	Nome: <b>BLUE WATER MARINE SERVICES, LDA</b>
Localização registada do escritório: <b>RUA MARQUÊS DE POMBAL, N. 1255</b>	Localização registada do escritório: <b>Rua dos Marinheiros, N. 06</b>
4. Dia e ano do início do Acordo: 17 DE JANEIRO DE 2013 Dia e ano de término do Acordo: 30 DE JUNHO DE 2013	
4.1. Possibilidade de prorrogação: O contrato pode ser renovado automaticamente, por período igual, havendo cabimento orçamental para o efeito e mediante não objecção do financiador.	
5. Detalhes do endereço do proprietário: Tel. Celular: +258823074150 Caixa Postal: 1723, Maputo, Moçambique Fax: +25821302528	5. Detalhes dos endereços dos gestores: Tel. Celular: +258-82-3191610; +258-82-3055600; +258-82-3153260. Caixa Postal: 631, Maputo, Moçambique Fax: +25821487684

## Capítulo II CLÁUSULAS OBRIGACIONAIS

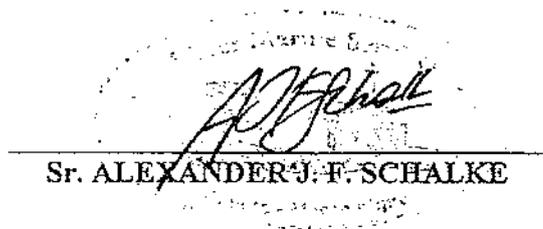
5. Gestão da tripulação (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>	6. Gestão técnica (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>
7. Abastecimento de combustível (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>	8. Seguros (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>
9. Período definido de serviços de gestão (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>	10. Possibilidade de recursos a Lei e Arbitragem - <b>SIM</b>
11. Taxa de gestão - <b>SIM</b>	12. Lugar de arbitragem - <b>MAPUTO</b>

**MINISTÉRIO DAS PESCAS  
AUTORIDADE COMPETENTE**



Sr. HERMÍNIO LIMA TEMBE  
(Especialista)

**BLUE WATER MARINE SERVICE, Lda.**



Sr. ALEXANDER J. F. SCHALKE

## Capítulo III

### 1. Definições

Salvo onde o contexto requeira o contrário, neste contrato, as palavras e as expressões seguintes terão o significado que lhes forem dados.

“*Proprietário*” significa a parte identificada na Caixa 2.

“*Gestores*” significa a parte identificada na Caixa 3.

“*Navio*” significa o navio, cujos detalhes estão estabelecidos no Anexo “A” a este contrato.

“*Tripulantes*” significa o Comandante, Imediato, Chefe das Máquinas, Segundo das Máquinas, Ajudante (s) das Máquinas, Contramestre, Marinheiro (s), Cozinheiro (s) especificados no Anexo B.

“*Custos de Apoio aos Tripulantes*” significa todas as despesas de natureza geral que não são particularmente atribuídas ao navio em especial naquele momento, dirigido pelos Gestores e que são incorridos pelos Gestores com o fim de oferecer um serviço de gestão eficiente e económico e, sem prejuízo da generalidade do contrato, incluirá o custo do pagamento da tripulação de reserva, treinamento para a tripulação e cadetes identificados pelo proprietário, assistência médica e medicamentosa e despesas de estudos.

“*Custos de Indemnização*” significa os custos que os empregadores são legalmente obrigados a pagar aos tripulantes ou que digam respeito aos tripulantes como resultado do término antecipado de qualquer contrato de emprego no Navio.

“*Seguros da Tripulação*” seguros contra os riscos da tripulação que incluirão mas não se limitarão à morte, doença, repatriamento, ferimento, por naufrágio e por perda de bens pessoais.

“*Serviços de gestão*” significa os serviços especificados no capítulo II (cláusulas obrigacionais) conforme indicado nas Caixas 5 a 8.

### 2. Identificação de Gestores

Os Gestores indicarão o pessoal qualificado para exercer a gestão do navio e disto dará conhecimento ao proprietário.

### 3. Bases do Contrato

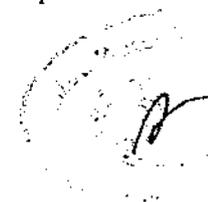
3.1. O Contrato tem por objecto a gestão da embarcação - patrulha, devidamente equipada, denominada “Antillas Reefer”, registada em Moçambique sob n.º MPT 9803, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período de seis meses.

3.2 Com base nos termos e condições aqui providenciados, durante o período do contrato, os Gestores deverão levar a cabo Serviços de Gestão como Agentes em nome e em representação dos Proprietários. Os Gestores deverão agir como fiel representante do Proprietário, aconselhando-o sobre as melhores práticas, soluções e costumes marítimos, bem como actuar com a discrição necessária na execução do contrato.

### 3.1 Gestão da Tripulação

Os Gestores oferecerão Tripulantes adequadamente qualificados para o Navio conforme acordado pelo Proprietário. Esta obrigação inclui, mas não se limita, às seguintes funções:

- (i) seleccionar e contratar os tripulantes do Navio;
- (ii) assegurar que os tripulantes tenham qualificação e certificação dos regulamentos do trabalho marítimo, incluindo o salário, seguro social, disciplina laboral e marítima e outros requisitos;
- (iii) assegurar que todos os Tripulantes tenham passado por um exame médico, atestando a aptidão para as tarefas para as quais foram contratados;



- (iv) assegurar que os Tripulantes tenham domínio da língua portuguesa de um nível suficiente para os permitir realizar as suas tarefas com segurança;
- (v) preparar transporte da Tripulação, incluindo repatriamento, se aplicável;
- (vi) treinamento dos Tripulantes e supervisionar sua eficiência;
- (vii) implementar a política de tolerância zero do efeito e consumo de droga e álcool a bordo.

### 3.2 Gestão Técnica

Os Gestores irão providenciar gestão técnica, que inclui, mas não se limita às seguintes funções:

- (i) oferta de pessoal competente para supervisionar a manutenção e a eficiência geral do Navio;
- (ii) preparativos e supervisão da docagem, reparações, alterações e manutenção do Navio aos níveis requeridos pelo Proprietário;
- (iii) desenvolvimento, implementação e manutenção de um Sistema de Gestão da Segurança (SGS).
- (iv) providenciar serviços de certificação de navegabilidade, comunicações e outros pertinentes;
- (v) providenciar condições de vigilância do navio sempre que estiver em porto;
- (vi) velar pela funcionalidade do barco semi-rígido a bordo do navio contratado;

### 3.3 Preparativos de Seguro

Os Gestores prepararão seguros nos termos e condições contratados e de acordo com as instruções do Proprietário, em particular com relação às condições, valor do seguro, deduções e franquias.

### 3.4 Provisões

Os Gestores prepararão o fornecimento das provisões (viveres, água potável, combustível, lubrificantes e outros insumos necessários para garantir o bom funcionamento do navio).

## 4. Obrigação do Proprietário

4.1 O Proprietário pagará pontual e mensalmente o valor contratado.

4.2. O Proprietário dará as instruções necessárias para o bom desempenho das funções do gestor;

4.3. O Proprietário comunicará com antecedência razoável de quaisquer aspectos que possam afectar substancialmente a execução do presente contrato.

## 5. Seguro do navio

Os Proprietários procurarão, ou instruindo os Gestores, que durante todo o período do contrato, o navio seja segurado por não menos do justo seu valor de mercado, sem prejuízo dos riscos da própria actividade, tendo em consideração os riscos usuais do casco, das máquinas e equipamento;

## 6. Taxa do serviço de gestão

8.1 Os Proprietários pagarão aos Gestores pelos seus serviços como Gestores ao abrigo deste contrato uma taxa mensal no valor de 11% do custo de operação do navio.

8.2. A Taxa de prestação de serviços da gestão marítima inclui o valor da gestão do navio, salários do pessoal de apoio em terra, aluguer de gabinete, transporte, comunicações, "overhead", etc.

## 9. Orçamentos e gestão dos fundos

9.1 Os Gestores devem apresentar aos Proprietários um orçamento anual, o qual devem mostrar a sua aceitação e aprovação e na ausência da tal indicação os Gestores terão o direito de assumirem que os Proprietários aceitaram o orçamento proposto.

9.2 Os Gestores e o proprietário deverão programar as actividades mensais e estimativa de custo a acordar o calendário de desembolso dos fundos necessários para o funcionamento do navio nos meses consecutivos.

9.3 Os fundos devem ser recebidos pelos Gestores dentro dos quinze dias após a recepção pelos Proprietários da factura mensal e devem ser transferidos para uma conta bancária indicada pelos Gestores e titulada por estes.

## 10. O direito dos Gestores ao sub-contrato.

Os Gestores não têm o direito de sub-contratar nenhuma das suas obrigações, sem o consentimento prévio e escrito, por parte dos Proprietários. Os Gestores assumem a responsabilidade pela boa execução das obrigações sub-contratadas.

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## 11. Responsabilidades

### 11.1 Força maior

11.1.1 Se ocorrer motivo de força maior, não imputável a nenhuma das partes, o presente contrato ficará suspenso, sem qualquer encargo para as partes.

11.1.2. Para efeitos do presente contrato, motivo de força maior significa um acontecimento que esteja fora do controlo razoável de qualquer das partes, e que torne impossíveis ou impraticáveis as obrigações a que as partes estão sujeitas, que inclui guerras, revoltas, desordens civis, sismos, fogos, explosões, tempestades, inundações ou outras condições atmosféricas adversas, greves, bloqueios ou outras acções que estejam fora do poder de controlo das partes.

### 11.2 Responsabilidade dos Proprietários

(i) Os Gestores eximem-se de responsabilidade em casos de ocorrência de prejuízos de qualquer natureza, directa ou indirectamente, que possa ocorrer durante o desempenho dos serviços de gestão.

(ii) Exceptuam-se do regime anterior no caso dos actos forem praticados com dolo ou negligência dos Gestores ou da tripulação ou dos agentes sub-contratados em ligação com o navio.

## 2. Administração Geral

12.1 Os Gestores devem gerir e resolver todas as reclamações que surjam fora dos serviços de gestão e manter os Proprietários informados sobre qualquer incidente de que os Gestores tomem conhecimento, os quais possam dar lugar a reclamações ou disputas que envolvam terceiras partes.

12.2 Os Gestores devem também ter poder para adquirirem, serviços especializados na área legal, técnica ou outra, que estiverem a afectar os interesses dos Proprietários com respeito ao navio.

## 13. Inspeção ao navio

Os Proprietários têm o direito de a qualquer momento após darem um aviso aceitável aos Gestores inspecionarem o navio por alguma razão que considerem necessária.

## 14. Concordância com as Leis e Regulamentos

Os Gestores não farão nem permitirão que seja feita alguma coisa que possa causar qualquer quebra ou violação das leis e regulamentos nacionais.

## 15. Duração do contrato

15.1. Este contrato deve entrar em vigor no dia 17 de Janeiro de 2013 e cessar no dia 30 de Junho de 2013.

15.2. O Contrato considera-se executado quando perfizer setenta e cinco dias (75) de patrulha e o pagamento das remunerações a que os gestores tiverem direito realizado. Os dias de patrulha referidos são calculados na base de vinte quatro horas (24h) de presença no mar podendo ser automaticamente renovado, havendo cabimento orçamental e o financiador a isto não objectar.

## 16.1 Denúncia

(i) Os Gestores têm o direito de terminarem o contrato com efeito imediato através de notificação escrita no caso de incumprimento das obrigações financeiras por parte do Proprietário.

(ii) Se os Proprietários:

## 16.2 Falta dos Gestores

Em caso de incumprimento das obrigações dos Gestores, os Proprietários notificá-los-ão da falta instando-os a encontrarem uma solução no mais curto espaço de tempo possível. No caso de os Gestores não darem a solução dentro do período aceitável para a satisfação dos Proprietários, estes têm o direito de terminarem com o contrato com efeito imediato através da notificação escrita.

## 17. Confidencialidade

17.1 Todas as informações obtidas pelo cumprimento das obrigações do presente contrato, o Gestor deverá mantê-las confidenciais, não podendo ser usadas sem o consentimento do Proprietário.

Gestor deverá fazer todos os esforços para que as informações não possam ser usadas por terceiras partes quando subcontratadas.

17.2. A cláusula anterior não se aplica a informações já publicadas ou que sejam de domínio público.

17.3. Todas as informações providenciadas pelo Proprietário ao Gestor para o cumprimento do presente contrato permanecerão propriedade do dono, não podendo ser usadas para terceiros propósitos, senão os contratuais.

#### 18. Cessação por motivos extraordinários

O presente contrato considerar-se-á não vigente nos casos de perda do navio ou nos caso em que o Proprietario nao possa exercer os seus direitos de uso e fruição.

#### 19. Anti-corrupção

Nos termos da Lei n.º 06/2004, as partes se comprometem a não oferecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefícios próprios ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

#### 20. Porto base

sem prejuízo dos planos operacionais de patrulha, o Porto Base do Navio será definido pelas Partes, em atenção às condições técnicas e logísticas de cada Porto nacional para o aprovisionamento do mesmo.

#### 21. Preço

Pela gestão da embarcação referida neste contrato o Proprietário pagará ao Gestor o valor referente à operação do navio e a correspondente taxa de serviço totalizando, incluído o IVA, um milhão novecentos mil dólares (USD 1.900.000,00), convertido em meticais ao câmbio da taxa média do Banco de Moçambique na data de pagamento da factura devida. O referido valor será pago *pro rata* numa base

mensal e transferido para a conta MZM n.º 0002000246300101, do Banco MCB, titulada pelos Gestores.

À data de renovação do contrato, as Partes acordam o preço médio de diesel por litro de 36,81MT (trinta e seis meticais e oitenta e um centavos) e, quando houver uma variação no preço acima ou abaixo de 5%, as Partes beneficiarão da correspondente compensação mensal, como factor de correcção sobre metade do custo do dia de patrulha

#### 22. Garantia

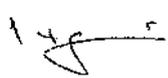
O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de noventa e cinco mil dólares americanos (95.000 USD), o equivalente a cinco por cento (5 %) do valor do contrato.

#### 23. Eficácia

O presente Contrato começa a produzir efeitos, legalmente, após a assinatura do mesmo por ambas as Partes.

#### 24. Foro

O Foro competente para a resolução dos litígios emergentes deste contrato é o Tribunal Administrativo.





REPÚBLICA DE MOÇAMBIQUE  
**Ministério das Pescas**

**PROCESSO N° 24/MP-DNFP/UGEA/2012**

**CONTRATO N° 02/MP-UGEA/2012**

**ADENDA N° 22/MP-UGEA/2012**

**CONTRATO DE GESTÃO DO NAVIO DE PATRULHA  
ANTILLAS REEFER**

**Maputo, 03 Julho de 2012**

# ADENDA AO CONTRATO DE GESTÃO DO NAVIO DE PATRULHA ANTILLAS REEFER

ÂMBITO DO PROCESSO N.º 24/MP-DNFP/UGEA/2012

N.º DO CONTRATO: 02/MP-UGEA/2012

Data: 03/01/2012

N.º DA ADENDA: 22/MP-UGEA/2012

Data: 03/07/2012

Entre,

O **Ministério das Pescas**, situado na Rua Marquês de Pombal n.º 1255, Maputo, no acto representado pelo Senhor **HERMINIO LIMA TEMBE**, exercendo as funções de Secretário Permanente do Ministério das Pescas, com poderes bastantes para o acto, doravante denominado como "PROPRIETÁRIO",

e

A **BLUE WATER MARINE SERVICES, Lda.**, situada na Rua Marquês de Pombal, n.º 1002, em Maputo, com o Número Único de Identificação Tributária (NUIT) n.º 400105057, representada no acto pelo Senhor **PETER REX MICKLEWRIGHT**, exercendo as funções de Director Técnico, com poderes bastantes para o acto, doravante denominado como "GESTOR", é estabelecida a presente Adenda ao Contrato, que se rege pelos seguintes termos:

## 1. OBJECTO DO CONTRATO

O Contrato tem por objecto a gestão da embarcação - patrulha, devidamente equipada, denominada "Antillas Reefer", registada em Moçambique sob o n.º MPT 9803, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período de seis meses.

## 2. DEFINIÇÕES

Nesta Adenda, às palavras e expressões utilizadas, dar-se-ão os significados a elas atribuídos no contrato principal excepto onde o contexto exija diferenciação.

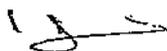
## 3. EFICÁCIA

A presente Adenda começa a produzir efeitos, legalmente, após a assinatura da mesma por ambas as partes.

## 4. DATA DE INÍCIO E TÉRMINO

4.1. O contrato deve entrar em vigor no dia 16 de Julho de 2012 a 16 de Janeiro de 2013.

4.2. O Contrato considera-se executado quando perfizer setenta e cinco dias (75) de



patrulha e o pagamento das remunerações a que os gestores tiverem direito realizado.

4.3. Os dias de patrulha referidos são calculados na base de vinte e quatro horas (24h) de presença no mar.

## 5. PREÇO -

Pela gestão da embarcação referida neste contrato o Proprietário pagará ao Gestor o valor referente a operação do navio e a correspondente taxa de serviço totalizando, incluído o IVA, 51.300.000,00MT (cinquenta e um milhões e trezentos mil meticais), equivalente a um milhão e novecentos mil dólares (USD1.900.000,00), ao câmbio de 27,00MT (vinte e sete) meticais, na data da celebração deste contrato. O referido valor será pago *pro rata* numa base mensal e transferido para a conta n.º 0002000246300101 MZN, do Banco MCB – Mozambique the Mauritius Commercial Bank, titulada pelos Gestores.

## 6. CABIMENTO ORÇAMENTAL

A despesa no valor de 51.300.000,00MT (cinquenta e um milhões e trezentos mil meticais), o equivalente a um milhão e novecentos mil dólares americanos (USD1,900,000.00), incluído o IVA, tem cabimento orçamental e será suportada pelos Fundos do Programa de Cooperação entre Moçambique e Noruega.

## 7. GARANTIA

O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de noventa e cinco mil dólares americanos (USD 95,000.00), o equivalente a cinco por cento (5 %) do valor do contrato.

## 8. ANTI-CORRUPÇÃO

Nos termos da Lei n.º 6/2004, de 17 de Junho, as partes comprometem-se a não favorecer, directa ou indirectamente, vantagens a terceiros e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

## 10. REMISSÃO

À presente Adenda são aplicáveis as cláusulas, definições e demais disposições do Contrato N.º 02/MP-UGEA/2012, celebrado entre o "PROPRIETÁRIO" e o "GESTOR" em 03 de Janeiro de 2012, o qual faz parte integrante deste acordo e encontra-se a ele anexo, para todos os efeitos legais.

1-1-1



Maputo, aos 03 de Julho de 2012

Pelo e em nome do "PROPRIETÁRIO"



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Sr. HERMINIO LIMA TEMBE  
Secretário Permanente  
Ministério das Pescas

Pelo e em nome do "GESTOR":



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**PETER REX MICKLEWRIGHT**  
Director Técnico  
Blue Water Marine Services, Lda  
Maputo - Moçambique



REPÚBLICA DE MOÇAMBIQUE  
Ministério das Pescas

PROCESSO Nº 36/MP-DNFP/UGEA/2011

CONTRATO Nº 02/MP-UGEA/2012

**CONTRATO DE GESTÃO DO NAVIO DE  
PATRULHA ANTILLAS REEFER**

Maputo, 03 Janeiro de 2012

# CONTRATO DE GESTÃO DO NAVIO DE PATRULHA ANTILLAS REEFER

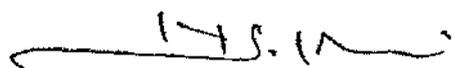
## Capítulo I IDENTIFICAÇÃO DAS PARTES

1. Data do acordo: 03 DE JANEIRO DE 2012	Nome do Navio: ANTILLAS REEFER
2. Proprietário (nome, localização registada do escritório e lei do registo)	3. Gestor (nome, localização registada do escritório e lei do registo)
Nome: <b>MINISTÉRIO DAS PESCAS DE MOÇAMBIQUE</b>	Nome: <b>BLUE WATER MARINE SERVICES, LDA</b>
Localização registada do escritório: <b>RUA MARQUÊS DE POMBAL, N. 1255</b>	Localização registada do escritório: <b>RUA MARQUÊS DE POMBAL, N. 1002</b>
4. Dia e ano do início do Acordo: 15 DE JANEIRO DE 2012 Dia e ano de término do Acordo: 15 DE JULHO DE 2012	
4.1. Possibilidade de prorrogação (declarar "sim" ou "não" conforme acordado): <b>SIM</b>	
5. Detalhes do endereço do proprietário: Tel. Celular: +25882357100 Caixa Postal: 1723, Maputo, Moçambique Fax: +25821302528, +25821325087	6. Detalhes dos endereços dos gestores: Tel. Celular: +258-82-3191610; +258-82-3055600; +258-82-3153260. Caixa Postal: 631, Maputo, Moçambique Fax: +25821487684

## Capítulo II CLÁUSULAS OBRIGACIONAIS

7. Gestão da tripulação (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>	8. Gestão técnica (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>
9. Abastecimento de combustível (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>	10. Seguros (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>
11. Período definido de serviços de gestão (declarar "sim" ou "não" conforme acordado) - <b>SIM</b>	12. Possibilidade de recursos a Lei e Arbitragem - <b>SIM</b>
13. Taxa de gestão - <b>SIM</b>	14. Lugar de arbitragem - <b>MAPUTO</b>

**MINISTÉRIO DAS PESCAS  
AUTORIDADE COMPETENTE**



HERMÍNIO LIMA TEMBE  
(Especialista)

**BLUE WATER MARINE SERVICE, Lda.**



## Capítulo III

### 1. Definições

Salvo onde o contexto requeira o contrário, neste contrato, as palavras e as expressões seguintes terão o significado que lhes forem dados.

“*Proprietário*” significa a parte identificada na Caixa 2.

“*Gestores*” significa a parte identificada na Caixa 3.

“*Navio*” significa o navio, cujos detalhes estão estabelecidos no Anexo “A” a este contrato.

“*Tripulantes*” significa o Comandante, Imediato, Chefe das Máquinas, Segundo das Máquinas, Ajudante (s) das Máquinas, Contramestre, Marinheiro (s), Cozinheiro (s) especificados no Anexo B.

“*Custos de Apoio aos Tripulantes*” significa todas as despesas de natureza geral que não são particularmente atribuídas ao navio em especial naquele momento, dirigido pelos Gestores e que são incorridos pelos Gestores com o fim de oferecer um serviço de gestão eficiente e económico e, sem prejuízo da generalidade do contrato, incluirá o custo do pagamento da tripulação de reserva, treinamento para a tripulação e cadetes identificados pelo proprietário, assistência médica e medicamentosa e despesas de estudos.

“*Custos de Indemnização*” significa os custos que os empregadores são legalmente obrigados a pagar aos tripulantes ou que digam respeito aos tripulantes como resultado do término antecipado de qualquer contrato de emprego no Navio.

“*Seguros da Tripulação*” seguros contra os riscos da tripulação que incluirão mas não se limitarão à morte, doença, repatriamento, ferimento, por naufrágio e por perda de bens pessoais.

“*Serviços de gestão*” significa os serviços especificados nas capítulo II (cláusulas obrigacionais) conforme indicado nas Caixas 5 a 8.

### 2. Identificação de Gestores

Os Gestores indicarão o pessoal qualificado para exercer a gestão do navio e disto dará conhecimento ao proprietário.

### 3. Bases do Contrato

3.1. O Contrato tem por objecto a gestão da embarcação - patrulha, devidamente equipada, denominada “Antillas Reefer”, registada em Moçambique sob n.º MPT 9803, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período de seis meses.

3.2 Com base nos termos e condições aqui providenciados, durante o período do contrato, os Gestores deverão levar a cabo Serviços de Gestão como Agentes em nome e em representação dos Proprietários. Os Gestores deverão agir como fiel representante do Proprietário, aconselhando-o sobre as melhores práticas, soluções e costumes marítimos, bem como actuar com a discrição necessária na execução do contrato.

#### 3.1 Gestão da Tripulação

Os Gestores oferecerão Tripulantes adequadamente qualificados para o Navio conforme acordado pelo Proprietário. Esta obrigação inclui, mas não se limita, às seguintes funções:

- (i) seleccionar e contratar os tripulantes do Navio;
- (ii) assegurar que os tripulantes tenham qualificação e certificação dos regulamentos do trabalho marítimo, incluindo o salário, seguro social, disciplina laboral e marítima e outros requisitos;
- (iii) assegurar que todos os Tripulantes tenham passado por um exame médico, atestando a aptidão para as tarefas para as quais foram contratados;
- (iv) assegurar que os Tripulantes tenham domínio da língua portuguesa de um nível suficiente para os permitir realizar as suas tarefas com segurança;

- (v) preparar transporte da Tripulação, incluindo repatriamento, se aplicável;
- (vi) treinamento dos Tripulantes e supervisionar sua eficiência;
- (vii) implementar a política de tolerância zero do efeito e consumo de droga e álcool a bordo.

### 3.2 Gestão Técnica

Os Gestores irão providenciar gestão técnica, que inclui, mas não se limita às seguintes funções:

- (i) oferta de pessoal competente para supervisionar a manutenção e a eficiência geral do Navio;
- (ii) preparativos e supervisão da docagem, reparações, alterações e manutenção do Navio aos níveis requeridos pelo Proprietário;
- (iii) desenvolvimento, implementação e manutenção de um Sistema de Gestão da Segurança (SGS).
- (iv) providenciar serviços de certificação de navegabilidade, comunicações e outros pertinentes;
- (v) providenciar condições de vigilância do navio sempre que estiver em porto;
- (vi) velar pela funcionalidade do barco semi-rígido a bordo do navio contratado;

### 3.3 Preparativos de Seguro

Os Gestores prepararão seguros nos termos e condições contratados e de acordo com as instruções do Proprietário, em particular com relação às condições, valor do seguro, deduções e franquias.

### 4 Provisões

Os Gestores prepararão o fornecimento das provisões (viveres, água potável, combustível, lubrificantes e outros insumos necessários para garantir o bom funcionamento do navio).

### 4. Obrigação do Proprietário

- 4.1 O Proprietário pagará pontual e mensalmente o valor contratado.
- 4.2. O Proprietário dará as instruções necessárias para o bom desempenho das funções do gestor;
- 4.3. O Proprietário comunicará com antecedência razoável de quaisquer aspectos que possam afectar substancialmente a execução do presente contrato.

### 5. Seguro do navio

Os Proprietários procurarão, ou instruindo os Gestores, que durante todo o período do contrato, o navio seja segurado por não menos do justo seu valor de mercado, sem prejuízo dos riscos da própria actividade, tendo em consideração os riscos usuais do casco, das máquinas e equipamento;

### 6. Taxa do serviço de gestão

8.1 Os Proprietários pagarão aos Gestores pelos seus serviços como Gestores ao abrigo deste contrato uma taxa mensal no valor de 11% do custo de operação do navio.

8.2. A Taxa de prestação de serviços da gestão marítima inclui o valor da gestão do navio, salários do pessoal de apoio em terra, aluguer gabinete, transporte, comunicações, "overhead", etc.

### 9. Orçamentos e gestão dos fundos

9.1 Os Gestores devem apresentar aos Proprietários um orçamento anual, o qual devem mostrar a sua aceitação e aprovação e na ausência da tal indicação os Gestores terão o direito de assumirem que os Proprietários aceitaram o orçamento proposto.

9.2 Os Gestores e o proprietário deverão programar as actividades mensais e estimativa de custo a acordar o calendário de desembolso dos fundos necessários para o funcionamento do navio nos meses consecutivos.

9.3 Os fundos devem ser recebidos pelos Gestores dentro dos quinze dias após a recepção pelos Proprietários da factura mensal e devem transferidos para uma conta bancária indicada pelos Gestores e titulada por estes.

### 10. O direito dos Gestores ao sub-contrato.

Os Gestores não têm o direito de sub-contratar nenhuma das suas obrigações, sem o consentimento prévio e escrito, por parte dos Proprietários. Os Gestores assumem a responsabilidade pela boa execução das obrigações sub-contratadas.

## 11. Responsabilidades

### 11.1 Força maior

11.1.1 Se ocorrer motivo de força maior, não imputável a nenhuma das partes, o presente contrato ficará suspenso, sem qualquer encargo para as partes.

11.1.2. Para efeitos do presente contrato, motivo de força maior significa um acontecimento que esteja fora do controlo razoável de qualquer das partes, e que torne impossíveis ou impraticáveis as obrigações a que as partes estão sujeitas, que inclui guerras, revoltas, desordens civis, sismos, fogos, explosões, tempestades, inundações ou outras condições atmosféricas adversas, greves, bloqueios ou outras condições que estejam fora do poder de controlo das partes.

### 11.2 Responsabilidade dos Proprietários

(i) Os Gestores eximem-se de responsabilidade em casos de ocorrência de prejuizos de qualquer natureza, directa ou indirectamente, que possa ocorrer durante o desempenho dos serviços de gestão.

(ii) Exceptuam-se do regime anterior no caso dos actos forem praticados com dolo ou negligência dos Gestores ou da tripulação ou dos agentes subcontratados em ligação com o navio.

## 12. Administração Geral

2.1 Os Gestores devem gerir e resolver todas as reclamações que surjam fora dos serviços de gestão e manter os Proprietários informados sobre qualquer incidente de que os Gestores tomem conhecimento os quais possam dar lugar a reclamações ou disputas que envolvam terceiras partes.

12.2 Os Gestores devem também ter poder para adquirirem, serviços especializados na área legal, técnica ou outra, que estiverem a afectar os interesses dos Proprietários com respeito ao navio.

## 13. Inspeção ao navio

Os Proprietários têm o direito de a qualquer momento após darem um aviso aceitável aos Gestores inspecionarem o navio por alguma razão que considerem necessária.

## 14. Concordância com as Leis e Regulamentos

Os Gestores não farão nem permitirão que seja feita alguma coisa que possa causar qualquer quebra ou violação das leis e regulamentos nacionais.

## 15. Duração do contrato

15.1. Este contrato deve entrar em vigor no dia 15 de Janeiro de 2012 e cessar no 15 de Julho de 2012.

15.2. O Contrato considera-se executado quando perfizer setenta e cinco dias (75) de patrulha e o pagamento das remunerações a que os gestores tiverem direito realizado. Os dias de patrulha referidos são calculados na base de vinte quatro horas (24h) de presença no mar.

## 16.1 Denúncia

(i) Os Gestores têm o direito de terminarem o contrato com efeito imediato através de notificação escrita no caso de incumprimento das obrigações financeiras por parte do Proprietário.

(ii) Se os Proprietários:

## 16.2 Falta dos Gestores

Em caso de incumprimento das obrigações dos Gestores, os Proprietários notificá-los-ão da falta instando-os a encontrarem uma solução no mais curto espaço de tempo possível. No caso de os Gestores não darem a solução dentro do período aceitável para a satisfação dos Proprietários, estes têm o direito de terminarem com o contrato com efeito imediato através da notificação escrita.

## 17. Confidencialidade

17.1 Todas as informações obtidas pelo cumprimento das obrigações do presente contrato, o Gestor deverá mantê-las confidenciais, não podendo ser usadas sem o consentimento do Proprietário. O Gestor deverá fazer todos os esforços para que as informações não possam ser usadas por terceiras partes quando subcontratadas.

17.2. A cláusula anterior não se aplica a

informações já publicadas ou que sejam de domínio público.

17.3. Todas as informações providenciadas pelo Proprietário ao Gestor para o cumprimento do presente contrato permanecerão propriedade do dono, não podendo ser usadas para terceiros propósitos, senão os contratuais.

#### 18. Cessação por motivos extraordinários

O presente contrato considerar-se-á não vigente nos casos de perda do navio ou nos caso em que o Proprietario nao possa exercer os seus direitos de uso fruição.

#### 19. Anti-corrupção

Nos termos da Lei n.º 06/2004, as partes se comprometem a não oferecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefícios propios ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

#### 20. Porto base

Sem prejuízo dos planos operacionais de patrulha, o Porto Base do Navio será definido pelas Partes, em atenção as condições técnicas e logísticas de cada Porto nacional para o aprovisionamento do mesmo.

#### 21. Preço

Pela gestão da embarcação referida neste contrato o Proprietário pagará ao Gestor o valor referente operação do navio e a correspondente taxa de serviço totalizando, incluído o IVA, 51.300.000,00MT (cinquenta e um milhões e trezentos mil meticais) equivalente a um milhão novecentos mil dólares (1.900.000 usd) ao câmbio de 27 (vinte sete) meticais, na data da celebração deste contrato. O referido valor será pago *pro rata* numa base mensal e transferido para a conta n.º 102680020016 do Banco BancABC titulada pelos Gestores.

#### 22. Garantia

O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de noventa e cinco mil dólares norte-americanos (95.000 USD), o equivalente a cinco por cento (5 %) do valor do contrato.

#### 23. Eficácia

O presente Contrato começa a produzir efeitos, legalmente, após a assinatura do mesmo por ambas as partes e o Visto do Tribunal Administrativo.

#### 24. Foro

O Foro competente para a resolução dos litígios emergentes deste contrato é o Tribunal Administrativo.

14/5

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**CONTRATO DE AVALIAÇÃO TÉCNICA, REPARAÇÃO E TRANSFORMAÇÃO  
DA EMBARCAÇÃO DE PESCA "ANTILLAS REEFER" EM EMBARCAÇÃO DE  
PATRULHA**

ÂMBITO DO CONCURSO N.º 15/MP-DNAP/UGEA/2009

N.º DO CONTRATO: 10/MP-UGEA/2010

Data: 17/10/2010

Entre,

O MINISTÉRIO DAS PESCAS, situado na Rua Marquês de Pombal, Talhão n.º 285, Parcela n.º 1, em Maputo, com o Número Único de Identificação Tributária (NUIT) 500003030, no acto representado pelo Senhor **Rodrigues Armando Bila**, exercendo as funções de Secretário Permanente do mesmo organismo, com poderes bastantes para o acto, doravante denominado "1º Outorgante ou Contratante",

e

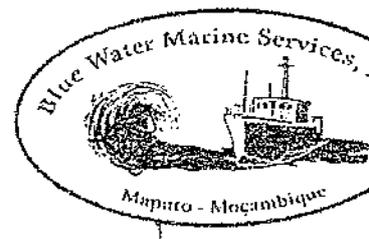
A BLUE WATER MARINE SERVICES, Lda, situada na Avenida 10 de Novembro n.º 74, em Maputo, com o Número Único de Identificação Tributária (NUIT) 400105057, representada no acto pelo Senhor **Alberto Adriano Matlombe**, exercendo as funções de Director Geral, com poderes bastantes para o acto, daqui em diante "2º Outorgante ou Contratado",

- Considerando que o 1º Outorgante é proprietário de uma embarcação de pesca denominada ANTILLAS REEFER e que pretende transformá-la em embarcação de fiscalização da pesca;
- Assumindo que a embarcação de pesca encontra-se paralisada desde Julho de 2008, necessitando assim de cuidados especiais e urgentes em termos de manutenção para a pôr em condições de navegabilidade nos termos exigidos pelas autoridades marítimas competentes;
- As partes estabelecem entre si, justo, o seguinte contrato.

**Cláusula Primeira  
(Objecto do Contrato)**

O Contrato tem por objecto a prestação, pelo 2º Outorgante, de serviços de avaliação técnica, reparação, transformação da embarcação de pesca "ANTILLAS REEFER", em embarcação de fiscalização da pesca para garantir a sua plena operacionalização, cujas especificações técnicas, constam do Anexo 1 e a elaboração do Projecto Executivo da transformação pretendida, a ser aprovado pelas autoridades competentes.

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**Cláusula Segunda**  
**(Obrigações das partes)**

1. São obrigações do 1º Outorgante as seguintes:
  - a) Efectuar os pagamentos de acordo com os calendários e prazos acordados;
  - b) Garantir a necessária interacção com outras instituições com vista à materialização do projecto.
  
2. São obrigações do 2º Outorgante as seguintes:
  - a) Fazer o levantamento da situação técnica actual da embarcação, devendo para tal, inventariar a lista de fornecimentos de acessórios e elaborar o Projecto Executivo necessários para a transformação pretendida e dotá-la de condições de navegabilidade, conforme as exigências das autoridades marítimas;
  - b) Realizar trabalhos de transformação em estaleiros indicados e acordados com o Primeiro Outorgante;
  - c) Informar ao Primeiro Outorgante sobre qualquer transformação de vulto, que possa implicar na alteração estrutural e arquitectónica.

**Cláusula Terceira**  
**(Duração)**

Os trabalhos objecto do presente contrato deverão ser terminados no prazo de até doze meses contados da data a partir da qual o contrato produz seus efeitos.

**Cláusula Quarta**  
**(Preço)**

1. Pelos serviços prestados o 1º outorgante pagará o montante global em meticais do valor não superior a USD 1,694,000.00 ( um milhão, seiscentos noventa e quatro mil dólares americanos) excluído o IVA, ao câmbio médio do dia praticado pelo Banco de Moçambique, nos termos definidos na cláusula quinta, excepto havendo necessidade de realização de trabalhos adicionais aceites pelo Primeiro Outorgante;
2. Os pagamentos a ser efectuados estão condicionados a verificação, quantificação e aceitação do especialista (fiscal) do Projecto a ser indicado no âmbito da Assistência Técnica concedida pelo Doador.

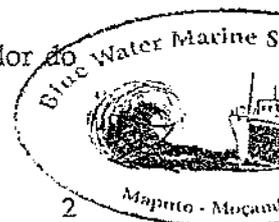
**Cláusula Quinta**  
**(Forma de pagamento)**

1. O pagamento será feito na proporção de 30 % no início da vigência deste contrato para o começo do trabalho, 40 % para o início das obras de transformação em estaleiro reparador e o restante 30 % quando finda a obra encomendada.
2. Todos os pagamentos devidos ao 2º Outorgante serão efectuados mediante recepção da nota de débito e através da transferência bancária ou cheque para a Conta nº 102.68.00.20.016 em MT do Banco ABC, titulada pelo 2º Outorgante cujo NIB é 0013.0001.026 800 200 16.75

**Cláusula sexta**  
**(Garantia bancária)**

O 2º Outorgante emitirá uma garantia bancária renovável de 5 % do valor do contrato (Garantia de boa execução) a favor do 1º Outorgante.

*Bole*



**Cláusula Sétima**  
**(Eficácia do contrato)**

O presente contrato produz efeitos entre as partes a partir da data da sua assinatura ficando sujeito a eventual fiscalização sucessiva.

**Cláusula Oitava**  
**(Execução do contrato)**

A execução do presente contrato inicia-se com a entrega formal da embarcação no Porto de Pesca de Maputo.

**Cláusula Nona**  
**(Seguro)**

1. O 2º **Outorgante** deverá providenciar o seguro da embarcação durante o período da execução do Projecto, em condições vantajosas para o 1º **Outorgante**, o que inclui todos os riscos relativos ao objecto do presente contrato, pagando os prémios que forem devidos.
2. O 2º **Outorgante** adoptará as medidas administrativas e processuais que, em caso de acidente, perda ou dano, sejam necessárias para assegurar e encaminhar as reclamações às Companhias de Seguro em tempo, informando o Contratante dentro de 48 horas pelo meio formal mais rápido e eficaz.

**Cláusula Décima**  
**(Sub-rogação)**

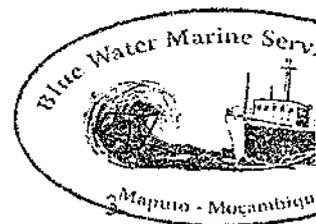
O 2º **Outorgante** poderá sub-rogar a sua posição contratual para terceiro mediante consentimento do 1º **Outorgante**, bem como, contratar serviços com vista a responder os objectivos do presente contrato.

**Cláusula Décima Primeira**  
**(Causas de Rescisão)**

O contrato pode ser rescindido pelas partes nas seguintes circunstâncias:

- a) **Por justa causa** – Pela ocorrência de circunstância que possa comprometer de forma grave a continuidade do presente contrato, designadamente, o incumprimento culposo das respectivas obrigações, para o que se deve notificar a outra parte, para remediar a situação num determinado prazo, findo o qual, o acordo considera-se rescindido por justa causa;
- b) **Falência** – Se o 2º **Outorgante** encontrar-se em situação de falência técnica e financeira e se mostrar incapaz de cumprir com as suas obrigações contratuais, em facto devidamente comprovado por meio pericial ou decisão judicial.

*Bole*



**Cláusula Décima Segunda  
(Confidencialidade)**

1. Todas as informações e documentos resultantes do cumprimento das obrigações do presente contrato, o 2º Outorgante deverá mantê-las confidenciais, não podendo ser usadas sem o consentimento do 1º Outorgante, devendo ainda garantir que as informações não possam ser usadas por terceiros quando subcontratados.
2. Esta cláusula não se aplica a informações de carácter técnico, ou que sejam já publicadas ou que sejam de domínio público.

**Cláusula Décima Terceira  
(Reuniões entre as partes)**

O pessoal operacional do 1º Outorgante e do 2º Outorgante reunir-se-á uma vez por mês para concertação, devendo os aspectos operacionais da embarcação ficarem redigidos em acta.

**Cláusula Décima Quarta  
(Combate à Corrupção)**

As partes no presente Contrato comprometem-se a não oferecer, directa ou indirectamente vantagens a terceiros, e nem solicitar, prometer ou aceitar, para beneficio próprio ou de outrem, ofertas com o propósito de obter julgamento favorável sobre os serviços a prestar.

**Cláusula Décima Quinta  
(Foro)**

O Foro competente para a resolução dos litígios emergentes deste contrato é o Tribunal Administrativo.

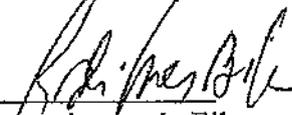
**Cláusula Décima Sexta  
(Documentos)**

Constituem parte do presente contrato, a proposta técnica e financeira dos trabalhos a realizar pelo 2º Outorgante.

O presente Contrato vai ser assinado pelas partes em 03 (três) exemplares, de igual teor, cada um deles fazendo fé.

Maputo, 12 de Outubro de 2010

Pelo Contratante

  
Rodrigues Armando Bila  
(Secretário Permanente)



ABC House  
Av. Julius Nyerere, 999  
Caixa Postal 1445  
Maputo - Moçambique

Tel.: +258-21 482 100  
Fax: +258-21 487 474  
Fax: +258-21 486 808  
www.africanbankingcorp.com



Ao  
**MINISTÉRIO DAS PESCAS**

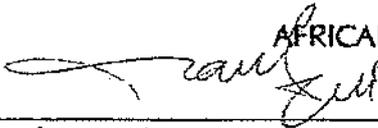
Maputo, 06 de OutUBRO de 2010

**GARANTIA BANCÁRIA Nº BGI 2010 TF 0568**

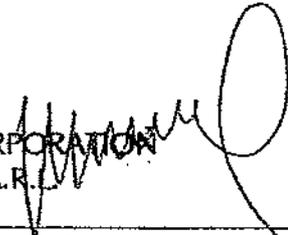
Em nome e a pedido da **BLUE WATER MARINE SERVICE, LDA ("BLUE WATER")** o **AFRICAN BANKING CORPORATION (MOÇAMBIQUE) SA**, com sede na avenida Julius Nyerere, 999 Maputo, vem declarar que oferece uma garantia bancária no valor de **USD 99,090.00 (Noventa e nove Mil e noventa dólares Americanos)** a favor do **MINISTÉRIO Das PESCAS ("Beneficiário")** para garantir o cumprimento das obrigações da **BLUE WATER** para com o Beneficiário no âmbito do Contrato Número 10/MP-UGEA/2010.

Dentro desta fiança, o **AFRICAN BANKING CORPORATION (MOÇAMBIQUE) SA** responsabiliza-se por fazer a entrega incondicional de quaisquer importâncias que se tornem necessárias ao **Beneficiário**, até ao limite acima mencionado, em nome da **BLUE WATER**.

A presente Garantia Bancária será válida de 11 de Outubro de 2010 até 11 de Outubro de 2011 mediante o recebimento dos valores em questão na conta do cliente no **AFRICAN BANKING CORPORATION (MOÇAMBIQUE) SA** e qualquer solicitação sob ela deverá ser feita o mais tardar até a tal data.

  
\_\_\_\_\_  
Octávio Manhique  
Director de Operações

  
**AFRICAN BANKING CORPORATION**  
(Moçambique) S.A.R.L.

  
\_\_\_\_\_  
Rui Rocha  
Director do Corporate

*Distrito de Moçambique  
08/10/2010*



REPÚBLICA DE MOÇAMBIQUE  
Ministério das Pescas

PROCESSO N° 23/MP-DNFP/UGEA/2012

CONTRATO N° 03/MP-UGEA/2007

ADENDA N° 21/MP-UGEA/2012

CONTRATO DE ALUGUER DO BARCO PATRULHA  
KUSWAG I

Maputo, 28 de Junho de 2012

# ADENDA AO CONTRATO DE ALUGUER DO BARCO KUSWAG I

ÂMBITO DO PROCESSO N.º 23/MP-DNFP/UGEA/2012

N.º DO CONTRATO: 03/MP-UGEA/2007

Data: 24/09/2007

N.º DA ADENDA: 21/MP-UGEA/2012

Data: 28/06/2012

Entre,

O **Ministério das Pescas**, situado na Rua Marquês de Pombal n.º 1255, Maputo, no acto representado pelo Senhor **HERMINIO LIMA TEMBE**, exercendo as funções de Secretário Permanente do Ministério das Pescas, com poderes bastantes para o acto, doravante denominado como “**AFRETADOR**”,

e

A **BLUE WATER MARINE SERVICES, Lda.**, situada na Rua Marquês de Pombal, n.º 1002, em Maputo, com o Número Único de Identificação Tributária (NUIT) n.º 400105057, representada no acto pelo Senhor **PETER REX MICKLEWRIGHT**, exercendo as funções de Director Técnico, com poderes bastantes para o acto, doravante denominado como “**FRETADOR**”, é estabelecida a presente Adenda ao Contrato, que se rege pelos seguintes termos:

## 1. OBJECTO DO CONTRATO

O Contrato tem por objecto o aluguer e gestão da embarcação - patrulha, devidamente equipada, denominada “Kuswag I”, registada em Moçambique sob n.º MPT 9153 X, para fiscalizar e garantir o cumprimento da legislação de pesca nas águas marítimas de Moçambique, pelo período adicional de seis meses.

O “**FRETADOR**” declara-se pronto e capaz de fornecer a embarcação nos termos e condições estabelecidas no Contrato N.º 03/MP-UGEA/2007.

## 2. DEFINIÇÕES

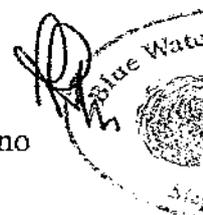
Nesta Adenda, às palavras e expressões utilizadas, dar-se-ão os significados a elas atribuídos no contrato principal excepto onde o contexto exija diferenciação.

## 3. EFICÁCIA

A presente Adenda começa a produzir efeitos, legalmente, após a assinatura da mesma por ambas as partes.

## 4. DATA DE INÍCIO

A data de início das actividades operacionais contempladas nesta Adenda terá lugar no dia 01 de Julho de 2012.



## 5. DATA DE TÉRMINO

A data de término será o dia 31 de Dezembro de 2012, quando, e de acordo com as cláusulas contratuais, se encontrarem concluídos os cinquenta (50) dias de patrulha contratados e o pagamento das remunerações a que o FRETADOR tiver direito.

## 6. PREÇO

1. Pela utilização da embarcação referida nesta Adenda, o "AFRETADOR" pagará ao "FRETADOR" o valor originariamente acordado no contrato N.º 03/MP-UGEA/2007 incluído o IVA, no montante global de 32.400.000,00 MT (trinta e dois milhões e quatrocentos mil meticais), o equivalente a um milhão e duzentos mil dólares americanos (USD1.200.000,00), ao câmbio de 27,00MT (vinte e sete) meticais, na data da celebração da Adenda de 01/01/2012, incluindo a diferença entre o valor do seguro básico da embarcação para as operações normais e o da cobertura dos riscos das patrulhas com armas ligeiras. O referido valor será pago *pro rata* numa base mensal e transferido na conta n.º 0002000246300101 MZN, do Banco MCB – Mozambique the Mauritius Commercial Bank, titulada pelo FRETADOR.
2. Os dias de patrulha referidos na cláusula anterior são calculados na base de vinte e quatro horas (24h) de presença no mar.

## 7. CABIMENTO ORÇAMENTAL

A despesa no valor de 32.400.000,00 MT (trinta e dois milhões e quatrocentos mil meticais), incluído o IVA, tem cabimento orçamental e será suportada pelos Fundos do Programa de Cooperação entre Moçambique e Noruega.

## 8. GARANTIA

O Contratado prestará no acto da assinatura do Contrato, uma garantia bancária a favor da Contratante no valor de sessenta mil dólares americanos (USD 60.000,00), o equivalente a 5% (cinco) por cento do valor do contrato.

## 9. ANTI-CORRUPÇÃO

Nos termos da Lei n.º 6/2004, de 17 de Junho, as partes comprometem-se a não favorecer, directa ou indirectamente, vantagens a terceiros, e nem solicitar, prometer ou aceitar, para benefício próprio ou de outrem, ofertas com propósito de obter julgamento favorável sobre os serviços a prestar.

## 10. REMISSÃO

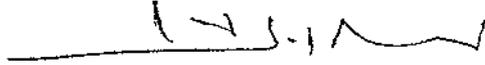
À presente Adenda são aplicáveis as cláusulas, definições e demais disposições do Contrato N.º 03/MP-UGEA/2007, celebrado entre o "FRETADOR" e "AFRETADOR" que teve aprovação e Visto do Tribunal Administrativo em 09 de Outubro 2007, o qual faz parte integrante deste acordo e encontra-se a ele anexo, para todos os efeitos legais.

1019



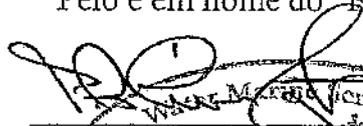
Maputo, aos 28 de Junho de 2012

Pelo e em nome do "AFRETADOR":



Sr. HERMINIO LIMA TEMBE  
Secretário Permanente  
Ministério das Pescas

Pelo e em nome do "FRETADOR":


PETER REX MICKLEWRIGHT  
Director Técnico  
Blue Water Marine Services, Lda  
Maputo - Moçambique

**Terms of Reference**  
**For**  
**An external independent review of fisheries surveillance**  
**operations**  
**Mozambique**

**1. Background**

Mozambique is carrying out Monitoring, Control and Surveillance activities using different 'tools', including surveillance vessels. During an Appraisal of a new phase in the cooperation between Mozambique, Iceland and Norway (a Common Fund providing Assistance to the Fisheries Sector of Mozambique), the team strongly suggested that an external independent *review of the performance of the surveillance vessels* be conducted. The background for this proposal was information gathered during meetings with the National Directorate of Fisheries Surveillance (DNFP) where it appeared that the two MCS vessels, who's operations are supported by the Common Fund, have not detected any illegal actions or infringements during their operations when the industrial vessels have been inspected. The surveillance vessel "*Kuswag*" commenced in 2007 and "*Antilles Reefer*" at the end of 2011 after being refitted. There have been no arrests of vessels, national or foreign (there were several minor infractions detected for which verbal warnings were given, e.g., mesh size, logbook irregularities, not recording by-catches, etc.), using the surveillance vessels. This fact is unexpected, and there is a need to look closely at the regulations which the operations are based upon, and the procedures that are followed and implemented, including the mandates of the contract with Blue Water Marine for the running of the vessels, performance, results and challenges. Such a review will assist the Ministry of Fisheries (MdP) and DNFP in revising the procedures for inspection and operations of the surveillance at sea in order for these to be even more carefully drafted in relation to the type of situations the inspectors and crew experience. The appraisal team acknowledged the role of the vessels as deterrence factors, but the findings are of such a nature that the proposed review should give inputs to an improved system of vessel surveillance. The review should also assist MdP in their internal discussions on the future of the fisheries surveillance operations offshore.

Furthermore, recent developments indicate the purchase of 30 vessels: 24 for the establishment of private tuna fishing fleet and six patrol vessels (three 32meter and three 42 meter).

The review should evaluate what impact the purchase of these ships may have on the Ministry of Fisheries' MCS Programme.

## **2. Scope of Work**

The external independent review will include and address issues such as:

### **Regulations and procedures for the operations:**

- The institutional set up for the surveillance operations.
- The regulatory basis for the operations, which is the laws and regulations regulating the use of the vessels, the work of the inspectors etc.
- The procedures and rules for the on-board operations, including standard operating procedures, use of force, how the weapons are stored and controlled, lines of command – civil and military, etc.
- The procedures for the patrol operations offshore using the surveillance vessels for control of fishing vessels, and the implementation of these procedures
- The pre-patrol processes, including reasons for/what triggers the conducting of patrols, as well as information given to the fisheries inspectors/officers

### **Operations of the surveillance vessels since 2007:**

- The VMS data recorded during the patrols; results/reports from the patrols of *Antillas Reefer* and *Kuswag*
- The contract and 'mandate' of the contract with Blue Water Marine (BMW) Company Services and services provided with a focus on the fleet management aspects of use of the vessel – operationally, and maintenance and provision of the patrol vessels on the side of BMW.
- Performance at large, results and records (including patrol days, days at sea, area coverage, vessels sighted, vessels boarded, results of inspections, post boarding actions).
- Identify challenges when it comes to operating surveillance vessels in Mozambican waters, as well as for an institution such as DNFP.

- Assess any information sharing taking place with neighbouring countries, RFMOs or other regional organizations
- Assess plans and documentation for future operations of all patrol vessels in the MCS support of fisheries management and over the Ministry of Fisheries' MCS Programme.

### **Recommendations for future MCS operations:**

- Give inputs to the discussion on the future operation of the vessels, in relation to other 'tools' and regulations which the MdP has for monitoring and control of fishing.
- Given the purchases of the 30 vessels under EMATUN national tuna company, and to the extent possible, identify possible use, institutional set up, financing of operations, and operation of the 6 new patrol vessels and of the *Antillas Reefer* - establishment of an independent coastal authority/guard etc.?
- Give recommendation on cost-effective ways to run the MCS Programme (including necessary number of days on sea, possible service providers others than Blue Water Marine if not the best and most cost effective)
- To give good answers to the questions as to why and how so much money has been spent with so few tangible "results" (such as arrests of fishing vessels/fish transport vessels), and provide advice as to how to address and rectify the situation, or whether this component of the programme should be terminated.

**Assess any other issues** the mission find relevant and important, and which is not included in the Scope of Work.

### **3. Method of work**

The review shall be carried out in close cooperation with MdP, DNFP, Embassy of Norway, ICEIDA office in Mozambique, and other institutions having an interest in the performance of the surveillance vessels.

Prior to the field period, the consultants shall seek information from the different stakeholders including the DNFP, the CF partners and CDCF (Center for Development Cooperation in Fisheries), Bergen, Norway.

The three weeks of field work shall be carried out in Mozambique and include, but not be limited to, the following tasks:

1. Pre-mission briefing of the Embassies and Ministry of Fisheries as to the objective of the Independent Review ;

2. Review of relevant information, meetings with officials, personal interviews with pertinent officials and persons involved in the programme, as well as other persons/institutions of relevance to such a review;
3. Compilation of findings, identification of areas of concern, options to enhance performance of the programme, and preliminary recommendations;
4. De-briefing of the executive staff of the Embassies and Ministry of Fisheries (MdP) prior to departure from Mozambique, including findings, options to enhance the operations, and recommendations.

One additional week for final report writing.

Competencies: The work shall be conducted by two highly trained, skilled and experienced persons with a minimum of 5 years each of technical analysis experience in MCS operations in fisheries and investigative type of work.

These persons shall be independent of the MCS in Mozambique and related/affiliated operations in Mozambique, and shall report directly to the Contracting Parties of this Review.

Access and Transparency: The Independent MCS Review team shall be provided access to all patrol reports, logbooks of the patrol vessels and logbooks of the fishing vessels inspected if required, and VMS data during the patrols. The Independent MCS Review team shall have access to all personnel involved in the planning and execution of the patrols from the senior officials of the Ministry to the fisheries officers/inspectors that have conducted patrols and been involved in arrests, as well as personnel from other agencies and companies involved in the patrols, in addition to those from BWM engaged in patrols.

The team shall meet with or otherwise be able to request information from *previous and present advisers* to DNFP and to the Ministry, in relation to this review.

The intent is that there should be full transparency by the Ministry's directorates and all personnel involved in the MCS operations of the patrol vessels.

Briefings and debriefings shall be held with the Embassy of Norway, ICEIDA Office in Maputo, the senior Mozambican officials, MdP and the DNFP.

#### **4. Reporting**

The independent review shall provide a summary of findings, options to enhance operations, and recommendations. The report, including an Executive Summary, shall be sent to the Partners of the Common Fund, and to the Contracting Party of this Review.

The preliminary verbal report shall be delivered at the debriefings held in Mozambique. Debriefings shall include findings, options to enhance the operations, and

recommendations. The final report shall be sent by email to the partners of the Common Fund within one week after the end of the work in Mozambique.

## **5. Period of the Contract**

The contract will be for a period of four weeks and four days during the period of end January – March 2014. This will permit four days reading and briefing prior to departure for Mozambique, three weeks in Mozambique including debriefing with all cooperating partners, and one week for final report writing and de-briefing in Iceland and Norway if relevant.

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# BMP4

## Best Management Practices for Protection against Somalia Based Piracy



Produced and supported by:



# BMP4

Best Management Practices  
for Protection against  
Somalia Based Piracy

(Version 4 – August 2011)

***Suggested Planning and Operational  
Practices for Ship Operators and  
Masters of Ships Transiting the  
High Risk Area***



Printed August 2011

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#### Terms of Use

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# The Three Fundamental Requirements of BMP

## Register at MSCHOA – Report to UKMTO – Implement SPMs

### 1. Register at MSCHOA

Ensure that a '**Vessel Movement Registration Form**' has been submitted to MSCHOA prior to entering the High Risk Area (an area bounded by Suez and the Strait of Hormuz to the North, 10°S and 78°E). This may be done directly – online by the Ship's Operator, by fax, or by email. (See Annex E for details of the MSCHOA Vessel Movement Registration Form).

All vessel movements should be registered with MSCHOA even if the vessel is transiting as part of a National Convoy, there is a security team onboard or if not transiting the Gulf of Aden.

### 2. Report to UKMTO

On entering the UKMTO Voluntary Reporting Area – an area bounded by Suez to the North, 10°S and 78°E - ensure that a UKMTO '**Vessel Position Reporting Form - Initial Report**' is sent (see Annex B).

Vessels are strongly encouraged to report daily to the UKMTO by email at 08:00 hours GMT whilst operating within the High Risk Area. The UKMTO '**Vessel Position Reporting Form - Daily Position Report**' (as set out in Annex B) should be used.

UKMTO acts as the primary point of contact for merchant vessels and liaison with military forces in the region and it is the **primary point of contact** during an attack. For this reason they should be aware that the vessel is transiting the High Risk Area.

### 3. Implement SPMs

The Ship Protection Measures described in BMP are the most basic that are likely to be effective. Owners may wish to consider making alterations to the vessel beyond the scope of this booklet, and/or provide additional equipment and/or manpower as a means of further reducing the risk of piracy attack.

If pirates are unable to board a ship they cannot hijack it.

# Aide Memoire

## AVOID BEING A VICTIM OF PIRACY

Do not be  
**ALONE**

- Report to UKMTO (email or call) and Register transit with MSCHOA.
- Use the Internationally Recommended Transit Corridor (IRTC) and Group Transit Scheme or Independent Convoy.
- It is recommended to keep AIS turned on.

Do not be  
**DETECTED**

- Keep track of NAVWARNs and visit relevant websites (MSCHOA and NATO Shipping Centre) for known pirate operating locations.
- Use navigation lights only.

Do not be  
**SURPRISED**

- Increased vigilance - lookouts, CCTV and Radar.

Do not be  
**VULNERABLE**

- Use Visible (deterrent) and Physical (preventative) Ship Protection Measures.
- These could include: razor wire, use of water/foam etc.
- Provide additional personal protection to bridge teams.

Do not be  
**BOARDED**

- Increase to maximum speed.
- Manoeuvre vessel.

Do not be  
**CONTROLLED**

- Follow well practiced procedures and drills.
- Use of Citadels (Only with prior agreement Master/Ship Operator & fully prepared and drilled - Noting a Naval/Military response is not guaranteed.
- Deny use of tools, equipment, access routes.

# Introduction

- 1.1** The purpose of the Industry Best Management Practices (BMP) contained in this booklet is to assist ships to avoid, deter or delay piracy attacks in the High Risk Area, as defined in section 2 (see Page 4). Experience and data collected by Naval/Military forces, shows that the application of the recommendations contained within this booklet can and will make a significant difference in preventing a ship becoming a victim of piracy.
- 1.2** The potential consequences of not following BMP, as set out in this booklet, are severe. There have been instances of pirates subjecting their hostages to violence and other ill treatment. The average length of a hijacking of vessel and her crew is over 7 months. (Note Naval/Military forces often refer to a 'pirated' vessel rather than a 'hijacked' vessel, but the meaning is the same).
- 1.3** For the purposes of the BMP the term 'piracy' includes all acts of violence against ships, her crew and cargo. This includes armed robbery and attempts to board and take control of the ship, wherever this may take place. Somali pirates have, to date, sought to hijack a vessel, her cargo and crew and hold them until a ransom demand is paid.
- 1.4** Where possible, this booklet should be read with reference to the Maritime Security Centre – Horn of Africa ([www.MSCHOA.org](http://www.MSCHOA.org)), and the NATO Shipping Centre, ([www.shipping.NATO.int](http://www.shipping.NATO.int)), websites which provide additional regularly updated advice (including up to date alerts on piracy attacks).
- 1.5** Not all Ship Protection Measures discussed in BMP4 may be applicable to every ship type.

- 1.6 This BMP4 booklet updates the guidance contained within the 3rd edition of the Best Management Practice document published in June 2010.
- 1.7 This booklet complements piracy guidance provided in the latest IMO MSC Circulars, see the IMO website at [www.imo.org](http://www.imo.org)

**Nothing in this booklet detracts from the Master's overriding authority to protect his crew, ship and cargo.**



# Somali Pirate Activity – The High Risk Area

**2.1** The presence of Naval/Military forces in the Gulf of Aden, concentrated on the Internationally Recommended Transit Corridor (IRTC), has significantly reduced the incidence of piracy attack in this area. With Naval/Military forces concentrated in this area, Somali pirate activity has been forced out into the Arabian Sea and beyond. It is important to note, however, that there remains a serious and continuing threat from piracy in the Gulf of Aden.

**2.2** Somali based pirate attacks have taken place throughout the Gulf of Aden, Arabian Sea and Northern Indian Ocean, affecting all shipping in the region. The recent increasing use of hijacked merchant ships, fishing vessels and dhows as 'Motherships' enables pirates to operate at extreme range from Somalia, carrying attack craft (skiffs) and weapons.

## **2.3 Pirate Activity:**

- The level of pirate activity varies within the High Risk Area due to changing weather conditions and activity by Naval/Military forces.
- Pirate activity generally reduces in areas affected by the South West monsoon, and increases in the period following the monsoon.
- The onset of the North East monsoon generally has a lesser effect on piracy activity than the South West monsoon.
- When piracy activity is reduced in one area of the High Risk Area it is likely to increase in another area (eg the area off Kenya and Tanzania, the Gulf of Aden and Bab al-Mandeb all generally experience an increase in pirate activity during the South West monsoon).

- 2.4** The **High Risk Area** defines itself by where pirate activity and/or attacks have taken place. For the purpose of BMP the High Risk Area is an area bounded by **Suez and the Strait of Hormuz to the North, 10°S and 78°E**. (Note - the UKMTO Voluntary Reporting Area is slightly larger as it includes the Arabian Gulf). **Attacks have taken place at most extremities of the High Risk Area.** Attacks to the South have extended into the Mozambique Channel. A high state of readiness and vigilance should be maintained even to the South of the Southerly limit of the High Risk Area.
- 2.5** It is important that the latest information on the location of where pirates are operating is used when planning routes through the High Risk Area. It is also important that vessels are prepared to alter course at short notice to avoid pirate activity when information is provided by NAV WARNINGS and/or Naval/Military forces. Weather can also constitute an obstacle to pirates and can be considered a factor when planning a route through the High Risk Area. It is recommended that the latest advice/updates be obtained from MSCHOA, NATO Shipping Centre, and the UKMTO on the extent and latest location of pirate activity. (See contact details at Annex A).
- 2.6** It is strongly recommended that BMP is applied throughout the High Risk Area.

# Risk Assessment

- 3.1** Prior to transiting the High Risk Area, ship operators and Masters should carry out a thorough Risk Assessment to assess the likelihood and consequences of piracy attacks to the vessel, based on the latest available information (see Annex A for useful contacts, including MSCHOA, NATO Shipping Centre, UKMTO and MARLO). The output of this Risk Assessment should identify measures for prevention, mitigation and recovery, which will mean combining statutory regulations with supplementary measures to combat piracy. It is important that the Risk Assessment is ship and voyage specific, and not generic.

Factors to be considered in the Risk Assessment should include, but may not be limited to, the following:

## **3.2 Crew Safety:**

- The primary consideration should be to ensure the safety of the crew. Care should be taken, when formulating measures to prevent illegal boarding and external access to the accommodation, that crew members will not be trapped inside and should be able to escape in the event of another type of emergency, such as, for example fire.
- Careful consideration should be given to the location of a Safe Muster Point or Citadel. (See section 8.13).
- Consideration should also be given to the ballistic protection afforded to the crew who may be required to remain on the bridge during a pirate attack, recognising that pirates increasingly fire at the bridge of a vessel to try to force it to stop. (See section 8.3).



### 3.3 Freeboard:

- It is likely that pirates will try to board the ship being attacked at the lowest point above the waterline, making it easier for them to climb onboard. These points are often on either quarter or at the vessel's stern.
- Experience suggests that vessels with a minimum freeboard that is greater than 8 metres have a much greater chance of successfully escaping a piracy attempt than those with less.
- A large freeboard will provide little or no protection if the construction of the ship provides access to pirates seeking to climb onboard, and thus further protective measures should be considered.
- A large freeboard alone may not be enough to deter a pirate attack.

### 3.4 Speed:

- One of the most effective ways to defeat a pirate attack is by using speed to try to outrun the attackers and/or make it difficult to board.
- To date, there have been no reported attacks where pirates have boarded a ship that has been proceeding at over 18 knots. **It is possible however that pirate tactics and techniques may develop to enable them to board faster moving ships.**
- Ships are recommended to proceed at Full Sea Speed, or at least 18 knots where they are capable of greater speed, throughout their transit of the High Risk Area.
- It is very important to increase to maximum safe speed immediately after identifying any suspicious vessel and as quickly as possible in order to try to open the CPA (Closest Point of Approach) from any possible attackers and/or make the vessel more difficult to board.
- If a vessel is part of a 'Group Transit' (see section 7.9 for further details of Group Transits) within the Internationally Recommended Transit Corridor (IRTC), speed may be required to be adjusted.
- It is recommended that reference should be made to the MSCHOA, NATO Shipping Centre and MARLO websites for the latest threat guidance regarding pirate attack speed capability.

### 3.5 Sea State:

- Pirates mount their attacks from very small craft (skiffs), even where they are supported by larger vessels or 'Motherships', which tends to limit their operations to moderate sea states.
- It is likely to be more difficult to operate small craft effectively in sea state 3 and above.



# Typical Pirate Attacks

- 4.1** Commonly, two small high speed (up to 25 knots) open boats or 'skiffs' are used in attacks, often approaching from either quarter or the stern. Skiffs are frequently fitted with 2 outboard engines or a larger single 60hp engine.
- 4.2** Pirate Action Groups operate in a number of different boat configurations. To date whatever the configuration the attack phase is carried out by skiffs. Pirate Action Group boat configurations include:
- Skiffs only – usually two.
  - Open whalers carrying significant quantities of fuel often towing 2 or more attack skiffs.
  - Motherships which have included the very largest of merchant ships, fishing vessels and dhows.

These Motherships have been taken by the pirates and usually have their own crew onboard as hostages. Motherships are used to carry pirates, stores, fuel and attack skiffs to enable pirates to operate over a much larger area and are significantly less affected by the weather. Attack skiffs are often towed



behind the Motherships. Where the size of the Mothership allows it, skiffs are increasingly being carried onboard and camouflaged to reduce chances of interdiction by Naval/Military forces.

- 4.3** Increasingly, pirates use small arms fire and Rocket Propelled Grenades (RPGs) in an effort to intimidate Masters of ships to reduce speed and stop to allow the pirates to board. The use of these weapons is generally focused on the bridge and accommodation area. In what are difficult circumstances, it is very important to maintain Full Sea Speed, increasing speed where possible, and using careful manoeuvring to resist the attack.
- 4.4** Somali pirates seek to place their skiffs alongside the ship being attacked to enable one or more armed pirates to climb onboard. Pirates frequently use long lightweight ladders and ropes, or a long hooked pole with a knotted climbing rope to climb up the side of the vessel being attacked. Once onboard the pirate (or pirates) will generally make their way to the bridge to try to take control of the vessel. Once on the bridge the pirate/pirates will demand that the ship slows/stops to enable further pirates to board.
- 4.5** Attacks have taken place at most times of the day. However, many pirate attacks have taken place early in the morning, at first light. Attacks have occurred at night, particularly clear moonlit nights, but night time attacks are less common.
- 4.6** The majority of piracy attacks have been repelled by ship's crew who have planned and trained in advance of the passage and applied the BMPs contained within this booklet.

# BMP Reporting Procedures

**5.1** An essential part of BMP that applies to all ships is liaison with Naval/Military forces. This is to ensure that Naval/Military forces are aware of the sea passage that a ship is about to embark upon and how vulnerable that ship is to pirate attack. This information is essential to enable the Naval/Military forces to best use the assets available to them. Once ships have commenced their passage it is important that they continue to update the Naval/Military forces on progress. The two key Naval/Military organisations to contact are:

## **5.1.1 UKMTO:**

The UK Maritime Trade Operations (UKMTO) office in Dubai is the first point of contact for ships in the region. The day-to-day interface between Masters and Naval/Military forces is provided by UKMTO, which talks to merchant ships and liaises directly with MSCHOA and Naval Commanders at sea and ashore. Merchant vessels are strongly encouraged to send regular reports to UKMTO.

These comprise:

1. Initial Report,
2. Daily Reports,
3. Final Report (upon departure from the high risk area or arrival in port).

Reporting Forms for use in the UKMTO Voluntary Reporting Area are included at Annex B. UKMTO uses this information to help Naval/Military forces to maintain an accurate picture of merchant shipping (see contact details at Annex A)

### 5.1.2 MSCHOA:

The Maritime Security Centre – Horn of Africa (MSCHOA) is the planning and coordination centre for EU Naval forces (EUNAVFOR). MSCHOA encourages Companies to register their vessels' movements prior to entering the High Risk Area (including the International Recommended Transit Corridor 'IRTC') via their website ([www.mschoa.org](http://www.mschoa.org)). (See contact details at Annex A.) It should be noted that the EUNAVFOR operational area does not extend East of 65°E.

**It is important that vessels and their operators complete both the UKMTO Vessel Position Reporting Forms and register with MSCHOA**



*Operations room UKMTO*

# Company Planning

## Company planning checklist

<b>Company Planning - Prior to entering the High Risk Area</b>		
<b>6.1</b>	<b>Register ship with MSCHOA website</b>	It is strongly recommended that ship operators register for access to the restricted sections of the MSCHOA website ( <a href="http://www.MSCHOA.org">www.MSCHOA.org</a> ) prior to entering the High Risk Area as it contains additional and updated information. <u>Note that this is not the same as registering a ship's movement - see below.</u>
<b>6.2</b>	<b>Obtain the latest information from the MSCHOA and NATO Shipping Centre websites</b>	Great care should be taken in voyage planning in the High Risk Area given that pirate attacks are taking place at extreme range from the Somali Coast. It is important to obtain the latest information from the MSCHOA and NATO Shipping Centre websites ( <a href="http://www.MSCHOA.org">www.MSCHOA.org</a> and <a href="http://www.shipping.NATO.int">www.shipping.NATO.int</a> ) before planning and executing a voyage.
<b>6.3</b>	<b>Review the SSA and SSP</b>	Review the Ship Security Assessment (SSA) and implementation of the Ship Security Plan (SSP), as required by the International Ship and Port Facility Security Code (ISPS), to counter the piracy threat.
<b>6.4</b>	<b>Put SSP in place</b>	The Company Security Officer (CSO) is encouraged to ensure that a SSP is in place for a passage through the High Risk Area, and that this is exercised, briefed and discussed with the Master and the Ship Security Officer (SSO).

6.5	<b>Monitor piracy related websites on specific threats</b>	<p>Ensure that ships are aware of any specific threats within the High Risk Areas that have been promulgated on the MSCHOA and NATO Shipping Centre websites – <a href="http://www.mschoa.org">www.mschoa.org</a> and <a href="http://www.shipping.NATO.int">www.shipping.NATO.int</a>. Additionally all NAV WARNINGS – Sat C (NAVTEXT in limited areas) should be monitored and acted upon as appropriate by the ship’s Master.</p>
6.6	<b>Offer guidance to Master with regard to the recommended route</b>	<p>Offer the ship’s Master guidance with regard to the recommended routing through the High Risk Area and details of the piracy threat. Guidance should be provided on the available methods of transiting the IRTC, (eg a Group Transit or National Convoys where these exist).</p> <ul style="list-style-type: none"> <li>■ Group Transits coordinated by MSCHOA within the IRTC, group vessels together by speed for maximum protection. Further details of Group Transit schemes including departure timings can be found on the MSCHOA website.</li> <li>■ National Convoys. A number of Naval/Military forces offer protected convoys through the IRTC. Details of the convoy schedules may be found on the MSCHOA website.</li> </ul>

6.7	<b>Plan and install Ship Protection Measures</b>	The provision of carefully planned and installed Ship Protection Measures prior to transiting the High Risk Area is very strongly recommended. Suggested Ship Protection Measures are set out within this booklet – see section 8. It has been proven that the use of Ship Protection Measures significantly increases the prospects of a ship resisting a pirate attack.
6.8	<b>Conduct crew training</b>	Conduct crew training sessions (including Citadel Drills where utilised) prior to transits and debriefing sessions post transits.
<b><i>Company Planning - Upon entering the High Risk Area</i></b>		
6.9	<b>Submit 'Vessel Movement Registration Form' to MSCHOA</b>	Ensure that a 'Vessel Movement Registration Form' has been submitted to MSCHOA. This may be done directly – online by the ship's operator, by fax, or by email. (See Annex E for details of the MSCHOA Vessel Movement Registration Form.

**Be aware that UKMTO is unable to respond as an SSAS designated recipient when a vessel is outside the UKMTO Voluntary Reporting Area.**

**The ship operator should ensure that BMP measures are in place prior to entry into the High Risk Area**



# Ship Master's Planning

<b>Ship Master's Planning - Prior to entering the High Risk Area</b>		
<b>7.1</b>	<b>Brief crew and conduct drill</b>	<p>Prior to entry into the High Risk Area it is recommended that the crew should be fully briefed on the preparations and a drill conducted. The plan should be reviewed and all personnel briefed on their duties, including familiarity with the alarm signifying a piracy attack, an all clear and the appropriate response to each. The drill should also consider the following:</p> <ul style="list-style-type: none"> <li>■ Testing the vessel's Ship Protection Measures, including testing of the security of all access points.</li> <li>■ The Ship Security Plan should be thoroughly reviewed (see section 6.4).</li> </ul>
<b>7.2</b>	<b>Prepare an Emergency Communication Plan</b>	<p>Masters are advised to prepare an Emergency Communication Plan, to include all essential emergency contact numbers and prepared messages, which should be ready at hand or permanently displayed near all external communications stations (eg telephone numbers of the UKMTO, MSCHOA, Company Security Officer etc – see list of Contacts at Annex A).</p>

7.3	<b>Define the ship's AIS policy</b>	Although the Master has the discretion to switch off the AIS if he believes that its use increases the ship's vulnerability, in order to provide Naval/Military forces with tracking information it is recommended that AIS is left on throughout the High Risk Area, but that it is restricted to ship's identity, position, course, speed, navigational status and safety-related information. The recommendation to keep the AIS on will be the subject of ongoing review - any updates will be notified on the MSCHOA and NATO Shipping Centre websites.
7.4	<b>If Company has not submitted 'Vessel Movement Registration Form' to MSCHOA</b>	Ensure MSCHOA 'Vessel Movement Registration Form' has been completed and submitted by the Company. If the Form has not been submitted by the Company the Master should submit it by email / fax.
<b><i>Masters' Planning - Upon entering the High Risk Area</i></b>		
7.5	<b>Upon entering submit 'Vessel Position Reporting Form'-Initial Report to UKMTO</b>	On entering the UKMTO Voluntary Reporting Area - an area bounded by Suez to the North, 10°S and 78°E - ensure that a UKMTO 'Vessel Position Reporting Form' - Initial Report is sent (see Annex B).

**The Master should ensure that BMP measures are in place prior to entry into the High Risk Area**

### **Transiting through the High Risk Area**

7.6	<b>Reduce maintenance and engineering work to minimum</b>	Maintenance and engineering work in the High Risk Area – The following is recommended: <ul style="list-style-type: none"><li>■ Any work outside of the accommodation is strictly controlled and similarly access points limited and controlled.</li><li>■ All Engine Room essential equipment is immediately available – no maintenance on essential equipment.</li></ul>
7.7	<b>Daily submit 'Vessel Position Reporting Form - Daily Position Report' to UKMTO</b>	Vessels are strongly encouraged to report daily to the UKMTO by email at 08:00 hours GMT whilst operating within the High Risk Area. The UKMTO 'Vessel Position Reporting Form - Daily Position Report' (as set out in Annex B) should be used.
7.8	<b>Carefully review all warnings and information</b>	The Master (and Company) should appreciate that the voyage routeing may need to be reviewed in light of updated information received. This information and warnings may be provided by a number of different means including NAV WARNINGS – Sat C (and NAVTEXT in limited areas). It is important that all warnings and information are carefully reviewed.

**Prior to entering the International Recommended Transit Corridor (IRTC)**

<p><b>7.9</b></p>	<p><b>Use IRTC 'Group Transit Scheme' while transiting through Gulf of Aden</b></p>	<p>It is strongly recommended that ships navigate within the IRTC, where Naval/Military forces are concentrated. Naval/Military forces operate the 'Group Transit Scheme' within the IRTC which is coordinated by MSCHOA. This scheme groups vessels together by speed for maximum protection for their transit through the IRTC. Further guidance on the 'Group Transit Scheme', including the departure timings for the different groups, is included on the MSCHOA website or can be obtained by fax from MSCHOA (see contact details at Annex A).</p> <p>Use of the 'Group Transit Scheme' is recommended. Masters should note that warships might not be within visual range of the ships in the 'Group Transit Scheme', but this does not lessen the protection afforded by the scheme.</p>
<p><b>7.10</b></p>	<p><b>Make adjustments to passage plans to conform to MSCHOA advice.</b></p>	<p>Ships may be asked to make adjustments to passage plans to conform to MSCHOA advice. Ships joining a Group Transit should:</p> <ul style="list-style-type: none"> <li>■ Carefully time their arrival to avoid a slow speed approach to the forming up point (Point A or B).</li> </ul>

		<ul style="list-style-type: none"> <li>■ Avoid waiting at the forming up point (Point A or B).</li> <li>■ Note that ships are particularly vulnerable to a pirate attack if they slowly approach or wait at the forming up points (Points A and B).</li> </ul>
7.11	<b>National Convoys</b>	<p>Some countries offer independent convoy escorts through the IRTC where merchant vessels are escorted by a warship. Details of the convoy schedules and how to apply to be included are detailed on the MSCHOA website (<a href="http://www.mschoa.org">www.mschoa.org</a>). It should be noted that most national convoys require prior registration to enable vessels to join the convoy. Ships joining national convoys should note the issues in the bullet points 7.10 as they are also highly relevant to vessels timing their arrival at a national convoy forming up point.</p>

**Ships should avoid entering Yemeni territorial waters (12 miles) while on transit as it is very difficult for international Naval/Military forces (non-Yemeni) to protect ships that are attacked inside Yemeni territorial waters.**



# Ship Protection Measures

## 8.1 Introduction

The guidance within this section primarily focuses on preparations that might be within the capability of the ship's crew, or with some external assistance.

The guidance is based on experience of piracy attacks to date and may require amendment over time if the pirates change their methods.

The Ship Protection Measures described in BMP are the most basic that are likely to be effective. Owners may wish to consider making further alterations to the vessel beyond the scope of this booklet, and/or provide additional equipment and/or manpower as a means of further reducing the risk of piracy attack. If pirates are unable to board a ship they cannot hijack it.

## 8.2 Watchkeeping and Enhanced Vigilance

Prior to entering the High Risk Area, it is recommended that preparations are made to support the requirement for increased vigilance by:

- Providing additional lookouts for each Watch. Additional lookouts should be fully briefed.
- Considering a shorter rotation of the Watch period in order to maximise alertness of the lookouts.
- Ensuring that there are sufficient binoculars for the enhanced Bridge Team, preferably anti glare.
- Considering use of night vision optics.
- Maintaining a careful Radar Watch.

Well constructed dummies placed at strategic locations around the vessel can give an impression of greater numbers of people on watch.



**A proper lookout is the single most effective method of ship protection where early warning of a suspicious approach or attack is assured, and where defences can be readily deployed**

### 8.3 Enhanced Bridge Protection



The bridge is usually the focus for any pirate attack. In the initial part of the attack, pirates direct weapons fire at the bridge to try to coerce the ship to stop. If they are able to board the vessel the pirates usually try to make for the bridge to enable them to take control. The following further protection enhancements might be considered:

- Kevlar jackets and helmets available for the bridge team to provide a level of protection for those on the bridge during an attack. (If possible, jackets and helmets should be in a non-military colour).
- While most bridge windows are laminated, further protection against flying glass can be provided by the application of security glass film, often called Blast Resistant Film.
- Fabricated metal, (steel/aluminium), plates for the side and rear bridge windows and the bridge wing door windows, which may be rapidly secured in place in the event of an attack.
- The after part of both bridge wings, (often open), can be protected by a wall of sandbags.

- The sides and rear of the bridge, and the bridge wings, may be protected with a double layer of chain link fence which has been shown to reduce the effect of an RPG round. Proprietary anti-RPG screens are also available.

#### **8.4 Control of Access to Bridge, Accommodation and Machinery Spaces**

It is very important to control access routes to deter or delay pirates who have managed to board a vessel and are trying to enter accommodation or machinery spaces. It is very important to recognise that if pirates do gain access to the upper deck of a vessel they will be tenacious in their efforts to gain access to the accommodation section and in particular the bridge. It is strongly recommended that significant effort is expended prior to entry to the High Risk Area to deny the pirates access to the accommodation and the bridge.

- All doors and hatches providing access to the bridge, accommodation and machinery spaces should be properly secured to prevent them being opened by pirates.
- Careful consideration should be given to the means of securing doors and hatches in order to afford the ship the maximum protection possible.
- Where the door or hatch is located on an escape route from a manned compartment, it is essential that it can be opened by a seafarer trying to exit by that route. Where the door or hatch is locked it is essential that a key is available, in a clearly visible position by the door or hatch.
- It is recommended that once doors and hatches are secured, a designated and limited number are used for routine access when required, their use being strictly controlled by the Officer of the Watch.

- Consideration should be given to blocking or lifting external ladders on the accommodation block to prevent their use, and to restrict external access to the bridge.
- Where doors and hatches are required to be closed for watertight integrity, ensure all clips are fully dogged down in addition to any locks. Where possible, additional securing such as with wire strops may enhance hatch security.
- Pirates have been known to gain access through portholes and windows. The fitting of steel bars to windows will prevent this even if they manage to shatter the window.
- Prior to entering the High Risk Area procedures for controlling access to accommodation, machinery spaces and store rooms should be set out and practised.

## 8.5 Physical Barriers

Pirates typically use long lightweight hooked ladders, grappling hooks with rope attached and long hooked poles with a climbing rope attached to board vessels underway. Physical barriers should be used to make it as difficult as possible to gain access to vessels by increasing the height and difficulty of any climb for an attacking pirate.



**Before constructing any physical barriers it is recommended that a thorough survey is conducted to identify areas vulnerable to pirates trying to gain access.**

#### ■ Razor Wire

Razor wire (also known as barbed tape) creates an effective barrier but only when carefully deployed. The barbs on the wire are designed to have a piercing and gripping action. Care should be taken when selecting appropriate razor wire as the quality (wire gauge and frequency of barbs) and type will vary considerably. Lower quality razor wire is unlikely to be effective. Three main types of razor wire are commonly available:

- ◆ Unclipped (straight strand),
- ◆ Spiral (like a telephone cord) and
- ◆ Concertina (linked spirals).



Concertina razor wire is recommended as the linked spirals make it the most effective barrier. Razor wire should be constructed of high tensile wire, which is difficult to cut with hand tools. Concertina razor wire coil diameters of approximately 730 mm or 980 mm are recommended.

When deploying razor wire personal protective equipment to protect hands, arms and faces must be used. Moving razor wire using wire hooks (like meat hooks) rather than by gloved hand reduces the risk of injury. It is recommended that razor wire is provided in shorter sections (e.g. 10 metre section) as it is significantly easier and safer to use than larger sections which can be very heavy and unwieldy.

A robust razor wire barrier is particularly effective if it is:

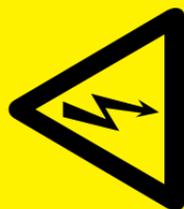
- ◆ Constructed outboard of the ship's structure (i.e. overhanging) to make it more difficult for pirates to hook on their boarding ladder/grappling hooks to the ship's structure.
  - ◆ Constructed of a double roll of concertina wire - some vessels use a treble roll of concertina razor wire which is even more effective.
  - ◆ Properly secured to the vessel to prevent pirates pulling off the razor wire, with for example the hook of a boarding ladder. Consideration should also be given to further securing the razor wire with a wire stop through the razor wire to prevent it being dislodged.
- Some vessels utilise fixed metal grilles topped with metal spikes as an effective barrier.

- Electrified barriers are not recommended for hydrocarbon carrying vessels but, following a full risk assessment, can be appropriate and effective for some other types of vessel.
- It is recommended that warning signs of the electrified fence or barrier are displayed - inward facing in English/language of the crew, outward facing in Somali.
- The use of such outward facing warning signs might also be considered as a deterrent even if no part of the barrier is actually electrified.



# **KHATAR**

**Deyr Danab Koronto  
Sare (Xooggan)**



*Example of a warning sign in Somali, which states –  
DANGER HIGH VOLTAGE ELECTRIC BARRIER*



*Picture courtesy of NATO*

## **8.6 Water Spray and Foam Monitors**

The use of water spray and/or foam monitors has been found to be effective in deterring or delaying pirates attempting to board a vessel. The use of water can make it difficult for a pirate skiff to remain alongside and makes it significantly more difficult for a pirate to try to climb onboard. Options include:

- Fire hoses and foam monitors – Manual operation of hoses and foam monitors is not recommended as this is likely to place the operator in a particularly exposed position and therefore it is recommended that hoses and foam monitors (delivering water) should be fixed in position to cover likely pirate access routes. Improved water coverage may be achieved by using fire hoses in jet mode but by utilising baffle plates fixed a short distance in front of the nozzle.
- Water cannons – These are designed to deliver water in a vertical sweeping arc thus protecting a greater part of the hull. Many of these have been developed from tank cleaning machines.
- Ballast pumps – Where possible to do so ships may utilise their ballast pumps to flood the deck with water thus providing a highly effective water curtain over the ship's side. This may be achieved by allowing ballast tanks to over-flow on to the deck, by using existing pipework when in ballast condition, or

by retrofitting pipework to allow flooding of the decks whilst in loaded condition. Care must be taken to ensure that ballast tanks are not over-pressurised causing damage to the hull and tanks, or vessel stability compromised. If in doubt it is recommended that the relevant Classification Society be contacted for advice.

- Steam – Hot water, or using a diffuser nozzle to produce steam has also been found to be very effective in deterring attacks.
- Water spray rails - Some ships have installed spray rails using a Glass Reinforced Plastic (GRP) water main, with spray nozzles to produce a water curtain to cover larger areas.
- Foam can be used, but it must be in addition to a vessel's standard Fire Fighting Equipment (FFE) stock. Foam is effective as it is disorientating and very slippery making it difficult to climb through.



The following points are also worthy of note:

- Once rigged and fixed in position it is recommended that hoses and foam monitors are in a ready state, requiring just the remote activation of fire pumps to commence delivery of water.
- Where possible no maintenance should be carried out on the vessel's sea water systems whilst on passage in the High Risk Area. Note that in order to utilise all pumps additional power may be required and therefore these systems should also be ready for immediate use.
- Practice, observation, and drills will be required in order to ensure that the results achieved by the equipment, provide effective coverage of vulnerable areas.



## 8.7 Alarms

Sounding the ship's alarms/whistle serves to inform the vessel's crew that a piracy attack has commenced and, importantly, demonstrates to any potential attacker that the ship is aware of the attack and is reacting to it. If approached, continuous sounding of the vessel's foghorn/whistle distracts the pirates and as above lets them know that they have been seen. It is important to ensure that:

- The piracy alarm is distinctive to avoid confusion with other alarms, potentially leading to the crew mustering at the wrong location outside the accommodation.
- Crew members are familiar with each alarm, including the signal warning of an attack and an all clear, and the appropriate response to it.
- Exercises are carried out prior to entering the High Risk Area.

## 8.8 Manoeuvring Practice

Practising manoeuvring the vessel prior to entry into the High Risk Area will be very beneficial and will ensure familiarity with the ship's handling characteristics and how to effect anti-piracy manoeuvres whilst maintaining the best possible speed. (Waiting until the ship is attacked before practising this is too late!)

**Where navigationally safe to do so, Masters are encouraged to practise manoeuvring their ships to establish which series of helm orders produce the most difficult sea conditions for pirate skiffs trying to attack, without causing a significant reduction in the ship's speed.**

## 8.9 Closed Circuit Television (CCTV)

Once an attack is underway and pirates are firing weaponry at the vessel, it is difficult and dangerous to observe whether the pirates have managed to gain access. The use of CCTV coverage allows a degree of monitoring of the progress of the attack from a less exposed position:

- Consider the use of CCTV cameras to ensure coverage of vulnerable areas, particularly the poop deck.
- Consider positioning CCTV monitors at the rear of the bridge in a protected position.
- Further CCTV monitors could be located at the Safe Muster Point/Citadel (see section 8.13)
- Recorded CCTV footage may provide useful evidence after an attack.

## 8.10 Upper Deck Lighting

It is recommended that the following lights are available and tested:

- Weather deck lighting around the accommodation block and rear facing lighting on the poop deck, consistent with Rule 20(b) of the International Regulations for Preventing Collision at Sea.
- Search lights for immediate use when required.
- It is, however, recommended that ships proceed with just their navigation lights illuminated, with the lighting described above extinguished. Once pirates have been identified or an attack commences, illuminating the lighting described above demonstrates to the pirates that they have been observed.
- Navigation lights should not be switched off at night.

### **8.11 Deny Use of Ship's Tools and Equipment**

Pirates generally board vessels with little in the way of equipment other than personal weaponry. It is important to try to deny pirates the use of ship's tools or equipment that may be used to gain entry into the vessel. Tools and equipment that may be of use to the pirates should be stored in a secure location.

### **8.12 Protection of Equipment Stored on the Upper Deck**

Small arms and other weaponry are often directed at the vessel and are particularly concentrated on the bridge, accommodation section and poop deck.

- Consideration should be given to providing protection, in the form of sandbags or Kevlar blankets, to gas bottles (i.e. oxy-acetylene) or containers of flammable liquids that must be stored in these locations.
- Ensure that any excess gas bottles or flammable materials are landed prior to transit.

### **8.13 Safe Muster Points / Citadels**

Any decision to navigate in waters where the vessel's security may be threatened requires careful consideration and detailed planning to ensure the safety of the crew and vessel. Consideration should be given to establishing a Safe Muster Point or secure Citadel and an explanation of each follows:

Safe Muster Point:

- A Safe Muster Point is a designated area chosen to provide maximum physical protection to the crew, preferably low down within the vessel.

- In the event of a suspicious approach, members of the crew not required on the Bridge or the Engine Room Control Room will muster.
- A Safe Muster Point is a short-term safe haven, which will provide ballistic protection should the pirates commence firing with small arms weaponry or RPGs.

Citadels:

If Citadels are to be employed, they should be complementary to, rather than a replacement for, all other Ship Protection Measures set out in BMP4. **The establishing of a Citadel may be beyond the capability of ship's staff alone, and may well require external technical advice and support.**

A Citadel is a designated pre-planned area purpose built into the ship where, in the event of imminent boarding by pirates, all crew will seek protection. A Citadel is designed and constructed to resist a determined pirate trying to gain entry for a fixed period of time. The details of the construction and operation of Citadels are beyond the scope of this booklet. A detailed document containing guidance and advice is included on the MSCHOA and NATO Shipping Centre website.

The whole concept of the Citadel approach is lost if any crew member is left outside before it is secured.

Ship operators and Masters are strongly advised to check the MSCHOA website for detailed up to date advice and guidance regarding the construction and operation of Citadels including the criteria that Naval/Military forces will apply before considering a boarding operation to release the crew from the Citadel. (see contact details in Annex A).

- It is important to note that Naval/Military forces will apply the following criteria before a boarding to release those in a Citadel can be considered:
  - ◆ 100% of the crew must be secured in the Citadel.
  - ◆ The crew of the ship must have self contained, independent, reliable 2-way external communications (sole reliance on VHF communications is not sufficient).
  - ◆ The pirates must be denied access to ship propulsion.
- **The use of a Citadel, even where the above criteria are applied, cannot guarantee a Naval/Military response.**

#### 8.14 Unarmed Private Maritime Security Contractors

The use of unarmed Private Maritime Security Contractors is a matter for individual ship operators following their own voyage risk assessment. The deployment onboard is subject to the national laws of the Flag State. The use of experienced and competent unarmed Private Maritime Security Contractors can be a valuable addition to BMP.

#### 8.15 Armed Private Maritime Security Contractors

The use, or not, of armed Private Maritime Security Contractors onboard merchant vessels is a matter for individual ship operators to decide following their own voyage risk assessment and approval of respective Flag States. This advice does not constitute a recommendation or an endorsement of the general use of armed Private Maritime Security Contractors.

Subject to risk analysis, careful planning and agreements the provision of Military Vessel Protection Detachments (VPDs) deployed to protect vulnerable shipping is the recommended option when considering armed guards.

If armed Private Maritime Security Contractors are to be used they must be as an additional layer of protection and not as an alternative to BMP.

If armed Private Maritime Security Contractors are present on board a merchant vessel, this fact should be included in reports to UKMTO and MSCHOA.

The International Maritime Organization (IMO) have produced guidance in the form of IMO Circulars for ship operators and Masters and for Flag States on the use of Private Maritime Security Contractors on board ships in the High Risk Area.

The current IMO Guidance on the use of armed Private Maritime Security Contractors is included on the MSCHOA website. ([www.mschoa.org](http://www.mschoa.org)).

# Pirate Attack

**9.1** If the crew of a vessel suspects that it is coming under a pirate attack there are specific actions that are recommended to be taken during the approach stage and the attack stage. It should be noted that the pirates generally do not use weapons until they are within two cables of a vessel, therefore any period up until this stage can be considered as 'approach', and gives a vessel valuable time in which to activate her defences and make it clear to pirates that they have been seen and the vessel is prepared and will resist.

## 9.2 Approach Stage

- If not already at full speed, increase to maximum to open the CPA. Try to steer a straight course to maintain a maximum speed.
- Initiate the ship's pre-prepared emergency procedures.
- Activate the Emergency Communication Plan
  - ◆ Sound the emergency alarm and make a 'Pirate Attack' announcement in accordance with the Ship's Emergency Plan.
  - ◆ Report the attack immediately to UKMTO (+971 505 523 215). UKMTO is the primary point of contact during an attack but MSCHOA acts as a back-up contact point. Once established, maintain communication with UKMTO. Please report attack to UKMTO even if part of a national convoy so other merchant ships can be warned.
  - ◆ Activate the Ship Security Alert System (SSAS), which will alert your Company Security Officer and Flag State. Make a 'Mayday' call on VHF Ch. 16 (and backup Ch. 08, which is monitored by naval units).
  - ◆ Send a distress message via the Digital Selective Calling system (DSC) and Inmarsat-C, as applicable.



- ◆ Ensure that the Automatic Identification System (AIS) is switched ON.
- All crew, except those required on the bridge or in the engine room, should muster at the Safe Muster Point or Citadel if constructed, so that the crew are given as much ballistic protection as possible should the pirates get close enough to use weapons.
- Where possible, alter course away from the approaching skiffs and/or Motherships. When sea conditions allow, consider altering course to increase an approaching skiff's exposure to wind/waves.
- Activate water spray and other appropriate self-defensive measures.
- Ensure that all external doors and, where possible, internal public rooms and cabins, are fully secured.
- In addition to the emergency alarms and announcements for the benefit of the vessel's crew sound the ship's whistle/foghorn continuously to demonstrate to any potential attacker that the ship is aware of the attack and is reacting to it.

### 9.3 Attack stage

- Reconfirm that all ship's personnel are in a position of safety.
- As the pirates close in on the vessel, Masters should commence small alterations of helm whilst maintaining speed to deter skiffs from lying alongside the vessel in preparation for a boarding attempt. These manoeuvres will create additional wash to impede the operation of the skiffs.
- Substantial amounts of helm are not recommended, as these are likely to significantly reduce a vessel's speed.





# If the Pirates take Control

- 10.1** Try to remain calm.
- 10.2** Before the pirates gain access to the bridge, inform UKMTO. Ensure that the SSAS has been activated, and ensure that the AIS is switched on.
- 10.3** Offer no resistance to the pirates once they reach the bridge. Once on the bridge the pirates are likely to be aggressive, highly agitated, and possibly under the influence of drugs (including khat, an amphetamine like stimulant), so remaining calm and cooperating fully will greatly reduce the risk of harm.
- 10.4** If the bridge/engine room is to be evacuated the main engine should be stopped and all way taken off the vessel if possible (and if navigationally safe to do so). All remaining crew members should proceed to the designated Safe Muster Point with their hands visible.



- 10.5** Leave any CCTV running.



# In the Event of Military Action

- 11.1** In the event that Naval/Military forces take action onboard the ship, all personnel should keep low to the deck and cover their head with both hands, with hands visible. On no account should personnel make movements which could be misinterpreted as being aggressive.
- 11.2** Do not use flash photography.
- 11.3** Be prepared to be challenged on your identity. Brief and prepare ship's personnel to expect this and to cooperate fully during any Naval/Military action onboard.
- 11.4** Be aware that English is not the working language of all Naval/Military forces in the region.

Naval/Military forces will endeavour to respond rapidly to ongoing acts of piracy. However because of the very large distances across the High Risk Area a Naval/Military response may not be possible.





# Post Incident Reporting

- 12.1** Following any piracy attack or suspicious activity, it is vital that a detailed report of the event (as per Annex D of this booklet), is provided to UKMTO and MSCHOA. It is also helpful to provide a copy of the report to the IMB. It is important that the report contains descriptions and distinguishing features of any suspicious vessels that were observed. This will ensure full analysis and trends in piracy activity are established and will enable assessment of piracy techniques or changes in tactics, in addition to ensuring appropriate warnings can be issued to other merchant shipping in the vicinity.
- 12.2** Masters are, therefore, requested to complete the standardised piracy report form contained in Annex D.
- 12.3** Note that ship operators may also be required to forward a copy of the completed standardised piracy attack report (contained in Annex D) to their Flag State, and in any event are encouraged to do so.

## Prosecution of Pirates - Assisting Law Enforcement Authorities

- 12.4** For Naval/Military forces to hold suspected pirates, following a piracy incident, a witness statement from those affected by the piracy incident is required. Seafarers are encouraged to provide witness statements to Naval/Military forces or law enforcement officers as appropriate when requested to do so to enable suspected pirates to be held and handed over to prosecuting States. Without supporting evidence, including witness statements from those affected by the piracy incident, suspected pirates are unlikely to be prosecuted.
- 12.5** Law enforcement authorities will routinely request permission to conduct post-release crew debriefs and to collect evidence

for ongoing and future investigations and prosecutions following captivity. A thorough investigation is critical to ensure that potential physical evidence, including electronic evidence, is not tainted or destroyed or potential witnesses overlooked. The company and crew are advised that the quality of evidence provided and the availability of the crew to testify will significantly help any investigation or prosecution that follows.

- 12.6** INTERPOL is an international police organisation with 188 member countries which facilitates cross border police co-operation to combat international crime.
- 12.7** INTERPOL has a secure website to provide support to ship operators who have had their vessels hijacked by pirates. INTERPOL recognises that seafarers as the victims of piracy must be dealt with in a sympathetic and professional manner. INTERPOL's Maritime Piracy Task Force can assist in taking the appropriate steps to preserve the integrity of the evidence left behind at the crime scene. INTERPOL has a Command and Co-ordination Centre (CCC) which supports any of the 188 member countries faced with a crisis situation or requiring urgent operational assistance. The CCC operates in all four of INTERPOL's official languages (English, French, Spanish and Arabic) and is staffed 24 hours a day, 365 days a year. It is recommended that ship operators contact INTERPOL within 3 days of a hijacking of their vessel.
- 12.8** INTERPOL may be consulted to discuss the recommended best practices and protocols for the preservation of evidence or other physical clues that could be useful to law enforcement agents pursuing an investigation of the incident. The 24hr telephone contact details for the CCC and INTERPOL's Maritime Task Force website are contained in Annex A and set out below:

CCC 24hr telephone helpline: +33(0) 4 72 44 76 76  
Website: [www.interpol.int](http://www.interpol.int)

# Updating Best Management Practices

- 13.1** The Industry Organisations engaged in producing this Booklet will endeavour to meet regularly and will ensure the BMPs are updated as necessary, based upon operational experience and lessons learned.
- 13.2** The latest advice may be found on the MSCHOA, NATO Shipping Centre and MARLO websites. Additionally the UKMTO may be contacted at any time for updated advice.





# Useful Contact Details

## 1) UKMTO

- Email: UKMTO@eim.ae
- Telephone (24hrs): +971 50 552 3215

## 2) MSCHOA

- Via Website for reporting: [www.mschoa.org](http://www.mschoa.org)
- Email: [postmaster@mschoa.org](mailto:postmaster@mschoa.org)
- Telephone: +44 (0) 1923 958545
- Fax: +44 (0) 1923 958520

## 3) NATO SHIPPING CENTRE

- Website: [www.shipping.nato.int](http://www.shipping.nato.int)
- Email: [info@shipping.nato.int](mailto:info@shipping.nato.int)
- Telephone (24hrs): +44(0)1923 956574
- Fax: +44(0)1923 956575

## 4) MARLO

- Website: [www.cusnc.navy.mil/marlo/](http://www.cusnc.navy.mil/marlo/)
- Email: [marlo.bahrain@me.navy.mil](mailto:marlo.bahrain@me.navy.mil)
- Office: +973 1785 3925
- Duty (24hrs): +973 3940 1395
- Fax : +973 1785 3930

## 5) INTERPOL

- Website: [www.interpol.int](http://www.interpol.int)
- Email: [os-ccc@interpol.int](mailto:os-ccc@interpol.int)
- Telephone (24hrs): +33(0) 4 72 44 76 76

## 6) IMB

- Email: [piracy@icc-ccs.org](mailto:piracy@icc-ccs.org)
- Telephone: +60 3 2031 0014
- Fax: +60 3 2078 5769
- Telex: MA34199 IMBPC1

# UKMTO Vessel Position Reporting Forms

Once a vessel has transmitted an Initial Report to UKMTO, then UKMTO will reply and request Daily Reports to be transmitted. Upon reaching port, or upon exiting the High Risk Area, UKMTO will request a Final Report to be transmitted. The following forms are provided:

- Initial Report Format
- Daily Report Format
- Final Report Format.

Masters and Owners should check with the MSCHOA website for the latest information regarding the UKMTO Voluntary Reporting Area ([www.MSCHOA.org](http://www.MSCHOA.org)) or directly with UKMTO (+971 505 523 215).

## UKMTO Vessel Position Reporting Form - Initial Report

01	Ship Name	
02	Flag	
03	IMO Number	
04	INMARSAT Telephone Number	
05	Time & Position	
06	Course	
07	Passage Speed	
08	Freeboard	
09	Cargo	
10	Destination and Estimated Time of Arrival	

11	Name and contact details of Company Security Officer	
12	Nationality of Master and Crew	
13	Armed/unarmed security team embarked	

### **UKMTO Vessel Position Reporting Form - Daily Position Report**

01	Ship's name	
02	Ship's Call Sign and IMO Number	
03	Time of Report in UTC	
04	Ship's Position	
05	Ship's Course and Speed	
06	Any other important information	
07	ETA point A/B IRTC (if applicable)	

The other important information could be change of destination or ETA, number of UK personnel on board etc.

### **UKMTO Vessel Position Reporting Form - Final Report**

01	Ship's name	
02	Ship's Call Sign and IMO Number	
03	Time of Report in UTC	
04	Port or position when leaving the voluntary reporting area	

# Piracy Definitions

1. It is important to use common definitions and guidelines when reporting piracy attacks and suspicious activity because this will ensure:
  - Harmonised data assessment.
  - Provision of consistent reporting.
  - Harmonised intelligence gathering.
  
2. 'Piracy' is defined in the 1982 United Nations Convention on the Law of the Sea (UNCLOS) (article 101). However, for the purposes of these BMP, it is important to provide clear, practical, working guidance to the Industry to enable accurate and consistent assessment of suspicious activity and piracy attacks.
  
3. The following are the BMP Guidelines to assist in assessing what is a piracy attack and what is suspicious activity:
  - A piracy attack may include, (but is not limited to), actions such as the following:
    - ◆ The use of violence against the ship or its personnel, or any attempt to use violence.
    - ◆ Attempt(s) to board the vessel where the Master suspects the persons are pirates.
    - ◆ An actual boarding whether successful in gaining control of the vessel or not.
    - ◆ Attempts to overcome the Ship Protection Measures by the use of:

- Ladders.
  - Grappling hooks.
  - Weapons deliberately used against or at the vessel.
- For the purposes of BMP the following definitions distinguish between the differing levels of pirate activity:

### **Pirate Attack**

A piracy attack as opposed to an approach is where a vessel has been subjected to an aggressive approach by a pirate craft AND weapons have been discharged.

### **Hijack**

A hijack is where pirates have boarded and taken control of a vessel against the crew's will.

### **Illegal Boarding**

An illegal boarding is where pirates have boarded a vessel but HAVE NOT taken control. Command remains with the Master. The most obvious example of this is the Citadel scenario.

### **Suspicious or Aggressive Approach**

4. Guidelines for defining suspicious activity:
  - Action taken by another craft may be deemed suspicious if any of the following occur (the list is not exhaustive):
    - ◆ A definite course alteration towards the craft associated with a rapid increase in speed, by the suspected craft, that cannot be accounted for as normal activity in the circumstances prevailing in the area.

- ◆ Small craft sailing on the same course and speed for an uncommon period and distance, not in keeping with normal fishing or other circumstances prevailing in the area.
- ◆ Sudden changes in course towards the vessel and aggressive behaviour.



**5. Guidance Note:**

- In helping to evaluate suspicious activity, the following may be of assistance to determine the nature of a suspect vessel:
  1. The number of crew on board relative to its size.
  2. The Closest Point of Approach (CPA).
  3. The existence of unusual and non-fishing equipment, e.g. ladders, climbing hooks or large amounts of fuel onboard.
  4. If the craft is armed in excess of the level commonly experienced in the area.
  5. If weapons are fired in the air.

- This is not an exhaustive listing. Other events, activity and craft may be deemed suspicious by the Master of a merchant vessel having due regard to their own seagoing experiences within the High Risk Area and information shared amongst the international maritime community. The examples above are to be treated only as guidance and are not definitive or exhaustive.





### Details of Raiding Party

27	Number of Pirates/Robbers:
28	Dress/Physical Appearance:
29	Language Spoken:
30	Weapons Used:
31	Distinctive Details:
32	Craft Used:
33	Method of Approach:
34	Duration of Attack:
35	Aggressive/Violent:

### Further Details

36	Action Taken by Master and Crew and its effectiveness:
37	Was Incident Reported to the Coastal Authority? If so to whom?
38	Preferred Communications with Reporting Ship: Appropriate Coast Radio Station/HF/MF/VHF/INMARSAT IDS (Plus Ocean Region Code)/MMSI
39	Action Taken by the Authorities:
40	Number of Crew/Nationality:
41	Please Attach with this Report – A Brief Description/Full Report/Master – Crew Statement of the Attack/Photographs taken if any.
42	Details of Self Protection Measures.

# MSCHOA Vessel Movement Registration Form

The form 'Register a Vessel's Movements' is reproduced below from the MSCHOA website. The following is to be noted:

- The MSCHOA website should always be consulted to ensure that the most up to date version of the form is being used.
- Registration is required within the area bounded by 78°E, 10°S, 23°N and Suez.
- The form may be completed online by ship operators, (or Masters where vessels have internet access), but note that registration with the MSCHOA website is required before the form can be completed.
- MSCHOA will also accept faxed forms, and forms by email. Again ship operators should ensure that they and/or their vessels are in receipt of the latest version of the form.
- All fields with an asterisk (\*) are obligatory.

## Vessel's Details

Ship Name *	Flag State *
IMO Number *	MMSI Number *
Call Sign *	Ship's Master
Primary E-Mail *	Secondary E-Mail
Ship contact number *	Ship contact E-Mail *

Owner name	Operator name
Operator address	Operator telephone
Operator E-Mail	DPA name
DPA telephone	DPA E-Mail

### Movement Details

Entry Point to High Risk Area * (78°E/10°S/23°N/Suez/Port)	Entry Date/Time to High Risk Area *  (DD/MM/YYYY) (HH) (MM)
Exit Point from High Risk Area * (78°E/10°S/23°N/Suez/Port)	Entry Date/Time to High Risk Area *  (DD/MM/YYYY) (HH) (MM)
Do you intend to transit the IRTC?	
<i>ETA to IRTC (times are in UTC/ Zulu time) *</i>	<i>(Tick box if applicable)</i>
<i>Direction * (East/West)</i>	
Do you intend to join a group transit?	Do you intend to join a National Convoy?
	<i>Which National Convoy are you joining? *</i> <i>(Chinese, Indian, Japanese, Korean, Russian, Turkish)</i>
Crew numbers and nationalities	Draught
Freeboard of lowest accessible deck in Metres(M) *	Planned Transit Speed *

Vessels Maximum Speed *	Cargo ( <i>Crude Oil/Clean Oil/Arms/Chemicals/ Gas/Passengers/Bulk Cargo/Containers/Fishing/Ballast/ Others ... Please Specify</i> )
	Hazardous cargo
Next Port of Call	Last Port of Call

Note: a. Items in italics only appear upon selection of prior options  
b. Items in square brackets are options in a drop-down list

### Movement Details

AIS to be left on through GOA?	AIS to be left on through HOA?
Anti-piracy measures in place?	
<i>Crew Briefing</i>	<i>Extra Lookouts</i>
<i>Fire Hoses Rigged</i>	<i>Fire Pump Ready</i>
<i>Barbed/Razor Wire</i>	Locked Doors
<i>External Communication Plan</i>	<i>Outboard Ladders Stowed</i>
<i>Citadel</i>	<i>Dummies Posted</i>
<i>Night Vision Optics</i>	<i>Manned Engine Room</i>
<i>CCTV</i>	<i>Crew Drills Completed</i>
<i>Unarmed Security Team onboard</i>	<i>Armed Security Team onboard</i>
<i>Helicopter winch area?</i>	<i>Doctor onboard?</i>
<i>Helicopter landing area?</i>	<i>Weapons held onboard?</i>
<i>Additional Measures</i>	<i>Any other information which may assist counter-piracy?</i>

Note: Items in italics appear when the 'Anti-piracy measure in place' option is selected.



# Additional Guidance for Vessels Engaged in Fishing

The following guidance for vessels engaged in fishing has been provided by the following national fishing industry associations:

OPAGAC – Organizacion de Productores Asociados de Grandes Atuneros Congeladores

ANABAC – Asociacion Nacional de Armadores de Buques Atuneros Congeladores

## **ADDITIONAL GUIDANCE FOR VESSELS ENGAGED IN FISHING, IN THE GULF OF ADEN AND OFF THE COAST OF SOMALIA**

### **I. RECOMMENDATIONS TO VESSELS IN FISHING ZONES**

- 1. Non-Somali fishing vessels should avoid operating or transiting within 200 nm of the coast of Somalia, irrespective of whether or not they have been issued with licences to do so.**
- 2. Do not start fishing operations when the radar indicates the presence of unidentified boats.**
- 3. If polyester skiffs of a type typically used by pirates are sighted, move away from them at full speed, sailing into the wind and sea to make their navigation more difficult.**
- 4. Avoid stopping at night, be alert and maintain bridge, deck and engine-room watch.**

5. During fishing operations, when the vessel is more vulnerable, be alert and maintain radar watch in order to give maximum notice to the Authorities if an attack is in progress.
6. While navigating at night, use only the mandatory navigation and safety lights so as to prevent the glow of lighting attracting pirates, who sometimes are in boats without radar and are just lurking around.
7. While the vessel is drifting while fishing at night, keep guard at the bridge on deck and in the engine-room. Use only mandatory navigation and safety lights.
8. The engine must be ready for an immediate start-up.
9. Keep away from unidentified ships.
10. Use VHF as little as possible to avoid being heard by pirates and to make location more difficult.
11. Activate the AIS when maritime patrol aircraft are operating in the area to facilitate identification and tracking.

## II. IDENTIFICATION

1. Managers are strongly recommended to register their fishing vessels with MSCHOA for the whole period of activity off the coast of Somalia. This should include communicating a full list of the crewmen on board and their vessels' intentions, if possible.
2. Carry out training prior to passage or fishing operations in the area.
3. Whenever fishing vessels are equipped with VMS devices, their manager should provide MSCHOA with access to VMS data.
4. Fishing vessels should avoid sailing through areas where they have been informed that suspected pirate 'Motherships' have been identified and should use all means to detect, as soon as

possible, any movement of large or small vessels that could be suspicious.

5. Fishing vessels should always identify themselves upon request from aircraft or ships from Operation ATALANTA or other international or national anti-piracy operation.
6. Military, merchant and fishing vessels should respond without delay to any identification request made by a fishing vessel being approached (to facilitate early action to make escape possible, especially if the vessel is fishing).

### III. IN CASE OF ATTACK

1. In case of an attack or sighting a suspicious craft, warn the Authorities (UKMTO and MSCHOA) and the rest of the fleet.
2. Communicate the contact details of the second Master of the vessel (who is on land) whose knowledge of the vessel could contribute to the success of a military intervention.

#### Recommendations only for Purse Seiners

3. Evacuate all personnel from the deck and the crow's nest.
4. If pirates have taken control of the vessel and the purse seine is spread out, encourage the pirates to allow the nets to be recovered. If recovery of the purse seine is allowed, follow the instructions for its stowage and explain the functioning of the gear to avoid misunderstanding.

# Additional Advice for Leisure Craft Including Yachts

In view of the escalation in pirate attacks in the High Risk Area, the advice is NOT to enter this area.

However a yacht/leisure craft which, despite this advice, decides on such a passage is recommended to make contact in advance with the Naval/Military authorities.

See the MSCHOA ([www.MSCHOA.com](http://www.MSCHOA.com)) and ISAF (International Sailing Federation) websites for the most up to date information on this process. There is also information on the NATO Shipping Centre website ([www.shipping.nato.int](http://www.shipping.nato.int).)

ISAF Cruising microsite - [www.sailing.org/cruising](http://www.sailing.org/cruising).

# Supporting Organisations

## i. BMP4 Signatories



**BIMCO**

**BIMCO** is an independent international shipping association, with a membership composed of ship owners, managers, brokers, agents and many other stakeholders with vested interests in the shipping industry. The association acts on behalf of its global membership to promote higher standards and greater harmony in regulatory matters. It is a catalyst for the development and promotion of fair and equitable international shipping policy. BIMCO is accredited as a Non-Governmental Organisation (NGO) holds observer status with a number of United Nations organs and is in close dialogue with maritime administrations, regulatory institutions and other stakeholders within the EU, the USA and Asia. The association provides one of the most comprehensive sources of practical shipping information and a broad range of advisory and consulting services to its members. [www.bimco.org](http://www.bimco.org)



**Cruise Lines International Association**

**Cruise Lines International Association (CLIA)** is the world's largest cruise association and is comprised of 25 of the world's major cruise lines. CLIA participates in the international regulatory and policy development process and promotes all measures that foster a safe, secure and healthy cruise ship environment. CLIA actively monitors international shipping policy and develops recommendations to its membership. CLIA serves as a non-governmental consultative organization to the International Maritime Organization. [www.cruising.org](http://www.cruising.org)



## ICS International Chamber of Shipping

**The International Chamber of Shipping (ICS)** is the international trade association for merchant ship operators. ICS represents the collective views of the international industry from different nations, sectors and trades. ICS membership comprises national shipowners' associations representing over 75% of the world's merchant fleet. A major focus of ICS activity is the International Maritime Organization (IMO) the United Nations agency with responsibility for the safety of life at sea and the protection of the marine environment. ICS is heavily involved in a wide variety of areas including any technical, legal and operational matters affecting merchant ships. ICS is unique in that it represents the global interests of all the different trades in the industry: bulk carrier operators, tanker operators, passenger ship operators and container liner trades, including shipowners and third party ship managers. [www.marisec.org](http://www.marisec.org)



International Group of P&I Clubs

## IGP&I. (The International Group of P&I Clubs)

The thirteen principal underwriting member clubs of the **International Group of P&I Clubs** ('the Group') between them provide liability cover (protection and indemnity) for approximately 90% of the world's ocean-going tonnage. Each Group club is an independent, non-profit making mutual insurance association, providing cover for its ship-owner and charterer members against third party liabilities relating to the use and operation of ships. Each club is controlled by its members through a board of directors or committee elected from the membership Clubs cover a wide range of liabilities including personal injury to crew, passengers and others on board, cargo loss and damage, oil pollution, wreck removal and dock damage. Clubs also provide a wide range of services to their members on claims, legal issues and loss prevention, and often play a leading role in the management of casualties. [www.igpandi.org](http://www.igpandi.org)



**IMB**

**ICC International Maritime Bureau**

The main objective of the International Maritime Bureau's Piracy Reporting Centre (PRC) is to be the first point of contact for the shipmaster to report an actual or attempted attack or even suspicious movements thus initiating the process of response. The PRC raises awareness within the shipping industry, which includes the shipmaster, ship-owner, insurance companies, traders, etc, of the areas of high risk associated with piratical attacks or specific ports and anchorages associated with armed robberies on board ships. They work closely with various governments and law enforcement agencies, and are involved in information sharing in an attempt to reduce and ultimately eradicate piracy. [www.icc-ccs.org/piracy-reporting-centre](http://www.icc-ccs.org/piracy-reporting-centre)



**IMEC**

**International Maritime Employers' Committee Ltd  
(IMEC)**

**IMEC** IMEC is the only international employers' organisation dedicated to maritime industrial relations, with offices in London and Manila, and a membership of over 140 of some of the world's largest ship owners and managers, covering some 7,500 ships and 185,000 seafarers. Many of these ships/seafarers are covered by IBF agreements, which IMEC, as a founder member of the Joint Negotiating Group, negotiates on behalf of the membership. IMEC also invests heavily in training, with, amongst other projects, Cadet programs being managed in-house for over 800 future Officers, who are provided free of charge to the membership. [www.imec.org.uk](http://www.imec.org.uk)



**INTERCARGO**

INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

**INTERCARGO**

**INTERCARGO** is the short name for the International Association of Dry Cargo Ship-owners. Since 1980, it has represented the interests of owners, operators and managers of dry cargo shipping and works closely with the other international associations to promote a safe, high quality, efficient and profitable industry. [www.intercargo.org](http://www.intercargo.org)



**InterManager**

**InterManager**

**InterManager** is the international trade association for the shipmanagement industry. InterManager's members are in-house or third party ship managers, crew managers or related organisations or businesses from throughout the shipping industry. Collectively InterManager members are involved in the management of more than 4,370 ships and responsible for some 250,000 seafarers. InterManager is the only organisation exclusively dedicated to representing the shipmanagement industry. It is a recognised and well-respected organisation which represents its members at international level, lobbying on their behalf to ensure their views and needs are taken into account within the world-wide maritime industry. InterManager is committed to improving transparency and governance in the shipping world and ensuring high standards are maintained throughout the shipmanagement sector. [www.intermanager.org](http://www.intermanager.org)



**INTERTANKO** is the International Association of Independent Tanker Owners. INTERTANKO has been the voice of independent tanker owners since 1970, ensuring that the oil that keeps the world turning is shipped safely, responsibly and competitively. Membership is open to independent tanker owners and operators of oil and chemical tankers, i.e. non-oil companies and non-state controlled tanker owners, who fulfil the Association's membership criteria. Independent owners operate some 75% of the world's tanker fleet and the vast majority are INTERTANKO members. As of January 2011, the organisation had 250 members, whose combined fleet comprises some 3,050 tankers totalling 285 million dwt. INTERTANKO's associate membership stands at some 320 companies with an interest in shipping of oil and chemicals. [www.intertanko.com](http://www.intertanko.com)



**The International Shipping Federation (ISF)** is the principal international employers' organisation for the shipping industry, representing all sectors and trades. ISF membership comprises national shipowners' associations whose member shipping companies together operate 75% of the world's merchant tonnage and employ a commensurate proportion of the world's 1.25 million seafarers. Established in 1909, ISF is concerned with all labour affairs, manpower and training, and seafarers' health and welfare issues that may have an impact on international shipping. [www.marisec.org](http://www.marisec.org)



## **ITF (International Transport Workers Federation)**

**ITF (International Transport Workers Federation)** The International Transport Workers' Federation (ITF) is an international trade union federation of transport workers' unions. Any independent trade union with members in the transport industry is eligible for membership of the ITF. The ITF has been helping seafarers since 1896 and today represents the interests of seafarers worldwide, of whom over 600,000 are members of ITF affiliated unions. The ITF is working to improve conditions for seafarers of all nationalities and to ensure adequate regulation of the shipping industry to protect the interests and rights of the workers. The ITF helps crews regardless of their nationality or the flag of their ship. [www.itfseafarers.org](http://www.itfseafarers.org)  
[www.itfglobal.org](http://www.itfglobal.org)



## **The International Parcel Tankers Association**

**The International Parcel Tankers Association** was formed in 1987 to represent the interests of the specialised chemical/parcel tanker fleet and has since developed into an established representative body for ship owners operating IMO classified chemical/parcel tankers, being recognised as a focal point through which regulatory authorities and trade organisations may liaise with such owners. IPTA was granted consultative status as a Non-Governmental Organisation to the International Maritime Organization (IMO) in 1997 and is wholly supportive of the IMO as the only body to introduce and monitor compliance with international maritime legislation. [www.ipta.org.uk](http://www.ipta.org.uk)

**The Joint Hull Committee (JHC)** was founded in 1910 and comprises underwriting representatives from both Lloyd's syndicates and the IUA company market. It discusses all matters connected with hull insurance, and represents the interests of those writing marine hull business within the London market. It liaises widely with the broad maritime sector. The JHC, from time to time, issues circulars to the market which are of relevance to the hull underwriting community and these may include new model wordings, information about developments in shipping, and notices of briefings.

**The Joint War Committee (JWC)** comprises underwriting representatives from both Lloyd's syndicates and the IUA company market. It discusses all matters connected with hull war insurance, and represents the interests of those writing marine hull war business within the London market. JWC takes advice from independent security advisers and from time to time, issues updates to its published Listed Areas. These are the areas of perceived enhanced risk for those writing the range of perils insured in the war market where coverage may be arranged against the risks of confiscation, derelict weapons, piracy, strikes, terrorism and war.



## **Oil Companies International Marine Forum (OCIMF)**

**The Oil Companies International Marine Forum (OCIMF)** is a voluntary association of oil companies having an interest in the shipment and terminalling of crude oil and oil products. Our mission is to be the foremost authority on the safe and environmentally responsible operation of oil tankers, terminals and offshore support vessels, promoting continuous improvement in standards of design and operation. [www.ocimf.org](http://www.ocimf.org)



**SIGTTO**

**SIGTTO**

**(The Society of International Gas Tanker and Terminal Operators)** was established in 1979 to encourage safe and responsible operation of liquefied gas tankers and marine terminals handling liquefied gas, to develop advice and guidance for best industry practice among its members and to promote criteria for best practice to all who either have responsibilities for, or an interest in, the continuing safety of gas tankers and terminals. The Society is registered as a 'not for profit' entity in Bermuda and is owned by its members who are predominately the owners of assets in the LPG/LNG ship and terminal business. The Society has observer status at the IMO. [www.sigtto.org](http://www.sigtto.org)



## The Mission to Seafarers

Caring for seafarers  
around the world

**The Mission to Seafarers** offers emergency assistance, practical support, and a friendly welcome to crews visiting 230 ports around the world. Whether caring for victims of piracy or providing a lifeline to those stranded in foreign ports, we are there for the globe's 1.2 million merchant seafarers of all ranks, nationalities and beliefs. [www.missiontoseafarers.org](http://www.missiontoseafarers.org)



## The World Shipping Council (WSC)

**The World Shipping Council (WSC)** is the trade association that represents the international liner shipping industry. WSC's member lines operate containerships, roll-on/roll-off, and car carrier vessels that account for approximately 90 percent of the global liner vessel capacity. Collectively, these services transport about 60 percent of the value of global seaborne trade, or more than US\$ 4 trillion worth of goods annually. The World Shipping Council's goal is to provide a coordinated voice for the liner shipping industry in its work with policymakers and other industry groups to develop actionable solutions for some of the world's most challenging transportation problems. WSC serves as a non-governmental organization at the International Maritime Organization (IMO). [www.worldshipping.org](http://www.worldshipping.org)

## ii. Naval/Military Forces/Law Enforcement Organisations supporting BMP4



### **Combined Maritime Forces (CMF)**

**Combined Maritime Forces** is a 25 nation coalition committed to ensuring regional security. CMF operates in accordance with international law and relevant United Nations Security Council Resolutions and is supported by three distinct missions. Combined Task Force (CTF) 150 operates in the Red Sea, Gulf of Aden, Indian Ocean, Arabian Sea and the Gulf of Oman conducting Maritime Security Operations. CTF 151 operates in the Gulf of Aden and Somali Basin and the Indian Ocean to deter, disrupt and suppress piracy, protecting the safe passage of maritime vessels of any nationality. CTF 152 operates in the Arabian Gulf conducting maritime security operations in conjunction with Gulf Cooperation Council (GCC) partners in order to prevent destabilizing activities. [www.cusnc.navy.mil/cmf/cmf\\_command.html](http://www.cusnc.navy.mil/cmf/cmf_command.html)



### **EU NAVFOR (The European Union Naval Force)**

**EUNAVFOR** is the main coordinating authority which operates the Maritime Security Centre (Horn of Africa). Operation Atalanta includes the deployment of a major EU Naval Task Group into the region to improve maritime security off the Somali coast. Additionally the mission also encompasses a broad range of liaison, both regionally and with industry, to help establish best practices and to disseminate information through its 24/7 manned Maritime Security Centre-Horn of Africa (MSC-HOA) and through the website [www.mschoa.org](http://www.mschoa.org)



## INTERPOL

**INTERPOL** is the world's largest international police organization, with 188 member countries. Created in 1923, it facilitates cross-border police co-operation, and supports and assists all organizations, authorities and services whose mission is to prevent or combat international crime.

INTERPOL's Maritime task Force (MPTF) was set up in January 2010 to co-ordinate the Organization's international response to the maritime piracy threat in its various facets by:

- Improving the global collection, preservation, analysis and dissemination of piracy-related evidence and intelligence in aid of criminal investigations and prosecutions by its member countries; and
- Developing police and judicial investigative and prosecution capabilities in Eastern Africa in partnership with key international actors and donors.

[www.interpol.int](http://www.interpol.int)



## **MARLO The U.S. Navy Maritime Liaison Office**

**The Maritime Liaison Office (MARLO)** mission is to facilitate the exchange of information between the United States Navy, Combined Maritime Forces, and the commercial maritime community in the United States Central Command's (CENTCOM) Area of Responsibility. MARLO operates as a conduit for information focused on the safety and security of shipping and is committed to assisting all members of the commercial maritime community. To help combat piracy, MARLO serves as a secondary emergency point of contact for mariners in distress (after UKMTO) and also disseminates transit guidance to the maritime industry. MARLO disseminates guidance to merchant shippers via briefings, website, email, and duty phone concerning Naval Exercises, Boardings, Aids to Navigation, Environmental Issues, MEDEVAC Assistance, Security and Augments, Regional Search and Rescue Centres.



## **Maritime Security Centre Horn of Africa (MSCHOA)**

**The Maritime Security Centre – Horn of Africa (MSCHOA)** aims to provide a service to mariners in the Gulf of Aden, the Somali Basin and off the Horn of Africa. It is a Coordination Centre dedicated to safeguarding legitimate freedom of navigation in the light of increasing risks of pirate attack against merchant shipping in the region, in support of the UN Security Council's Resolutions (UNSCR) 1814, 1816 and 1838. Through close dialogue with shipping companies, masters and other interested parties, MSCHOA will build up a picture of vulnerable shipping in these waters and their approaches. The Centre, which is manned by military and merchant navy personnel from several countries, will then coordinate with a range of military forces operating in the region to provide support and protection to mariners. There is a clear need to protect ships and their crews from illegitimate and dangerous attacks, safeguarding a key global trade route. [www.mschoa.org](http://www.mschoa.org)



## NATO Shipping Centre (NSC)

**NATO Shipping Centre (NSC)** provides the commercial link with NATO's Maritime Forces. The NSC is NATO's primary point of contact with the maritime community and is used by NATO as the tool for communicating and coordinating initiatives and efforts with other military actors (most notably UK MTO, MSCHOA and MARLO) as well as directly with the maritime community, and thereby supporting the overall efforts to reduce the incidence of piracy. [www.shipping.nato.int](http://www.shipping.nato.int)



## Operation Ocean Shield

**Operation Ocean Shield** is NATO's contribution to international efforts to combat piracy off the Horn of Africa. The operation develops a distinctive NATO role based on the broad strength of the Alliance by adopting a more comprehensive approach to counter-piracy efforts. NATO's counter piracy efforts focus on at-sea counter-piracy operations, support to the maritime community to take actions to reduce incidence of piracy, as well as regional -state counter-piracy capacity building. The operation is designed to complement the efforts of existing international organisations and forces operating in the area.



**UKMTO**

**The UK Maritime Trade Operations (UKMTO)** office in Dubai acts as the primary point of contact for merchant vessels and liaison with military forces in the region. UKMTO also administers the Voluntary Reporting Scheme, under which merchant vessels are encouraged to send regular reports, providing their position/course/ speed and ETA at their next port while transiting the region bound by Suez, 78°E and 10°S. UKMTO subsequently tracks vessels and the positional information is passed to CMF and EU headquarters. Emerging and relevant information affecting commercial traffic can then be passed directly to ships, rather than by company offices, improving responsiveness to any incident and saving time. For further information or to join the Voluntary Reporting Scheme, please contact UKMTO or MSCHOA Email: [ukmto@eim.ae](mailto:ukmto@eim.ae)

NOT TO BE USED FOR NAVIGATION





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**REGULATION**  
**on control points of foreign vessels**  
**for fishing and sailing in Iceland's Exclusive Fishing Zone**

Art. 1

*Scope*

This Regulation shall apply to all foreign vessels pursuing fishing within Iceland's Exclusive Fishing Zone with permits from Icelandic authorities.

Art. 2

*Control points*

Foreign vessels must, en route to a fishing area prior to commencing fishing in Iceland's Exclusive Fishing Zone and on their way out of Iceland's Exclusive Fishing Zone, sail via one of the control points listed below:

A.	69°15'N - 013°00'W	F.	64°00'N - 012°00'W
B.	68°30'N - 011°00'W	G.	63°30'N - 016°00'W
C.	67°30'N - 010°00'W	H.	63°00'N - 020°00'W
D.	66°15'N - 009°00'W	I.	63°30'N - 025°00'W
E.	65°00'N - 010°00'W	J.	65°00'N - 027°00'W

The Icelandic Coast Guard may decide through which control point a fishing vessel must sail. With the consent of the Icelandic Coast Guard a vessel may head for other control points. The Icelandic Coast Guard may also decide on other control points than those listed in the first paragraph, e.g. due to the location of a fishing area. A vessel may not leave a control point without the consent of the Icelandic Coast Guard.

Art. 3

*Automatic telecommunication equipment - remote surveillance*

All foreign vessels pursuing fishing within Iceland's Exclusive Fishing Zone must be equipped with telecommunications equipment to send information on the location of the vessel, its course and speed automatically at hourly intervals to the joint surveillance station of the Icelandic Coast Guard and the Directorate of Fisheries.

Art. 4

*Authorisations for exemptions*

Exemptions may be granted from the provisions of Art. 2 if the parties have reached an agreement to this effect.

Art. 5

*Penalties*

Violations of this Regulation shall be liable to penalties as provided for in Act no 22 of 8 April 1998, on Fishing and Processing by Foreign Vessels in Iceland's Exclusive Fishing Zone, as subsequently amended.

Art. 6

*Entry into force*

This Regulation, which is issued by virtue of Art. 9 of Act No. 22, of 8 April 1998, on Fishing and Processing by Foreign Vessels in Iceland's Exclusive Fishing Zone, as subsequently amended, to take immediate effect and is published for the instruction of all parties concerned.

*Ministry of Industries and Innovation, 18 December 2013*

## Comments on inspection reports and suggestions for improvement

During my visit to Maputo from the 8<sup>th</sup> to the 11<sup>th</sup> of August I took the opportunity to review the inspection reports from Kuswag Patrols as well as some of the routine port inspections done in Maputo. The standard of inspections was not satisfactory. Many vessels inspected in Maputo did not have their nets measured and other details were also missing from the inspection reports. In some cases vessels reported that they had no by-catch, something which is not possible. An example of this, and a similar example from my earlier visit to Quelimane, is shown at the bottom of the Table 1.

Although the personnel on some of the Kuswag patrols did better, there were some glaring errors. During one of the Kuswag patrols a Chinese vessel, the Yuan Yu 960, was inspected. It was the only vessel inspected on a very lengthy patrol. The inspection report reveals almost nothing except the name of the vessel and the date inspected. No catch was recorded and neither were most of the other details normally recorded during an inspection. Of concern is that on one patrol, seventeen vessels, almost a third of those inspected, had one or more undersized nets on board. Despite the fact that nets were below the legal size, no action was taken against any of the vessels. It is also noted that only 27% of the nets on board the vessels were actually measured. While one assumes that this is due to time constraints while inspecting vessels at sea, an attempt should be made to conduct more comprehensive inspections. The details are shown in Table 1 below.

**TABLE 1**

Name of vessel	Date Inspected	Inspectors	Mesh Size found	Comments
Antares I	7/6/2011	Joao/ Mazive	54.46mm; 54.45mm.	2 of 10 nets measured
Antares IV	5/6/2011	Joao/ Mazive	54.45mm; 54.46mm.	2 of 10 nets measured
Antares V	7/6/2011	Joao/ Mazive	54.4mm; 54.45mm.	2 of 10 nets measured.
Arpem I	16/6/2011	Joao/ Mazive	54.9mm; 54.7mm; 54.5mm.	3 of 10 nets measured.
Arpem V	6/6/2011	Joao/ Mazive	54.45mm; 54.4mm.	2 of 10 nets measured.
Arpem VII	16/6/2011	Joao/ Mazive	54.45; 54.60; 54.9.	3 of 10 nets measured.
Beira III	22/6/2011	Joao/ Mazive	57.5; 52.3; 55.4.	3 of 11 nets measured.
Cygnus 2	5/6/2011	Joao/ Mazive	55; 55.8; 55.8	3 Nets measured. No By-catch declared.
Eume	6/6/2011	Joao/ Mazive	54.46; 54.45.	2 of 10 nets measured
Krustamoz I	5/6/2011	Joao/ Mazive	55; 54.75; 57	3 Nets. If the one net was undersized why was there no prosecution?
Mavimbi I	12/6/2011	Joao/ Mazive	54; 54.4	2 of 16 nets measured
Mavimbi II	12/6/2011	Joao/ Mazive	54; 54.3	2 of 5 nets measured.

Mavimbi III	12/6/2011	Joao/ Mazive	54.25; 54.25.	2 of 20 nets measured.
Pescabom II	6/6/2011	Joao/ Mazive	54.5; 54.5; 54.5.	By-catch not indicated. 3 of 10 nets measured.
Pescamar III	23/6/2011	Joao/ Mazive	54.6; 56.2	2 of 7 nets measured.. Thus one net illegal
Pescamar IV	16/6/2011	Joao/ Mazive	54.5; 54.6; 54.9.	3 of 8 nets measured.
Vela	6/6/2011	Joao/ Mazive	56.5; 56.7; 54.9.	3 of 4 nets measured.
Cygnus 3	27/4/2011	Farrauane		No By-catch reported. Vessel entered fishing zone on 28/3/11 when season for semi-industrial vessels only opened on 1/4/11.
Pebane	24/5/2011	Cuna/Cuna		No By-catch was reported. This should be treated as an infraction.

I am aware that there is uncertainty among the inspectors about net measurements, and that they are reluctant to prosecute vessels because of this. This is brought about by the requirement in the Fisheries Law that a 1 Kg. weight be used to measure nets, while the international standard is a 5 Kg. weight. The captains of vessels argue, with some justification, that nets manufactured to the 5 Kg. standard will be undersized if measured using 1 Kg. An amendment to the Law was proposed in October 2010 to bring it in line with the international practice. This proposal was as a result of problems noted during training sessions in Maputo and Beira. To date there has been no action on this proposal.

However, the inspectors should not be expected to interpret the law. As inspectors they should apply the law, and leave it to the people making the decisions on prosecutions to find extenuating circumstances if and when such circumstances exist. In these particular cases the inspectors should have initiated prosecutions, leaving it to the Provincial Director to decide whether the prosecution was justified or not.

Other problem areas detected include many inspections in port where either nets were not inspected at all or only a few of the nets on board were inspected. The reason for this is probably related to the above question, but again the inspectors should do the job according to the law.

Another area where inspections are not comprehensive is in the recording of directed catch and by-catch. It is vital that the catch declared in the logbook as well as the actual catch discharged be accurately recorded. This must include noting how much catch is landed whole, and how much is landed in a semi processed state. (e.g. headless prawns) Where a product has been processed in any way the correction factor required to calculate the live weight must be applied and both the processed weight and the live weight must be recorded.

It is also vital that any product that taken back to sea with the vessel is accurately recorded. The amount of by-catch caught must be noted, as well as by-catch discharged in port. Selling of by-catch at sea is the same as transshipment at sea, and these amounts must be declared by the captains and recorded on the inspection reports.

It is also recommended that the chief inspectors in each port be required to check each inspection report, preferably within 24 hours of the inspection having been done. It is clear that there is at present no system of verifying inspection reports, leading to careless errors. Regular and routine checking will solve this problem and produce better quality control of inspections. These measures will improve the quality of inspections and contribute to the conservation of our marine resources, thus ensuring that future generations can reap the benefit of the ocean.

I have found that the visits I have made to the inspectors are very useful in terms of training. Although perhaps not seen as training in the formal sense, these visits allow for a revision of knowledge already gained and the detection and correction of errors and poor techniques. As such I recommend that I continue with these visits as the opportunity arises. The visits will often be *ad hoc*, without much, if any, advance warning.

#### Summary of recommendations:

- Inspectors be informed that all infractions must be prosecuted.
- The law be changed to specify the use of a 5kg. weight for measuring nets as is the international practice.
- Chief inspectors be instructed to check all inspection reports on a daily basis.
- Vessels must be fully inspected during all port visits, not just when coming to discharge.
- Inspections at sea must be as complete as possible, given the weather conditions and the needs of safety.
- Follow up visits to fishing ports be made regularly.
- Regular, *ad hoc* visits be made to work with inspectors in the field.
- The advisors be provided with official identity cards to facilitate entering fishing ports and vessels.

## **Appendix 1**

### Checklist for Chief Inspectors.

- Is the form complete?
  - Dates filled in?
  - Inspectors' Names?
  - Type of vessel and Gear?
  - Flag?
  - Home Port?
  - Licence numbers?
  - Catch according to the logbook?
  - Catch retained on board?
  - Catch discharged?
- Are the data in the form believable? (e.g. A vessel returns from a 60 day voyage and declares no by-catch. Is this really possible?)
- Are there contradictions in the form? (e.g. Flag and home port do not match)
- In cases where there are infractions, has action been taken?
- Does the amount of catch declared in the logbook agree with the amount discharged?
  - If not, are the discrepancies explained?
- Do the sailing dates and arrival dates look reasonable? (Sometimes the date the vessel sailed at the beginning of the season is entered rather than the date of commencement of that particular voyage)



# REPUBLIC OF MOZAMBIQUE

January 2014

## First Review Under the Policy Support Instrument and Request for Modification of Assessment Criteria—Staff Report; Press Release

In the context of the first review under the policy support instrument and request for modification of assessment criteria, the following documents have been released and are included in this package:

- The **Staff Report** for the First Review Under the Policy Support Instrument and Request for Modification of Assessment Criteria, prepared by a staff team of the IMF for the Executive Director's consideration on lapse of time basis, following discussions that ended on October 30, 2013, with the officials of Mozambique on economic developments and policies underpinning the IMF arrangement under the Policy Support Instrument. Based on information available at the time of these discussions, the staff report was completed on December 27, 2013.
- A **Press Release**.

The documents listed below have been or will be separately released.

Letter of Intent sent to the IMF by the authorities of Mozambique\*  
Memorandum of Economic and Financial Policies by the authorities of Mozambique\*  
Technical Memorandum of Understanding\*

\*Also included in Staff Report

The policy of publication of staff reports and other documents allows for the deletion of market-sensitive information.

Copies of this report are available to the public from

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**International Monetary Fund**  
**Washington, D.C.**



# REPUBLIC OF MOZAMBIQUE

December 27, 2013

## FIRST REVIEW UNDER THE POLICY SUPPORT INSTRUMENT AND REQUEST FOR MODIFICATION OF ASSESSMENT CRITERIA

### KEY ISSUES

**Context and outlook.** Mozambique's macroeconomic outlook remains favorable and the PSI-supported program is broadly on track. All assessment criteria were met and most indicative targets, but there was some slippage on structural reforms. Economic growth is robust and inflation remains moderate. In spite of risks stemming from the uncertain global economy, growth is expected to be sustained in the medium term by the natural resource boom and infrastructure investment. A recent government guarantee for large-scale borrowing by a public enterprise has raised transparency and prioritization issues that point to the need to strengthen investment and macro-economic planning. New risks associated with the political/security environment have emerged.

**Short-term policy framework.** The main short-term challenge is to maintain the growth momentum and to contain the fiscal expansion envisaged in 2014, reflecting both election year pressures and the spending of one-off revenue windfalls and of external borrowing. Key fiscal priorities include improving VAT administration, using windfall revenue to build buffers and invest, strengthen investment implementation capacity, and ensure transparency and adherence to due process for investment selection and borrowing. Monetary policy will need to be vigilant and monitor inflation developments closely.

**Medium-term challenges.** Structural reforms along a broad policy spectrum should be implemented vigorously to foster sustained and more inclusive growth. With foreign aid likely to decline over the medium term, increased nonconcessional borrowing can provide additional resources for improving physical infrastructure and human capital. Further strengthening debt management and investment planning and implementation are essential to ensure the efficiency of investment and borrowing. Completion of the new mining and hydrocarbon legislation, the related fiscal regimes, and implementation regulations would facilitate the economic development of Mozambique's natural resources.

Approved By  
**David Robinson**  
and **Vivek Arora**

A staff team comprising Mmes. Ross (head), Masha, Messrs. Inui, Xiao (all AFR), and Perone (SPR) visited Maputo during October 16–30, 2013. Mr. Robinson (AFR) joined during October 23–24. The mission met with the Prime Minister Vaquina, Ministers Chang (Finance), Cuereneia (Planning and Development), and other line ministers and senior government officials (Energy, Agriculture, Natural Resources, Industry and Trade, Women and Social Action), Bank of Mozambique Governor Gove, and other senior government officials. The mission also met with development partners, civil society, academia, and the private sector. It was assisted by Mr. Segura-Ubiergo (resident representative), Mr. Simione, and Ms. Palacio (resident representative office). Messrs. Saily (OED), Revilla and Blanco Armas (World Bank) participated in some of the policy discussions.

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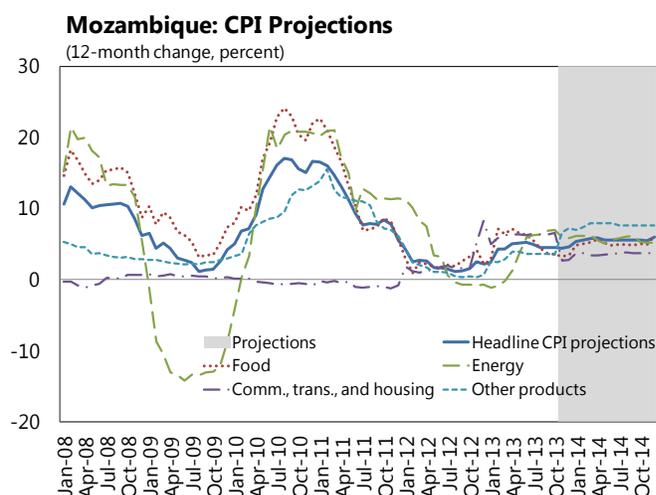
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## BACKGROUND AND RECENT DEVELOPMENTS

**1. Economic growth remains robust with a quick recovery from the severe floods in early 2013.** Heavy rainfall caused flooding mostly in the South of the country in early 2013 that resulted in major damage to crops, transport infrastructure and electricity transmission lines. Nonetheless, real GDP is estimated to have expanded by 6.6 percent in the first half of 2013, spurred by the extractive industries, financial services, transport and communications, and government services. Damage to transport infrastructure has been largely repaired later in the year. Overall in 2013, agriculture is projected to grow at about 5 percent, while overall growth is to reach 7.1 percent.

MEFP ¶12

**2. Inflation remains moderate.** Annual inflation stood at 3.3 percent in November, helped by a prudent macroeconomic policy mix, a slight appreciation of the metical, stability in administered prices (fuels, public transport, utilities), as well as the recovery of domestic production of fruits and vegetables after the floods. Notwithstanding the active monetary policy stance of the Bank of Mozambique (BM) to stimulate credit expansion, end-year inflation is projected to remain around 4½ percent, below the authorities' medium-term target.



**3. Fiscal outcomes have exceeded program targets, as revenues were boosted by sizeable windfall capital gains tax receipts (4.2 percent of GDP).** After the receipt of \$224 million early in the year, in August the government received another \$400 million capital gains tax from the sale of shares between investors in gas concessions in the Rovuma basin (off the shore of Northern Mozambique). The initial windfall was used in the supplementary budget for 2013 (adopted in August) mainly to fund flood recovery measures and wage concessions to settle health sector strikes. The second windfall receipt is to be spent in the 2014 budget. Excluding windfall receipts, revenue performance was in line with the program through September. Expenditure execution, especially the capital budget, was slower than programmed partly reflecting delays in donor disbursements. As a result, net credit to the government was well below its program ceiling.

**4. The external current account deficit widened in the first half of the year, although the windfall capital gains tax receipts helped bolster net international reserves (NIR).** Exports dropped in the first half of 2013 compared to a year earlier, largely due to the disruptions caused by the floods. At the same time, merchandise and service imports continued to increase, reflecting megaproject activity financed by foreign direct investment. Delays in donor

disbursement also contributed to a deterioration in the NIR position, yet the \$400 million capital gains tax receipts in August more than offset the earlier loss.

**5. Foreign borrowing remained within the program ceiling, despite the issuance of a large government guarantee.** The government guaranteed Loan Participation Notes of \$850 million (6 percent of GDP) for *Empresa Moçambicana de Atum, S. A.* (EMATUM)—the Mozambican Tuna Company, which was established in August 2013 by three public entities. In early September EMATUM’s subsidiary (EMATUM Finance registered in the Netherlands) issued \$500 million of 7-year notes in a private offer; this was topped up to \$850 million in late September. The effective interest rate was 8.5 percent, somewhat higher than recent sovereign issues of Sub-Saharan African countries. While the stated purpose of EMATUM is to establish a tuna fishing fleet, the scope of this operation is broader, including quasi-fiscal activities in the area of defense/maritime security. It was Mozambique’s first international debt issue and established a benchmark for Mozambican borrowers in international capital markets.

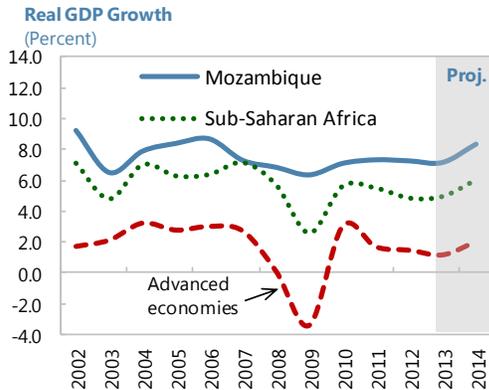
**6. Program performance remains broadly satisfactory—all end-June assessment criteria (ACs) were met but there was some slippage on structural reforms.** All but one indicative target (ITs) for June and September were also met; priority spending fell some 10 percent short in both periods (Table 7). Donor disbursements were lower than envisaged, but implementation was also constrained by limited administrative capacity at the sectoral level, weaknesses in the procurement system, and there may have been some statistical underreporting. A catch-up is expected in the last quarter; going forward, the authorities intend to strengthen the execution of priority spending (MEFP para. 3). The authorities continued their structural reform program; they met 4 of 7 structural benchmarks (SBMs), another 2 are expected to be met with up to 3 months delay, but a critical benchmark on the Integrated Investment Plan (IIP) was missed. While an IIP was approved with a delay, it is not consistent with the program as it lacks specificity and operational links to the budget and DSA (Table 8).

	June 2013 Sept 2013	
	AC	IT
<b>Assessment Criteria</b>		
Net credit to the government	●	●
Stock of reserve money	●	●
Stock of net international reserves	●	●
Nonconcessional external debt	●	●
Stock of short-term external public debt	●	●
External payments arrears	●	●
<b>Indicative Targets</b>		
Government revenue	●	●
Priority spending	▲	▲

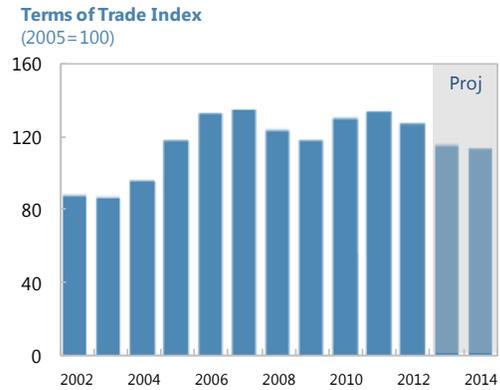
● met    ▲ not met

**Figure 1. Mozambique: Impact of Global Developments**

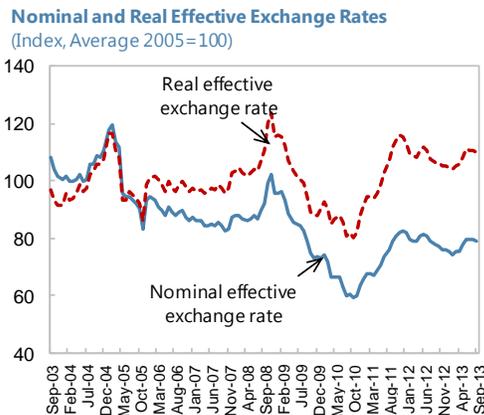
Despite the global weakness, Mozambique's growth outlook is robust.



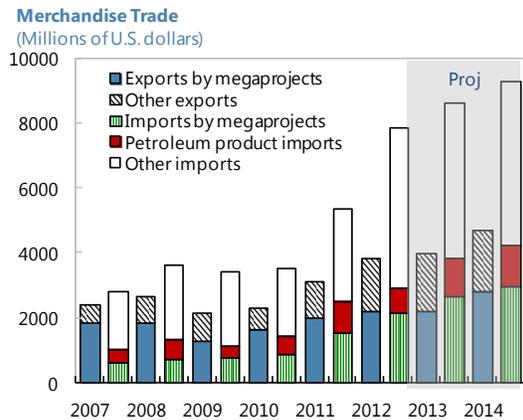
Mozambique's terms of trade have weakened with international commodity prices...



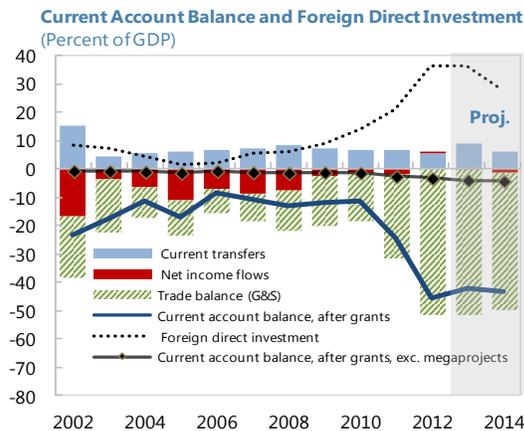
...while the real effective exchange rate has been broadly stable in the past two years.



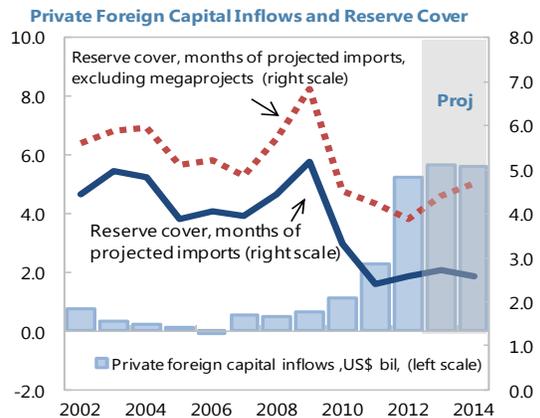
Megaprojects' export growth was counterbalanced by investment-related and fuel imports.



The current account deficit has widened, reflecting sizeable investment imports for natural resource development.



Despite strong private capital inflows, the reserve cover declined owing to rapid import growth.

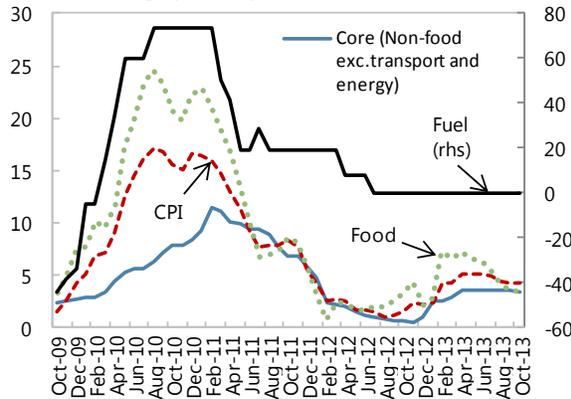


**Figure 2. Mozambique: Inflation and Monetary Developments**

*Inflation remained low, after a temporary rise after the floods in early 2013.*

**CPI and Components**

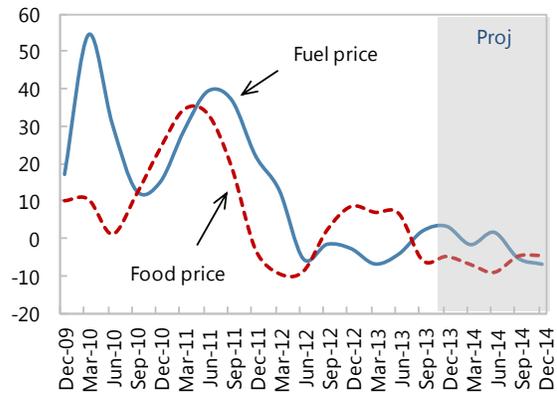
(Percent change, year-on-year)



*Low inflation was helped by favorable developments in international prices and...*

**International Food and Fuel Price Change**

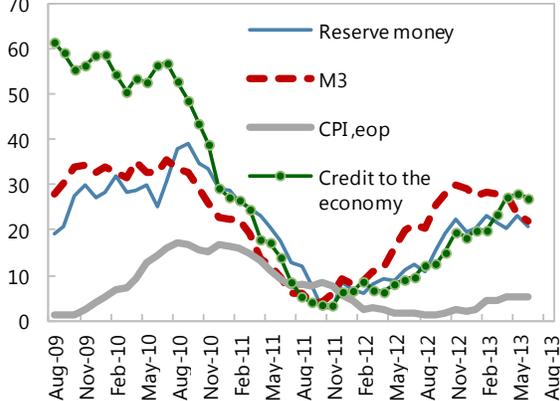
(Percent change, year-on-year)



*...the monetary tightening during 2010-11. Looser broad money since 2012 fed private sector credit growth and may generate some inflationary pressures.*

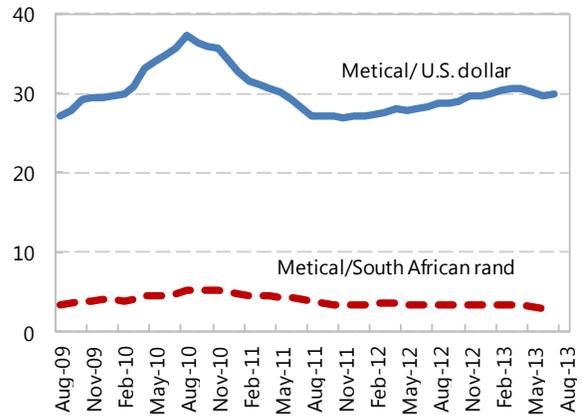
**Money, Credit and Inflation**

(12-month percentage change)



*The Mt/\$ exchange rate depreciated somewhat in 2012 but has been fairly stable in 2013. The rate against the rand appreciated in 2013.*

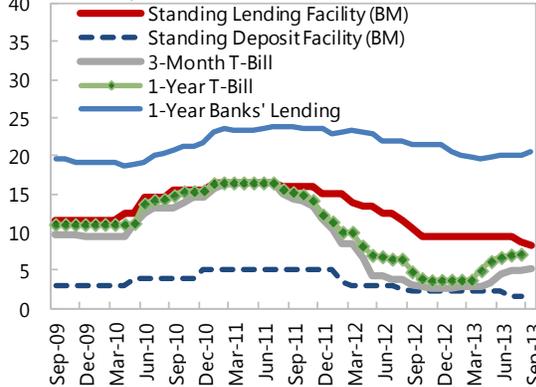
**Bilateral Exchange Rates**



*The BM's policy rates and the T-bill rates have come down, although banks' lending rate remains sticky.*

**Interest Rates**

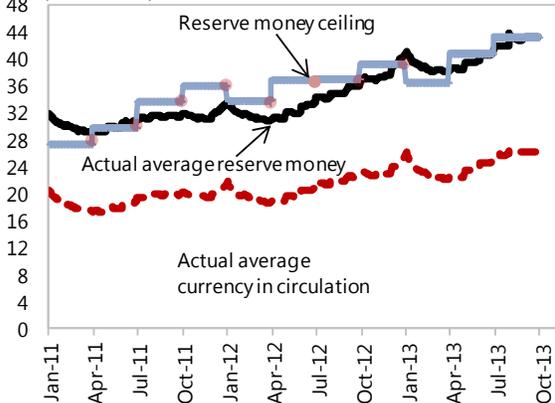
(Percent per annum)



*Reserve money was in line with program targets, helping to maintain a low inflation environment.*

**Reserve Money**

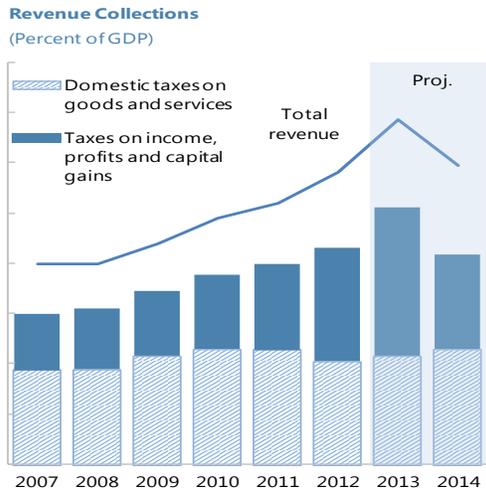
(MT billions)



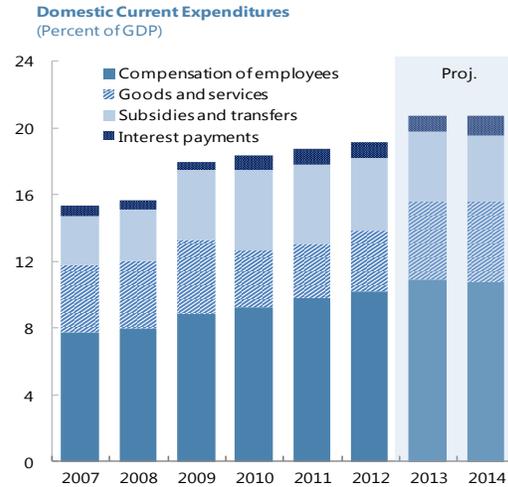
Sources: Mozambican authorities and IMF staff estimates and projections.

**Figure 3. Mozambique: Fiscal Developments**

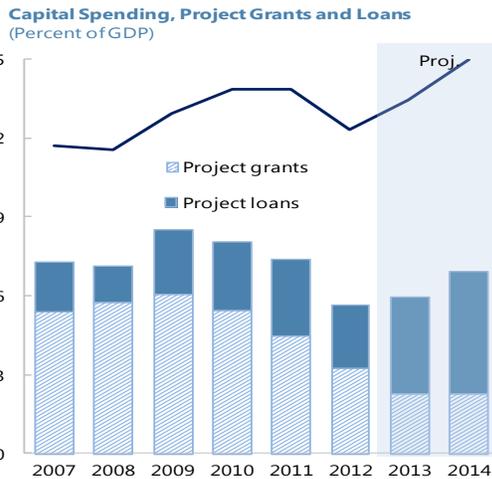
*Windfall revenues in 2013 boosted revenue collections temporarily.*



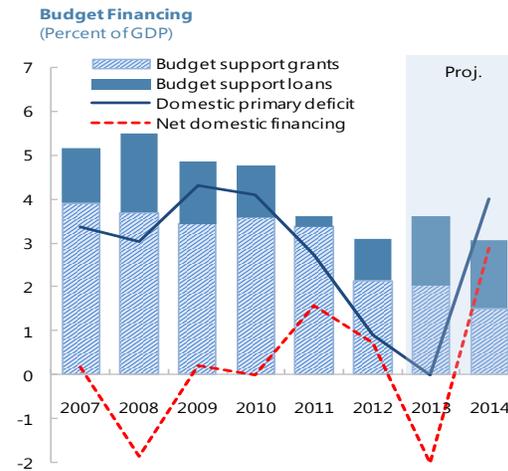
*Spending on subsidies, especially the fuel subsidy, was contained, providing room for other spending. The rising wage bill should be reined in.*



*Capital spending financed by external borrowing as well as domestic financing is rising as project grants decline.*



*The domestic primary deficit (and net domestic financing) reflects the saving of windfall revenues in 2013 and the planned spending in 2014.*

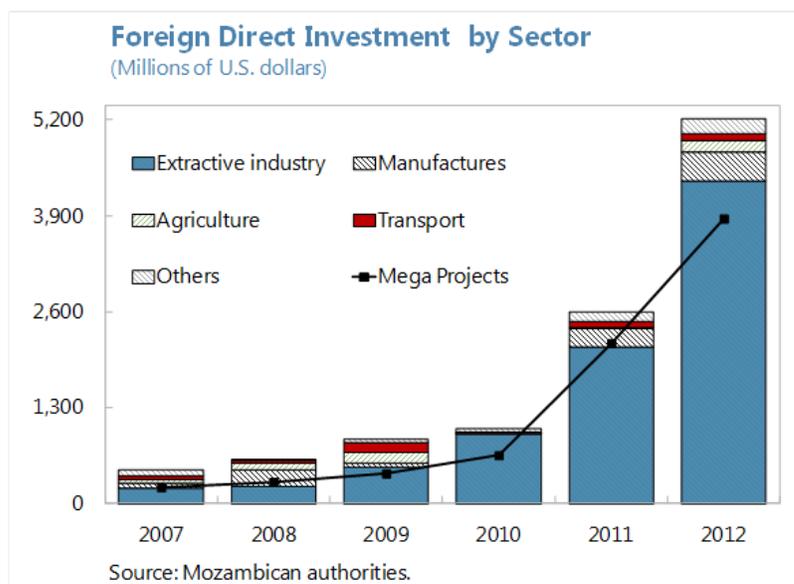


Sources: Mozambican authorities and IMF staff estimates and projections.

## ECONOMIC OUTLOOK AND POLICY DISCUSSIONS

**7. Economic momentum is expected to remain strong in the medium term, buttressed by mining exports and investment in the natural gas industry. In 2014, economic growth is expected to accelerate** to over 8 percent with a strong recovery of agriculture after the floods, increased capacity of the major railway and implementation of several infrastructure projects. In the next five years, the increased contribution from coal production and exports, LNG plant construction, and the boost in the transport, communication and construction sectors are projected to raise economic growth to close to 8 percent per year. The BM maintains a medium-term target for inflation of 5-6 percent per year; low import prices and a vigilant monetary policy could keep inflation that in 2014. Before the end of the decade, when LNG is projected to reach the export stage, large investments are required in these projects (financed by FDI and private borrowing) and consequently the current account deficits (excluding grants) are projected at some 45 percent of GDP.

MEFP ¶16



**8. Risks to this outlook remain moderate although new vulnerabilities have emerged.**

Mozambique has been relatively isolated from the global slowdown, the large FDI inflows critical for growth have not been interrupted, and the Portuguese-dominated banking sector is funded locally and operates independently from developments in Europe. Nonetheless, Mozambique is exposed to risks of climate disasters, commodity price shocks for its major export or import commodities (coal, gas, fuel), and a decline in donor funding. Domestic risks include delays in upgrading transport infrastructure, especially railways and ports, and electricity supply constraints. New vulnerabilities relate to possible policy slippages in the run-up to the October 2014 presidential elections, and intensified security concerns in certain regions of the country.

**9. In view of this outlook, staff and the authorities reached an understanding on a macroeconomic policy mix for 2014 consistent with the objectives of the three-year PSI program.** The main objectives are to preserve macroeconomic stability, ensure strong public and private investment and facilitate credit to the economy, while preserving a low-inflation environment and continuing structural reforms.

MEFP ¶17-8

## A. Fiscal Policy and Reforms

**10. The 2014 budget embodies an expansionary impulse.** While the underlying revenue effort continues, total expenditure is to rise from 36.3 percent of GDP in 2013 to 40 percent in 2014, reflecting mainly (i) the allocation of \$400 million of the capital gains taxes received in 2013 mostly for one-off needs such as organizing the elections and capital expenditure; and (ii) and a 2.3 percent of GDP increase in goods and services spending reflecting in particular the quasi-fiscal part of

Mozambique: Key Fiscal Indicators

	2011	2012	2013		2014		
	Act.	Act.	CR 13/20	Staff Proj.	CR 13/200	Auth.	Staff Proposal
	(Percent of GDP, unless otherwise stated)						
Total revenue	20.7	23.5	24.5	27.4	23.5	26.0	23.7
Total expenditure and net lending	33.6	32.9	36.3	36.3	35.5	40.6	40.0
Overall balance, before grants	-13.1	-9.6	-11.8	-8.9	-12.0	-14.6	-16.3
Overall balance after grants	-5.3	-4.1	-6.7	-4.6	-7.2	-8.9	-12.5
Domestic primary balance	-2.9	-1.0	-2.7	0.0	-1.7	-1.4	-6.1
Net domestic financing	1.6	0.7	1.0	-2.0	0.8	1.0	2.9
<i>Memorandum items:</i>							
Real GDP growth (percent)	7.3	7.2	7.0	7.1	8.5	8.0	8.5
Average CPI inflation (percent)	10.4	2.1	5.5	4.4	5.6	5.6	5.6

Sources: Mozambican authorities and IMF staff estimates and projections.

EMATUM's operations (2.1 percent of GDP), to establish a coast guard and maritime security system (mostly imported equipment). As a result, the overall deficit after grants is projected to rise from 4½ to 12½ percent of GDP, and the domestic primary balance to turn into a deficit of 6 percent of GDP. However, the domestic demand impact is expected to be less as the start-up of maritime security and capital expenditure have a large import component. While foreign borrowing is projected to increase with the inclusion of the quasi-fiscal part of EMATUM's nonconcessional external borrowing (\$350 million), domestic borrowing reflects largely the drawdown of deposits accumulated in 2013.

**11. It was agreed that there was a continued need to reinforce revenue administration.**

The Tax Authority is working to strengthen the large taxpayers unit, implement the single taxpayer database, as well as foster tax payments through banks.

- **Revenue effort.** Excluding one-off tax receipts and coal royalties, the budget envisages that the underlying revenue effort would raise collections by 1 percent of GDP in 2014 based on higher corporate profitability and collection efforts, higher than the trend in the recent past. Staff and the authorities reached an understanding on using a more conservative revenue increase for the program baseline, and identified contingent expenditure cuts if the budgeted

Mozambique: Contributions to Tax Revenues

	2010	2011	2012	2013	2014
	Act.	Act.	Est.	Proj.	Proj.
	(Percent of GDP)				
Total revenues	19.6	20.8	23.3	27.4	23.7
Tax revenues	17.0	18.1	19.8	23.5	19.8
Coal revenues	0.0	0.0	0.1	0.3	0.5
Non-coal tax revenues	17.0	18.1	19.7	23.2	19.3
Of which capital gains	0.0	0.0	1.2	4.2	0.0
Of which other tax revenues	17.0	18.1	18.5	19.1	19.3
	(Percent of non-coal GDP)				
Non-coal revenues	19.8	20.9	23.7	28.1	24.2
Non-coal tax revenues	17.3	18.3	20.2	24.0	20.1
Non-coal, non-capital gains tax revenues	17.3	18.3	19.0	19.7	20.1
	(Billions of MT)				
Coal GDP	4.1	2.5	9.8	15.9	20.7
Non-coal GDP	310.8	362.2	398.1	445.6	507.7

Sources: Mozambican authorities and IMF staff estimates and projections.

revenue scenario does not materialize.<sup>1</sup>

- Improving VAT administration.** The government has prepared a plan to gradually reduce the stock of pending VAT arrears, avoid accumulation of new arrears, and optimize the administration and refund process (structural benchmark for end-October 2013). The plan envisages a validation process for VAT reimbursement requests pending as of end-2013 by end-March 2014 (proposed structural benchmark) and to clear the backlog of refund requests, possibly including through securitization, by end-2014. An action plan for the transition to managing the VAT on a net basis has been prepared that will enable the government to provide better forecasts for VAT reimbursements and start budgeting VAT collections on a net basis from 2015 onwards (proposed structural benchmark for end-October 2014). MEFP ¶16
- Managing windfall receipts.** Staff suggested a budget rule that channels windfall revenue mainly towards investment and bars the possibility of using one-off receipts, such as unanticipated capital gain taxes, to finance increases in recurrent spending that could compromise fiscal sustainability over the medium term. The government noted that the annual budget law already limited the use of revenue windfalls beyond the amounts budgeted to investment spending or debt reduction; deviations from this would only be considered in exceptional cases, such as natural disasters. While recognizing this intra-year constraint and the de facto carry-over of 2/3 of the revenue windfall from 2013 into 2014, staff noted that a clearly stated and broader budget rule with a medium-term timeframe would be preferable, and that the Fund stands ready to assist in developing such a rule. MEFP ¶21

**12. The mission supported the authorities' emphasis on priority spending in the 2014 budget and suggested to closely align the composition of spending with the medium-term priorities of the Poverty Reduction Strategy (PARP).**

- Spending for priority sectors will continue to rise**, reaching 68 percent of primary expenditures (excluding net lending). This includes an allocation of MT 2.5 billion (0.5 percent of GDP) to social protection. Poor physical infrastructure continues to represent a significant obstacle to improved living standards and productivity in this large and thinly populated country. Public investment is set to accelerate in 2014, reaching 15 percent of GDP, slightly less than half being financed by external resources. In light of the experience of slower-than-expected execution earlier in 2013, staff urged the authorities to strengthen budget implementation and work closely with donors to remove any bottlenecks that hinder disbursements. MEFP ¶12

<sup>1</sup> The budget provides for a contingency of 10 percent of expenditure that is subject to special approval by the Ministry of Finance in the last quarter of the year.

- **At 11 percent of GDP, the public wage bill is high by international standards, and needs to be managed carefully to avoid crowding out other priority spending.** The

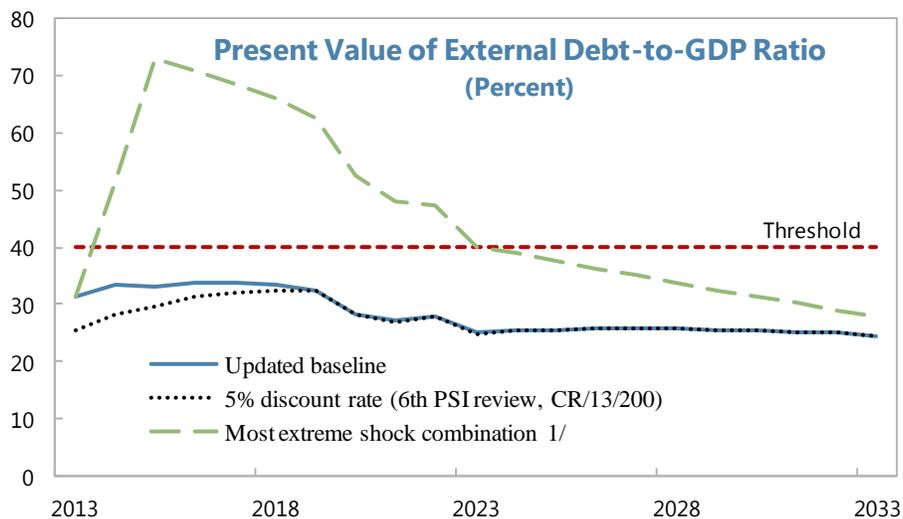
wage bill is budgeted to rise by 13 percent in nominal terms in 2014 (after a 22 percent rise in 2013), reflecting both additional hiring, particularly in the social sectors, and wage increases. Over the medium term, the authorities intend to contain the wage bill. In the near term, they plan to further strengthen control of the wage bill execution and complete the rollout of the electronic wage payment system (e-Folha) to all central government entities registered in the integrated database (e-CAF).

MEFP ¶13

- **Domestically financed investment spending is budgeted to increase to 8 percent of GDP in 2014.** The authorities acknowledged that such high levels of investment

spending are likely not sustainable over the medium term, but noted that in 2014 they will be financed by the windfall receipts received in 2013 and that further windfall revenues are expected to be received in late 2013/early 2014. Staff advised stronger efforts to ensure value-for-money on the government’s large public investment program, and to allocate adequate resources for operating and maintaining the new infrastructure being built. Enhancing the efficiency of public investment is particularly important as debt levels are approaching the indicative risk threshold (40 percent of GDP in NPV terms). More broadly, staff suggested to strengthen the link between investment spending and the PARP; given the large share of the population (about ¾) making a living on agriculture, investment should focus more toward improving productivity in agriculture, and thus make growth more inclusive and improve the life of the average Mozambican.

MEFP ¶12



1/ Most extreme shock combination of real GDP and export value growth at historical averages minus one standard deviation in 2014-15.

**13. The mission discussed with the authorities options for enhancing transparency on the government guarantee for EMATUM's large nonconcessional borrowing and its macroeconomic implications.**

- In light of the scale of this borrowing (\$850 million or 6 percent of GDP), the authorities intend to delay the contracting of other nonconcessional debt in the pipeline to remain within the PSI external debt ceiling (\$1.2 billion). Projects likely to be delayed somewhat include a new road, the development of a free trade zone, and the Moamba Major dam. The medium-term economic impact of delaying these projects due to the EMATUM activities is unclear. Staff prepared a preliminary update of the DSA, which shows that the debt sustainability outlook is not significantly affected by the extension of the guarantee for EMATUM as long as some other nonconcessional debt in the pipeline for 2013-14 is delayed.<sup>2</sup> The response of the donor community is still unclear, adding uncertainty on the level of budget support in 2013–14.
- However, staff noted concerns, shared in the donor community, about the lack of transparency regarding the use of the funds and the secretive manner in which the project was evaluated, selected, and implemented outside the government's macro-economic strategy and PARP priorities. Staff suggested to hold more comprehensive discussions of overall expenditure priorities with all stakeholders. In the context of the parliamentary debate, the authorities included the quasi-fiscal operations of EMATUM, which they indicated were related to coast guard/maritime security services, in the 2014 budget (as mentioned above). Furthermore, staff noted that a normal sovereign Eurobond issue--instead of a privately-placed loan participation note--would likely have reduced borrowing costs to Mozambique and would have been preferable as a benchmark for Mozambican borrowers in international capital markets.
- With the 2014 budget parliament also approved an increase in the guarantee limit to accommodate the \$500 million guarantee extended to EMATUM.
- The government noted that EMATUM will be subjected to strict financial controls and will have its accounts audited.
- The governments intends to reform the Organic Budget Law to require an Annex on Fiscal Risks, including guaranteed debt and other risks such as associated with quasi-fiscal operations and public-private partnerships.

**14. The government intends to strengthen its oversight over the state-owned enterprises (SOEs), which are rising in importance.** After the approval of the State Enterprise Act in February 2013, implementation regulations are being prepared to strengthen oversight over SOE activities. IGEPE, the government body that has oversight responsibilities for 117 SOEs, aims to reduce the number of SOEs by about half over time through liquidation and privatization. It agreed on business plans with five large enterprises. Staff agreed with IGEPE's aim to improve financial reporting from SOEs to the government with assistance from the World Bank/DfID. The

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<sup>2</sup> The "moderate" risk of debt distress rating is maintained.

government is also working on a strategy for the government's participation of SOEs in infrastructure projects (including electricity generation and distribution and LNG production) with support from the World Bank.

**15. The work on the new fiscal regime for the mining and hydrocarbon sectors has advanced substantially.**

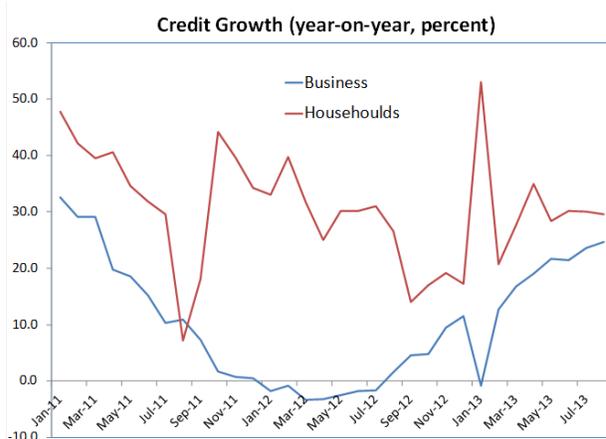
The authorities appreciated the extensive technical assistance received from the Fund in this area and incorporated a number of suggestions, including the need to prevent an excessively burdensome fiscal regime that could discourage investment in the sector. Following public consultation, the legal texts are being revised based on the inputs from stakeholders, which should align them more with international best practice and combine the relevant tax issues in a single legal document to allow for easy reference and interpretation. Submission of the draft fiscal regimes to Parliament is expected to take place in time for the next ordinary session in May 2014.

MEFP ¶19

## B. Monetary Policy and Financial Sector Reforms

**16. Staff acknowledged the BM's effort to mop up excess liquidity in the banking system.**

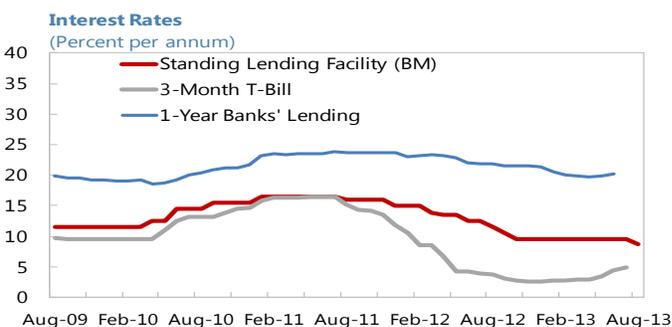
The BM stepped up its liquidity management operations to preserve the reserve money path under the program, consistent with preserving a low-inflation environment. Slower-than-



expected government funding needs through end-September provided room for the expansion of credit to the economy, which grew 35 percent year-on-year by September, up from 18.3 percent at end-2012. Household credit growth remains high, while the growth of credit to business has accelerated. Staff urged the BM to monitor credit growth and distribution closely; the authorities were less concerned noting that household credit was generally backed by salaries and that business credit was picking up from a low base and would slow down.

**17. Banks' lending rates remain high.**

The interest rate transmission channel is still weak: while the BM cut its policy rate by 3.75 percentage points between mid-2012 and August 2013, banks' average lending rates have hardly moved and the interbank market remains segmented between the 3-4 dominant large banks that serve large corporate customers and the smaller banks serving largely smaller



enterprises. The authorities are very concerned about the high level of lending rates and low access to credit by SMEs. While acknowledging these factors, staff highlighted underlying structural rigidities that would best be addressed over time through reforms that lower the risks for lenders, promote financial literacy, and improve the business climate more broadly.<sup>3</sup>

**18. Staff and the authorities agreed that monetary policy should maintain a low-inflation environment in 2014.**

The authorities intend to dampen reserve money growth slightly. Staff noted that the unwinding of the sizeable government deposits accumulated in 2013 will provide a significant monetary impulse and will require closer coordination between the Treasury and the BM. The authorities acknowledged this but pointed to the modest inflation outlook reflecting favorable import price prospects. In light of the weak monetary policy transmission, staff emphasized the importance of closely monitoring inflation developments and the growth and composition of credit, and of tightening monetary policy if inflation picks up. The programmed reserve money path through 2014 implies a gradual deceleration in the growth of monetary aggregates and credit to the economy throughout 2014.<sup>4</sup>

MEFP ¶19

**19. The BM is continuing to enhance its monetary policy framework and tools.**

Staff acknowledged that significant progress has been achieved in reforms aiming at developing the domestic repo market to help improve money market management and the liquidity of government securities. The BM is also refining its policy formulation and communication processes, through its quarterly monetary reports and the ongoing project to strengthen its inflation forecasting capacity, with technical assistance from the Fund.

MEFP ¶26-27

**20. The BM agreed with staff on the importance of shoring up its supervision and crisis management framework, but staff suggested accelerating follow-up actions.**

There are no signs of spillover from developments in European financial markets, as the Portuguese-dominated banking sector is funded locally and operates independently. While the financial soundness indicators remain robust and banks are profitable, the potential risk from recent rapid credit growth warrants close monitoring. Building on the experience of its first stress test conducted in the spring of 2013, the BM plans to conduct stress tests regularly, but has been slow in strengthening data collection and the stress-testing methodology. New legislation aligning the classification of non-performing loans to international standards will become effective as of January 2014.<sup>5</sup> Risk-based supervision has started and the Basel II Capital Accord will become effective by January 2014. Staff noted that the implementation of the Financial Sector

MEFP ¶28-29

<sup>3</sup> Mozambique's ranking in the World Bank's Doing Business Indicators improved slightly--from a position of 142 in 2013 to 139 in the 2014 ranking, mainly due to improvements in construction licensing.

<sup>4</sup> Staff noted the stability of the Metical, which has remained generally within a 2 percent range against the US dollar for more than six months. At the same time, the BM's interventions in the foreign exchange market have been to provide foreign currency rather than targeting a particular exchange rate level.

<sup>5</sup> The BM does not expect a significant impact on the financial soundness indicators due to the new classification.

Contingency Plan, which was published in June 2013, is starting very slowly with the preparation only by late 2014 of a plan to conduct simulation exercises. The Deposit Insurance Fund (DIF) is to become operational by end-2013 with the expected initial funding and the establishment of the system's fee structure and the guarantee limit.

**21. Dissemination and implementation of the Financial Sector Development Strategy (FSDS) for 2013-22 is beginning.**

In April 2013, the Council of Ministers approved the FSDS, an important strategy in strengthening, broadening and deepening the financial sector. The BM is developing a National Financial Inclusion Strategy in order to implement the FSDS, and noted that legislation and regulations required considerable lead times before specific implementation steps could start. Staff acknowledged that transforming financial services in Mozambique remained a long-term challenge, and stressed the need for close coordination within the BM and various ministries to move this forward and galvanize the support of donors. Under the FSDS, the law on the creation of private credit registry bureaus was to be submitted to the Parliament in November 2013 (structural benchmark), but this has been delayed. The government intends to work on a collateral bill with a view to establishing a moveable collateral registry by end-2014 (proposed structural benchmark).

MEFP ¶130

**22. The authorities are improving Mozambique's Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework**

with the help of IMF technical assistance. New legislation was approved in August 2013, and the respective regulations are being prepared; new guidelines for commercial banks on AML/CFT are also at an advanced stage. Likewise, the Law [14/2007] establishing the Financial Intelligence Unit of Mozambique is under review. The Government adopted in July 2013 the Action Plan for the implementation of GAFI/FATF Standards.

MEFP ¶131-32

**23. Beyond the enactment of new laws and regulations the authorities need to take steps to strengthen the effectiveness of the AML/CFT framework.** Concerns about the lack of transparency in the use of funds associated with EMATUM underscore the importance of achieving this objective. Strengthening the capacity of the BM's Banking Supervision Department (BSD) and the Financial Intelligence Unit are essential steps towards the development of an effective framework. The IMF has already provided initial training to assist BSD to commence the development of risk-based approaches to the oversight of institutions' management of money laundering and terrorist financing risks.

### C. Investment Planning and Debt Management

**24. The authorities have made some progress in strengthening investment planning and debt management, but major weaknesses remain.**

The Ministry of Finance prepared an updated DSA as part of the 2014 budget process, yet without including the EMATUM guarantee. The government approved an Integrated Investment Program (IIP) in September 2013, which identifies major investment projects for 2014-17. Staff pointed out, however, that the IIP is not prioritized and does not contain sufficient

MEFP ¶15

financial information to align the budget and the DSA with the IIP. While the Ministry of Planning and Development's (MPD's) Consultative Council approved a Public Project Preparation and Selection Manual, including a summary form with project information, this remains to be disseminated to sectoral ministries and its use should be made mandatory for inclusion of projects into the budget. Staff indicated that effective use of such planning tools will be essential to ensure that the investment projects undertaken have the highest economic and social returns. More systematic follow-up and monitoring of project implementation is also needed, and capacity in this area requires substantial reinforcement.

**25. Staff and the authorities agreed that efforts to strengthen investment planning and debt management could include the following actions:**

- Strengthen the linkage among the budget, the IIP, and the Public Debt Management Strategy. The authorities noted that they will incorporate the analysis of costs and risks associated with the public debt portfolio, including guarantees, in the quarterly budget execution reports, and extend the Debt Management Strategy at its first review to explicitly include government guarantees.
- Strengthen the IIP. The authorities noted that they will include in the IIP financial information for projects for which financing has been secured to inform the DSA, medium-term fiscal framework, and the budget by mid-2014. The revised IIP will also include summary project descriptions in line with the project summary table already developed (proposed structural benchmark).
- Strengthen project evaluation. The authorities indicated that they will publish the Public Project Preparation Selection Manual and the summary form for projects approved by the Council of Ministers on its webpage, and ensure that the preparation of the 2015–17 Medium-Term Fiscal Framework incorporate the main project selection and evaluation criteria identified in the Manual.

## PROGRAM ISSUES

**26. Modifications are proposed for several assessment criteria and the indicative targets to reflect the over-performance related to the receipt of revenue windfalls and expenditure developments through end-September.** The end-December 2013 ACs on net credit to the government and net international reserves and the indicative floors on government revenues and priority spending are proposed for modification. New ACs for June 2014 are proposed, new adjusters for further revenue windfalls are introduced, and new structural benchmarks are proposed for 2014. Structural benchmarks for 2014 are also proposed.

## STAFF APPRAISAL

**27. Mozambique's performance under the program supported by the PSI has been broadly satisfactory, though progress on the structural reform agenda is slow.** Strong macroeconomic policies helped to support growth while maintaining low inflation. Fiscal performance was broadly on track even excluding the windfall receipts, but the latter also helped

to strengthen the international reserve position. The lower-than-programmed priority spending partly reflected delays in external financing and did not compromise the policy objectives of the program. There was some slippage on structural reforms as the authorities met 4 of 7 structural benchmarks,

**28. While the outlook remains strong, significant external and domestic risks remain, calling for continued strong implementation of the authorities' policy agenda.** While Mozambique has been relatively isolated from the global slowdown, risks remain including from commodity price developments. New domestic risks have also emerged, including pressures for policy reversals in the run-up to the elections and renewed civil disturbances.

**29. The policy stance for 2014 is expansionary.** The budget envisages a significant expansion in infrastructure spending that could support growth, financed by the windfall capital gain taxes saved from 2013. It also includes a sizeable pick-up in goods and services outlays, financed in part by nonconcessional external borrowing. Budget implementation in the priority areas needs to be strengthened, including through closer tie-in with the PARP pillars and more effective cooperation with donors. Monetary policy has also been expansionary, and a more prudent approach would, together with the favorable outlook for international prices, facilitate the achievement of the medium-term inflation target.

**30. Tapping into nonconcessional external borrowing can help to finance the country's vast infrastructure needs, but such borrowing should be based on clear investment priorities as it carries significant risks.** Mozambique's public debt level has been rising and there is a need to ensure that borrowing finances public investment projects that are transparently prioritized, monitored, and evaluated in order to ensure value-for-money, maximize the efficiency of investment and preserve debt sustainability. In this context, transparency and adherence to due process in investment planning, selection and financing need to be strengthened to enhance the efficiency of such investments as well as to continue to attract donor support and other external financing.

**31. Structural reforms across a broad spectrum of policies envisaged under the PSI should be implemented vigorously to prepare for the natural resource boom and make growth more inclusive.** Staff welcomed the progress made toward modernizing the fiscal regimes for the booming mining and emerging hydrocarbon sectors. Ongoing reforms in public financial management, tax administration, and financial sector development should raise the country's macroeconomic management capacity. Reforms to improve the enabling environment for the private sector will be needed to facilitate employment opportunities outside the resource sector and take advantage of the infrastructure improvements under way.

**32. Staff recommends completion of the first review under the PSI.** Program performance has been satisfactory with all ACs for end-June met, the authorities' solid ownership of the Fund-supported program, and the actions taken to address the transparency and governance issues raised by the guarantee provided on the external borrowing of a public enterprise. Staff also recommends the proposed modifications of ACs and ITs for December 2013, the setting of ACs and ITs for March and June 2014, and of SBMs for 2014 (Tables 7–9).

Table 1. Mozambique: Selected Economic and Financial Indicators, 2010-18

	2010	2011	2012	2013		2014		2015	2016	2017	2018
	Act.	Act.	Est.	CR 13/200	Proj.	CR 13/200	Proj.	Proj.			
(Annual percentage change, unless otherwise indicated)											
National income and prices											
Nominal GDP (MT billion)	315	365	408	454	461	520	528	601	684	779	887
Nominal GDP growth	18.3	15.8	11.8	12.3	13.0	14.6	14.4	13.9	13.7	14.0	13.9
Real GDP growth	7.1	7.3	7.2	7.0	7.1	8.5	8.3	7.9	7.7	7.9	7.8
GDP per capita (US\$)	398	510	567	640	590	684	640	698	759	827	900
GDP deflator	10.5	7.9	4.3	5.0	5.5	5.6	5.6	5.6	5.6	5.6	5.6
Consumer price index (annual average)	12.7	10.4	2.1	5.5	4.4	5.6	5.6	5.6	5.6	5.6	5.6
Consumer price index (end of period)	16.6	5.5	2.2	6.1	3.6	5.4	6.0	5.6	5.6	5.6	5.6
Exchange rate, MT per US dollar, eop	32.6	27.3	29.8	...	...	...	...	...	...	...	...
Exchange rate, MT per US dollar, per.avg.	33.0	29.1	28.5	...	...	...	...	...	...	...	...
External sector											
Merchandise exports	8.7	33.6	23.6	13.8	3.5	20.9	18.6	17.4	21.6	13.3	19.7
Merchandise exports, excluding megaprojects	-20.5	65.8	48.4	4.0	9.9	26.2	6.9	9.2	11.2	11.3	15.8
Merchandise imports	2.6	52.8	47.2	15.3	9.2	11.3	7.8	14.4	4.4	19.6	7.1
Merchandise imports, excluding megaprojects	-0.7	46.2	50.8	15.2	3.3	8.4	6.1	2.9	9.7	5.2	5.5
Terms of trade	10.4	2.3	-4.9	-1.9	-9.1	-0.1	-1.4	0.4	0.4	-0.2	-0.3
Nominal effective exchange rate (annual average)	-22.4	12.4	7.4	...	...	...	...	...	...	...	...
Real effective exchange rate (annual average)	-15.1	19.7	5.4	...	...	...	...	...	...	...	...
(Annual percentage change, unless otherwise indicated)											
Money and credit											
Reserve money	29.2	8.5	19.7	17.9	17.9	15.0	17.0	15.0	14.9	14.9	14.9
M3 (Broad Money)	22.8	9.4	29.4	19.0	20.0	15.5	18.5	15.3	15.1	15.1	15.1
Credit to the economy	29.3	6.4	18.3	21.5	32.3	19.1	17.4	15.1	15.0	15.0	15.0
(Percent of GDP)	29.3	26.9	28.5	31.1	33.4	32.3	34.2	34.6	35.0	35.3	35.6
(Percent of GDP)											
Investment and saving											
Gross domestic investment	19.5	37.0	48.2	49.4	48.8	51.8	51.9	53.1	54.7	57.2	48.9
Government	14.5	14.9	13.4	16.2	15.6	17.2	17.2	15.4	15.3	14.5	13.7
Other sectors	5.0	22.1	34.7	33.2	33.2	34.6	34.6	37.7	39.3	42.8	35.3
Gross domestic savings (excluding grants)	0.9	5.7	-1.2	6.0	3.0	7.0	5.4	6.9	12.6	9.4	2.2
Government	1.2	2.0	4.1	3.8	6.7	3.6	0.9	4.0	4.8	5.4	5.8
Other sectors	-0.2	3.7	-5.3	2.2	-3.7	3.4	4.4	2.9	7.8	3.9	-3.5
External current account, before grants	-18.5	-31.3	-49.4	-43.4	-45.8	-44.8	-46.5	-46.2	-42.1	-47.9	-46.7
External current account, after grants	-11.7	-24.4	-45.6	-39.9	-42.2	-41.3	-43.4	-43.6	-39.9	-46.1	-45.2
Government budget											
Total revenue <sup>1</sup>	19.6	20.8	23.3	24.5	27.4	23.5	23.7	24.4	24.9	25.5	25.6
Total expenditure and net lending	32.9	33.7	32.6	36.3	36.3	35.5	40.0	35.8	35.5	34.5	33.5
Overall balance, before grants	-13.2	-13.1	-9.5	-11.8	-8.9	-12.0	-16.3	-11.4	-10.6	-9.0	-7.9
Total grants	9.0	7.8	5.4	5.1	4.3	4.8	3.8	3.2	2.6	2.2	1.9
Overall balance, after grants	-4.3	-5.3	-4.1	-6.7	-4.6	-7.2	-12.5	-8.2	-7.9	-6.8	-6.0
Domestic primary balance, before grants	-4.1	-2.9	-1.0	-2.7	0.0	-1.7	-6.1	-2.1	-1.5	-0.7	-0.1
External financing (incl. debt relief)	4.2	3.7	4.2	5.7	6.6	6.4	9.6	6.7	6.4	5.4	4.7
Net domestic financing	0.0	1.6	0.7	1.0	-2.0	0.8	2.9	1.6	1.5	1.4	1.3
Privatization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total public debt <sup>2</sup>	45.8	39.6	41.9	47.8	44.3	50.9	46.9	49.3	51.6	52.6	52.5
Of which: external	39.9	32.9	36.1	41.6	39.2	44.7	42.1	43.5	45.1	45.4	45.0
Of which: domestic	6.0	6.7	5.8	6.2	5.2	6.2	4.8	5.7	6.6	7.1	7.6
(Millions of U.S. dollars, unless otherwise indicated)											
External current account, before grants	-1,770	-3,922	-7,056	-6,373	-6,984	-7,158	-7,882	-8,738	-8,882	-11,276	-12,272
External current account, after grants	-1,113	-3,059	-6,517	-5,854	-6,442	-6,608	-7,364	-8,252	-8,429	-10,855	-11,872
Overall balance of payments	608	323	236	100	458	320	199	462	679	812	758
Net international reserves (end of period) <sup>3</sup>	1,908	2,239	2,605	2,704	3,061	3,023	3,262	3,725	4,404	5,215	5,974
Gross international reserves (end of period) <sup>3</sup>	2,099	2,428	2,799	2,894	3,252	3,211	3,449	3,877	4,519	5,294	6,017
Months of projected imports of goods and nonfactor services	3.3	2.4	2.6	2.8	2.7	2.6	2.6	2.7	2.7	2.8	3.2
Months of imports of goods and nonfactor services, excl. megaprojects	4.2	3.0	3.9	3.7	4.4	3.7	4.7	4.9	5.8	5.4	5.3
Sources: Mozambican authorities; and IMF staff estimates and projections.											
<sup>1</sup> Net of verified VAT refund requests.											
<sup>2</sup> Consistent with DSA definition, the nonconcessional Portuguese credit line is included under the external debt.											
<sup>3</sup> Includes disbursements of IMF resources under the ESF and August 2009 SDR allocation.											

Table 2. Mozambique: Government Finances, 2010–14<sup>1</sup>

	(Billions of Meticaís)						
	2010	2011	2012	2013		2014	
	Act.	Act.	Act.	CR 13/200	Proj.	CR 13/200	Proj.
Total revenue <sup>1</sup>	61.6	75.8	94.8	111.4	126.3	122.5	125.3
Tax revenue	53.7	66.2	80.9	92.8	108.2	101.1	104.5
Income and profits	18.5	24.9	36.8	38.4	54.5	34.2	39.9
Of which: capital gain tax	...	...	5.0	6.8	19.2	0.0	0.0
Goods and services <sup>1</sup>	28.8	33.0	33.3	39.9	39.7	50.4	48.1
International trade	5.3	6.7	7.6	9.6	9.6	11.2	10.8
Other	1.1	1.5	3.2	5.0	4.4	5.4	5.7
Nontax revenue	7.9	9.6	14.0	18.6	18.1	21.3	20.8
Total expenditure and net lending	103.5	122.8	133.1	164.9	167.5	184.6	211.5
Current expenditure	57.9	68.5	78.3	94.3	95.6	103.7	120.5
Compensation to employees	29.1	35.7	41.5	49.2	50.5	55.9	57.0
Goods and services <sup>1</sup>	10.7	12.1	15.1	20.0	21.3	18.5	36.5
Of which: Maritime security	...	...	...	...	...	...	10.9
Interest on public debt	2.7	3.6	4.1	5.6	4.3	6.8	6.3
Domestic	1.9	2.6	2.9	3.6	2.4	4.1	3.7
External	0.8	1.0	1.2	2.1	1.9	2.7	2.6
Transfer payments	15.4	17.2	17.5	19.5	19.4	22.5	20.7
Domestic current primary balance	6.4	10.8	20.7	22.7	35.0	25.5	11.1
Capital expenditure	43.7	50.6	50.4	66.5	62.1	73.8	79.1
Domestically financed	20.0	20.3	24.7	34.7	34.6	34.0	42.5
Externally financed	23.7	30.3	25.6	31.8	27.5	39.8	36.6
Net lending	1.9	3.7	4.5	4.1	9.8	7.1	11.9
Domestically financed	-0.4	0.4	-0.4	0.3	0.3	0.4	0.8
Externally financed loans to public enterprises	2.3	3.3	4.9	3.7	9.5	6.7	11.1
Unallocated revenue (+)/expenditure (-) <sup>2</sup>	0.4	-0.8	-0.5	0.0	0.0	0.0	0.0
Domestic primary balance, before grants, above the line <sup>3</sup>	-12.9	-10.7	-4.1	-12.3	0.1	-8.8	-32.2
Overall balance, before grants	-41.5	-47.8	-38.7	-53.5	-41.2	-62.2	-86.2
Grants received	28.3	28.6	21.9	22.9	19.8	24.8	19.9
Project support	17.1	16.4	13.3	13.8	10.5	15.7	12.0
Investment projects	7.2	6.7	7.3	7.0	3.8	7.0	3.7
Special programs	9.9	9.7	6.0	6.8	6.7	8.7	8.3
Direct financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budget support	11.2	12.3	8.7	9.1	9.3	9.2	7.8
Overall balance, after grants	-13.2	-19.2	-16.8	-30.6	-21.4	-37.3	-66.3
Net external financing	13.2	13.5	13.8	26.0	30.6	33.2	50.9
Disbursements	14.3	14.6	15.4	29.2	33.8	37.3	54.8
Project	8.2	10.5	6.7	18.0	17.0	24.1	24.5
Nonproject support	6.1	4.1	8.7	11.2	16.7	13.2	19.4
Loans to public enterprises	2.3	3.3	4.9	3.7	9.5	6.7	11.1
Budget support	3.8	0.8	3.9	7.5	7.3	6.5	8.3
Other disbursement	...	...	...	...	...	...	10.9
Cash amortization	-1.0	-1.1	-1.6	-3.2	-3.1	-4.1	-3.9
Net domestic financing	0.0	5.7	2.9	4.5	-9.2	4.1	15.5
<i>Memorandum items:</i>							
Overall balance excluding windfall receipt	...	...	...	...	-40.6	-37.3	-66.3
Gross aid flows	42.6	41.7	35.1	50.9	52.7	57.5	61.8
Budget support	15.0	13.1	12.5	16.6	16.6	15.6	16.1
Nonbudget support	27.6	28.6	22.6	34.3	36.1	41.8	45.7
Project support	25.3	26.9	20.0	31.8	27.5	39.8	36.6
Concessional loans to public enterprises	2.3	1.8	2.6	2.5	8.6	2.0	9.2

Sources: Mozambican authorities; and IMF staff estimates and projections.

<sup>1</sup>VAT presentation was changed to a net basis (collection minus requested VAT refunds).<sup>2</sup>Residual discrepancy between identified sources and uses of funds.<sup>3</sup>Revenue minus noninterest current expenditure minus locally financed capital expenditure and locally financed net lending.

Table 3. Mozambique: Government Finances, 2010–18<sup>1</sup>

	2010	2011	2012	2013		2014		2015	2016	2017	2018
	Act.	Act.	Act.	CR 13/200	Proj.	CR 13/200	Proj.		Proj.		
	(Percent of GDP)										
Total revenue <sup>1</sup>	19.6	20.8	23.3	24.5	27.4	23.5	23.7	24.4	24.9	25.5	25.6
Tax revenue	17.0	18.1	19.8	20.4	23.5	19.4	19.8	20.5	21.0	21.6	21.7
Taxes on income and profits	5.9	6.8	9.0	8.4	11.8	6.6	7.6	7.9	8.5	9.2	9.8
Of which: capital gain tax	...	...	1.2	1.5	4.2	...	...	...	...	...	...
Taxes on goods and services <sup>1</sup>	9.2	9.1	8.2	8.8	8.6	9.7	9.1	9.4	9.3	9.1	8.6
Taxes on international trade	1.7	1.8	1.9	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Other taxes	0.4	0.4	0.8	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1
Nontax revenue	2.5	2.6	3.4	4.1	3.9	4.1	3.9	3.9	3.9	3.9	3.9
Total expenditure and net lending	32.9	33.7	32.6	36.3	36.3	35.5	40.1	35.9	35.5	34.6	33.6
Current expenditure	18.4	18.8	19.2	20.8	20.7	19.9	22.8	20.4	20.2	20.1	19.9
Compensation to employees	9.2	9.8	10.2	10.8	11.0	10.7	10.8	10.6	10.3	10.1	9.9
Goods and services <sup>1</sup>	3.4	3.3	3.7	4.4	4.6	3.6	6.9	4.5	4.4	4.4	4.3
Of which: Maritime security	...	...	...	...	...	...	2.1	...	...	...	...
Interest on public debt	0.8	1.0	1.0	1.2	0.9	1.3	1.2	1.3	1.5	1.6	1.7
Transfer payments	4.9	4.7	4.3	4.3	4.2	4.3	3.9	4.0	4.0	4.0	4.0
Domestic current primary balance	2.0	3.0	5.1	5.0	7.6	4.9	2.1	5.3	6.2	7.0	7.4
Capital expenditure	13.9	13.9	12.3	14.7	13.5	14.2	15.0	12.8	12.6	11.4	10.7
Domestically financed	6.4	5.6	6.1	7.6	7.5	6.5	8.1	7.3	7.6	7.6	7.4
Externally financed	7.5	8.3	6.3	7.0	6.0	7.6	6.9	5.5	5.0	3.8	3.3
Net lending	1.0	1.0	1.1	0.9	2.1	1.4	2.3	2.7	2.8	3.0	2.9
Domestically financed	-0.1	0.1	-0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Externally financed loans to public enterprises	0.7	0.9	1.2	0.8	2.1	1.3	2.1	2.5	2.6	2.9	2.8
Unallocated revenue (+)/expenditure (-) <sup>2</sup>	0.1	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic primary balance, before grants <sup>3</sup>	-4.1	-2.9	-1.0	-2.7	0.0	-1.7	-6.1	-2.1	-1.5	-0.8	-0.2
Overall balance, before grants	-13.2	-13.1	-9.5	-11.8	-8.9	-12.0	-16.3	-11.4	-10.6	-9.1	-8.0
Grants received	9.0	7.8	5.4	5.1	4.3	4.8	3.8	3.2	2.6	2.2	1.9
Project	5.4	4.5	3.3	3.0	2.3	3.0	2.3	1.9	1.6	1.3	1.1
Investment projects	2.3	1.8	1.8	1.5	0.8	1.3	0.7	0.6	0.5	0.4	0.4
Special programs	3.1	2.7	1.5	1.5	1.4	1.7	1.6	1.3	1.1	0.9	0.8
Budget support	3.6	3.4	2.1	2.0	2.0	1.8	1.5	1.2	1.0	0.9	0.7
Overall balance, after grants	-4.3	-5.3	-4.1	-6.7	-4.6	-7.2	-12.6	-8.3	-8.0	-6.9	-6.1
Net external financing	4.2	3.7	3.4	5.7	6.6	6.4	9.6	6.7	6.4	5.4	4.7
Disbursements	4.5	4.0	3.8	6.4	7.3	7.2	10.4	7.4	7.1	6.3	5.7
Project	2.6	2.9	1.6	4.0	3.7	4.6	4.6	3.6	3.4	2.5	2.2
Nonproject support	1.9	1.1	2.1	2.5	3.6	2.5	3.7	3.8	3.7	3.8	3.5
Loans to public enterprises	0.7	0.9	1.2	0.8	2.1	1.3	2.1	2.5	2.6	2.9	2.8
Budget support	1.2	0.2	0.9	1.6	1.6	1.2	1.6	1.3	1.1	0.9	0.8
Other disbursement	...	...	...	...	...	...	2.1	...	...	...	...
Cash amortization	-0.3	-0.3	-0.4	-0.7	-0.7	-0.8	-0.7	-0.7	-0.7	-0.8	-1.0
Net domestic financing	0.0	1.6	0.7	1.0	-2.0	0.8	2.9	1.6	1.6	1.4	1.4
<i>Memorandum items:</i>											
Overall balance excluding windfall receipt	...	...	...	...	-8.8	-7.2	-12.6	-8.3	-8.1	-7.1	-6.4
Gross aid flows	13.5	11.9	8.7	11.2	11.4	11.0	11.7	9.4	8.3	6.5	5.6
Budget support	4.8	3.6	3.1	3.7	3.6	3.0	3.1	2.6	2.1	1.8	1.5
Nonbudget support	8.8	8.3	5.6	7.6	7.8	8.0	8.7	6.8	6.1	4.7	4.1
Project support	8.0	7.4	4.9	7.0	6.0	7.6	6.9	5.5	5.0	3.8	3.3
Concessional loans to public enterprises	0.7	0.9	0.7	0.5	1.9	0.4	1.7	1.3	1.1	0.9	0.8
Nominal GDP	314	365	408	454	461	520	528	601	684	779	887

Sources: Mozambican authorities; and IMF staff estimates and projections.

<sup>1</sup>VAT presentation was changed to a net basis (collection minus requested VAT refunds).<sup>2</sup>Residual discrepancy between identified sources and uses of funds.<sup>3</sup>Revenue minus noninterest current expenditure minus locally financed capital expenditure and locally financed net lending.

Table 4. Mozambique: Monetary Survey, 2010-14

(Billions of Meticaís, unless otherwise specified)

	2010			2011			2012			2013					2014			
	Q1		Q2		Q3		Q4		Q1		Q2		Q3		Q4			
	Act.	Act.	Act.	Act.	CR/13/200	Act.	CR/13/200	Prel.	CR/13/200	Proj.	Proj.		Proj.		Proj.			
<b>Bank of Mozambique</b>																		
Net foreign assets	56.9	56.9	73.1	64.8	68.3	64.9	77.7	81.9	81.9	89.7	86.9	90.5	97.8	98.8				
(US\$ billions)	1.7	2.1	2.5	2.1	2.2	2.2	2.5	2.7	2.6	2.9	2.8	2.9	3.1	3.1				
Net international reserves	62.2	61.1	77.5	69.3	72.8	68.8	82.4	85.5	86.6	93.8	91.5	94.5	101.6	103.0				
(US\$ billions)	1.9	2.2	2.6	2.3	2.4	2.3	2.6	2.9	2.7	3.1	3.0	3.0	3.2	3.3				
Net domestic assets	-25.2	-22.6	-32.0	-27.2	-26.7	-23.8	-33.0	-38.4	-33.4	-41.3	-42.3	-42.0	-46.8	-42.1				
Credit to government (net)	-20.6	-26.8	-27.6	-26.8	-29.1	-33.7	-25.8	-48.7	-38.5	-36.0	-35.2	-36.0	-33.7	-22.4				
Credit to banks (net)	0.4	-3.8	-12.7	-1.6	-1.0	-1.6	-8.3	0.2	2.6	-11.0	-11.7	-8.5	-12.1	-15.9				
Credit to the economy	0.5	0.9	1.3	1.2	1.2	1.2	1.2	1.3	1.2	1.3	1.2	1.2	1.3	1.3				
Other items (net; assets +)	-5.6	7.1	6.9	0.0	2.3	10.3	-0.1	8.7	1.2	4.5	3.4	1.3	-2.3	-5.1				
Reserve money	31.6	34.3	41.1	37.7	41.6	41.1	44.7	43.4	48.4	48.4	44.7	48.5	51.0	56.7				
Currency in circulation	20.4	21.9	26.2	22.3	25.9	25.5	27.7	26.5	30.7	29.4	26.7	29.4	31.6	35.0				
Currency outside banks	17.4	17.5	19.7	17.5	20.9	20.2	23.5	...	25.5	23.4	20.6	23.7	24.0	27.3				
Currency in Banks (Cash in Vault)	3.1	4.4	6.6	4.8	5.0	5.3	4.3	...	5.3	6.0	6.1	6.7	7.6	7.7				
Bank deposits in BM	11.2	12.4	14.8	15.4	15.8	15.6	17.0	17.0	17.7	19.0	18.5	18.9	20.2	22.0				
Required reserves	10.8	11.4	13.6	14.6	15.1	14.7	15.7	15.7	16.5	17.8	17.7	18.0	19.0	20.8				
Free reserves	0.4	1.0	1.2	0.8	0.7	0.9	1.3	1.2	1.2	1.3	0.8	0.9	1.2	1.3				
<b>Commercial Banks</b>																		
Net foreign assets	22.8	16.1	22.6	29.3	25.2	23.6	25.6	18.6	30.5	25.5	27.6	23.4	27.0	25.7				
(Millions of U.S. dollars)	0.7	0.6	0.8	1.0	0.8	0.8	0.8	0.6	1.0	0.8	0.9	0.8	0.9	0.8				
Net domestic assets	92.5	109.1	142.6	135.6	144.1	145.2	155.3	160.6	165.5	174.3	170.6	178.9	187.9	211.5				
Banks' reserves	14.3	16.8	22.2	21.5	20.8	22.2	21.3	24.1	23.0	25.1	24.6	25.6	27.8	29.7				
Credit to BM (net)	-0.3	4.0	12.3	8.4	1.0	4.1	8.3	3.9	-2.6	11.0	11.7	8.5	12.1	15.9				
Credit to government (net)	8.4	21.1	27.5	19.8	18.0	24.8	21.9	26.2	33.9	18.4	18.4	17.5	18.4	16.1				
Credit to the economy	91.9	97.3	114.9	121.1	128.9	129.5	131.2	143.4	140.0	152.5	148.5	157.6	167.9	179.0				
Other items (net; assets +)	-21.8	-30.1	-34.3	-35.3	-24.6	-35.4	-27.4	-37.0	-28.9	-32.7	-32.6	-30.3	-38.2	-29.2				
Deposits	115.3	125.3	165.3	164.9	169.3	168.8	180.9	179.2	196.0	199.8	198.2	202.3	214.9	237.1				
Demand and savings deposits	73.0	79.1	108.4	103.3	104.7	108.4	113.2	114.8	123.8	127.1	123.0	125.0	135.2	150.3				
Time deposits	42.3	46.2	56.8	61.6	64.6	60.5	67.7	64.4	72.2	72.8	75.2	77.3	79.7	86.8				
<b>Monetary Survey</b>																		
Net foreign assets	79.6	73.0	95.7	94.2	93.6	88.5	103.3	100.5	112.3	115.2	114.5	113.9	124.8	124.4				
(US\$ billions)	2.4	2.7	3.2	3.1	3.0	3.0	3.3	3.4	3.5	3.8	3.7	3.7	4.0	3.9				
Net domestic assets	51.8	70.8	90.3	89.1	96.6	101.4	101.1	100.4	109.1	108.0	104.4	112.1	114.2	140.0				
Domestic credit	80.2	92.6	116.2	115.4	119.0	121.8	128.5	122.2	136.7	136.2	133.5	141.1	154.7	174.3				
Credit to government (net)	-12.2	-5.7	-0.1	-6.9	-11.1	-8.9	-3.9	-22.5	-4.5	-17.7	-16.8	-18.5	-15.3	-6.4				
Credit to the economy	92.4	98.3	116.2	122.3	130.1	130.8	132.4	144.7	141.3	153.8	150.3	159.7	170.0	180.6				
Cred. economy in foreign currency	-21.8	21.8	28.8	29.1	28.8	30.8	29.3	33.6	29.7	32.4	33.1	34.8	37.0	37.4				
Other items (net; assets +)	-28.3	-21.8	-25.9	-26.4	-22.3	-20.4	-27.4	-21.8	-27.7	-28.2	-29.1	-29.0	-40.5	-34.2				
Money and quasi money (M3)	131.5	143.8	186.0	183.2	190.2	190.0	204.4	200.8	221.4	223.2	218.8	226.0	239.0	264.5				
Foreign currency deposits	46.2	38.1	53.3	55.0	52.6	51.9	55.5	55.3	63.5	62.6	64.9	61.1	65.0	73.4				
(US\$ billions)	1.4	1.4	1.8	1.8	1.7	1.7	1.8	1.8	2.0	2.0	2.1	2.0	2.1	2.3				
M2	85.3	105.7	132.7	128.2	137.6	138.0	148.8	145.6	157.9	160.6	153.9	164.9	174.0	191.1				
<b>Memorandum Items</b>																		
Avg daily reserve money in 3rd month of quarter	31.8	33.3	40.3	38.0	40.8	40.7	43.8	43.2	47.5	47.5	45.1	48.0	50.7	55.6				
12-month percent change	35.0	4.5	21.1	23.6	22.3	22.0	21.8	20.0	17.9	17.9	18.5	18.0	17.4	17.0				
Avg daily currency in 3rd month of quarter	20.4	21.2	25.0	22.1	24.8	24.5	27.0	25.7	29.3	28.0	26.6	29.3	30.7	33.3				
12-month percent change	30.1	3.7	18.0	18.8	19.7	17.9	20.2	14.7	17.1	12.0	20.0	19.5	19.5	19.0				
NCG stock (prog def.)	-15.8	-12.5	-9.8	-17.3	-15.7	-20.0	-8.3	-34.7	-8.9	-22.1	-21.2	-23.0	-19.7	-10.8				
NCG flow (prog def.) cum from end-year	-1.2	3.3	2.9	-7.5	-5.9	-10.1	1.5	-24.9	0.9	-12.2	0.9	-0.9	2.3	11.3				
12-month percent change																		
Reserve money	29.2	8.5	19.7	21.7	22.3	20.7	21.8	18.3	17.9	17.9	18.5	18.0	17.4	17.0				
M2	17.6	23.9	25.6	23.9	21.6	22.0	24.4	21.7	19.0	21.0	20.0	19.5	19.5	19.0				
M3	22.8	9.4	29.4	28.0	22.0	21.8	22.5	20.4	19.0	20.0	19.4	19.0	19.0	18.5				
Credit to the economy	29.3	6.4	18.3	23.5	26.4	27.0	23.9	35.4	21.5	32.3	22.8	22.1	17.5	17.4				
Money multiplier (M2/reserve money)	2.70	3.08	3.23	3.40	3.30	3.36	3.33	3.35	3.26	3.32	3.45	3.40	3.41	3.37				
Velocity (GDP/M2)	3.69	3.45	3.07	...	...	...	...	...	2.87	2.87	...	...	...	2.76				
Nominal GDP	315	365	408	...	...	...	...	...	454	461	528	528	528	528				
Nominal GDP growth	18.3	15.8	11.8	...	...	...	...	...	12.3	13.0	14.4	14.4	14.4	14.4				
Policy lending rate (end-of-period)	15.50	15.00	9.50	9.50	...	9.00	...	8.75	...	...	...	...	...	...				
T-bill 91 days rate	14.7	11.8	2.6	2.8	...	4.4	...	5.1	...	...	...	...	...	...				

Sources: Bank of Mozambique; and IMF staff estimates and projections.

Table 5. Mozambique: Balance of Payments, 2010-18

	(Millions of U.S. dollars, unless otherwise specified)									
	2010	2011	2012	2013		2014	2015	2016	2017	2018
	Act.	Act.	Est.	CR/13/200	Proj.	Proj.	Projections			
<b>Current account balance</b>	-1,113	-3,059	-6,426	-5,854	-6,621	-7,364	-8,252	-8,429	-10,855	-11,872
Trade balance for goods	-1,179	-2,249	-4,048	-3,163	-4,640	-4,570	-5,088	-4,356	-5,636	-5,078
Of which: Megaprojects	768	468	75	129	-187	28	-315	794	-218	391
Exports, f.o.b.	2,333	3,118	3,856	3,950	3,989	4,729	5,554	6,756	7,652	9,160
Megaprojects	1,668	2,015	2,219	2,623	2,249	2,807	3,454	4,420	5,052	6,147
Other	665	1,103	1,637	1,326	1,741	1,922	2,100	2,336	2,601	3,012
Imports, f.o.b.	-3,512	-5,368	-7,903	-7,112	-8,629	-9,299	-10,642	-11,112	-13,289	-14,237
Megaprojects	-900	-1,547	-2,143	-2,494	-2,435	-2,779	-3,769	-3,626	-5,269	-5,757
Other	-2,613	-3,820	-5,760	-4,618	-6,194	-6,520	-6,873	-7,487	-8,019	-8,481
Trade balance for services	-506	-1,482	-3,273	-3,225	-3,201	-3,688	-3,959	-4,318	-4,793	-5,943
Income balance	-85	-190	-35	-23	-6	-176	-310	-891	-1,604	-2,097
Of which: Dividend payments by megaprojects	0	-157	0	-17	-6	-159	-210	-652	-1,212	-1,447
Current transfers balance	657	863	929	557	1,226	1,070	1,105	1,136	1,179	1,245
Of which: External grants	605	785	538	520	541	519	487	453	421	400
<b>Capital and financial account balance</b>	1,663	3,364	6,748	5,954	6,998	7,563	8,714	9,108	11,666	12,630
Capital account balance	346	432	456	384	375	396	421	449	481	521
Financial account balance	1,318	2,933	6,292	5,571	6,623	7,166	8,293	8,659	11,185	12,109
Net foreign direct investment	1,340	2,599	5,215	4,719	5,519	4,703	4,629	4,709	4,653	5,130
Net foreign borrowing by the general government	468	531	546	961	1,095	1,414	1,306	1,351	1,264	1,139
Net foreign borrowing by the nonfin private sector	-348	-39	516	-43	-274	751	2,043	2,266	4,914	5,345
Other <sup>1</sup>	-142	-159	14	-66	284	298	315	333	354	495
<b>Net errors and omissions</b>	58	17	-87	0	81	0	0	0	0	0
<b>Overall balance</b>	608	323	236	100	458	199	462	679	812	758
External financing	-58	-323	-236	-100	-458	-199	-462	-679	-812	-758
Reserve assets <sup>1</sup>	-87	-321	-331	-97	-455	-196	-426	-642	-775	-723
Net use of credit	18	-2	-4	-3	-2.9	-3	-36	-37	-36	-36
Of which: Net use of Fund credit	20	-2	-2	-3	-3	-3	-36	-37	-36	-36
Exceptional financing	10	0	0	0	0	0	0	0	0	0
<i>Memorandum items:</i>										
Current account balance (percent of GDP)	-11.7	-24.4	-45.0	-39.9	-43.4	-43.4	-43.6	-39.9	-46.1	-45.2
Excluding external grants	-18.5	-31.3	-51.5	-43.4	-47.0	-46.5	-46.2	-42.1	-47.9	-46.7
Excluding Mega-Projects	-1.5	-2.8	-3.4	-4.1	-4.4	-4.4	-4.0	-4.4	-3.6	-5.4
Net foreign assets	1,745	2,082	2,408	2,551	2,866	1,005	1,467	2,146	2,957	3,715
Net international reserves <sup>1</sup>	1,908	2,239	2,605	2,704	3,061	3,262	3,725	4,404	5,215	5,974
Gross international reserves <sup>1,2</sup>	2,099	2,428	2,799	2,894	3,252	3,449	3,877	4,519	5,294	6,017
Months of projected imports of goods and nonfactor services	3.3	2.4	2.6	2.8	2.7	2.6	2.7	2.7	2.8	3.2
Months of projected G&S imports (excl. megaproject imports)	4.2	3.0	3.9	3.7	4.4	4.7	4.9	5.8	5.4	5.3
Percent of broad money (M2)	80.2	62.7	62.7	58.7	62.0	57.0	55.8	57.6	59.6	59.9

Sources: Data from Government of Mozambique and projections by IMF staff.

<sup>1</sup> Includes net portfolio investment and other investment assets.<sup>2</sup> The ratio to short term debt is not presented due to availability of the data.

**Table 6. Mozambique: Financial Soundness Indicators for Banking Sector, 2003–13**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	July 2013
<b>Capital adequacy</b>											
Regulatory capital to risk-weighted assets	16.5	18.0	13.4	12.5	14.2	13.9	15.1	14.4	17.1	17.9	15.1
Regulatory Tier I capital to risk-weighted assets	14.7	16.0	13.6	10.7	12.1	12.4	13.0	13.7	16.1	16.9	14.4
Capital (net worth) to assets	7.4	7.4	6.6	6.3	7.2	7.5	7.7	8.0	9.0	9.5	8.7
<b>Asset composition and quality</b>											
Foreign exchange loans to total loans	60.8	62.0	51.4	33.2	28.5	32.8	32.4	29.5	25.1	28.1	27.8
Nonperforming loans to gross loans <sup>1</sup>	13.8	5.9	3.5	3.1	2.6	1.9	1.8	1.9	2.6	3.2	3.0
Nonperforming loans net of provisions to capital <sup>1</sup>	8.8	3.8	1.9	3.6	0.5	2.5	5.9	5.6	6.6	6.8	7.2
<b>Earnings and profitability</b>											
Return on assets	1.4	1.5	1.9	4.0	3.8	3.5	3.0	2.6	2.5	1.9	2.0
Return on equity	18.6	20.6	26.9	60.8	50.7	44.7	36.6	32.9	26.5	19.6	22.4
Interest margin to gross income	62.1	65.8	63.6	67.4	70.2	58.8	55.7	59.4	64.9	58.9	56.1
Noninterest expenses to gross income	81.9	81.6	75.2	60.2	60.8	58.7	58.4	59.7	61.3	66.1	64.5
Personnel expenses to noninterest expenses	42.4	43.1	43.5	42.6	46.3	45.1	45.9	45.5	47.1	49.1	49.5
Trading and fee income to gross income	37.9	34.2	36.4	32.6	29.5	40.5	44.3	23.8	17.2	19.5	191.0
<b>Funding and liquidity</b>											
Liquid assets to total assets <sup>2</sup>	45.2	38.3	31.1	33.9	36.0	36.2	27.9	22.4	27.8	33.4	28.4
Customer deposits to total (non-interbank) loans	193.6	205.0	177.6	169.5	184.9	165.7	138.2	131.2	131.6	143.8	136.6

Source: Bank of Mozambique (BM).

<sup>1</sup> Nonperforming loans are defined according to Mozambican accounting standards (they include only part of the past-due loans).

<sup>2</sup> Includes deposits at parent banks.

**Table 7. Mozambique: Quantitative Assessment Criteria and Indicative Targets Under the 2013-16 PSI<sup>1</sup>**  
(Millions of meticaís, unless otherwise specified)

	2013								2014					
	End-June Assessment Criteria			End-Sept Indicative Target			End-Dec Assessment Criteria		End-March Indicative Target	End-June Assessment Criteria	End-Sept Indicative Target	End-Dec Indicative Target		
	Prog.	Adj.	Act. Status	Prog.	Adj.	Act. Status	Prog.	Proposed	Proposed	Proposed	Proposed			
<b>Assessment Criteria for end-June/December</b>														
Net credit to the central government (cumulative ceiling)	-5,858	-2,835	-10,144	M	1,504	4,497	-24,874	M	895	-12,242	889	-3	2,316	13,605
Stock of reserve money (ceiling)	40,787	40,787	40,697	M	43,817	43,817	43,187	M	47,493	47,493	45,100	48,023	50,689	55,567
Stock of net international reserves of the BM (floor, US\$ millions)	2,360	2,260	2,295	M	2,621	2,521	2,857	M	2,704	3,061	2,961	3,036	3,236	3,262
New nonconcessional external debt contracted or guaranteed by the central government or the BM or selected state-owned enterprises with maturity of one year or more (cumulative ceiling over the duration of the program, US\$ millions) <sup>2</sup>	1,200	1,200	0	M	1,200	1,200	895	M	1,200	1,200	1,200	1,200	1,200	1,200
Stock of short-term external debt contracted or guaranteed by the central government (ceiling) <sup>2</sup>	0	0	0	M	0	0	0	M	0	0	0	0	0	0
External payments arrears of the central government (ceiling, US\$ millions) <sup>2</sup>	0	0	0	M	0	0	0	M	0	0	0	0	0	0
<b>Indicative targets</b>														
Government revenue (cumulative floor) <sup>3</sup>	55,760	55,760	57,738	M	81,891	81,891	98,685	M	111,419	126,285	25,519	58,036	91,537	125,266
Priority spending (cumulative floor)	43,748	43,748	39,210	NM	76,041	76,041	68,498	NM	119,025	117,617	20,686	45,244	79,007	135,716

Sources: Mozambican authorities and IMF staff estimates.

<sup>1</sup> For definition and adjustors, see the Program Monitoring Section of the Memorandum of Economic and Financial Policies and the Technical Memorandum of Understanding.

<sup>2</sup> Assessed on a continuous basis.

<sup>3</sup> Net of verified VAT refund requests.

**Table 8. Mozambique: Structural Benchmarks for 2013**

<b>Structural Benchmarks</b>	<b>Expected Date of Implementation</b>	<b>Status</b>
Government approval of the action plan for the expansion of the electronic payroll system (including e-Folha) and of the integrated civil service database (e-CAF). (¶121 of the MEFP date June 7, 2013)	End-June 2013	Met.
Completion of the expansion of salary payments by direct bank transfer to all institutions covered by e-CAF and with direct access to e-SISTAFE. (¶121 of the MEFP date June 7, 2013)	End-December 2013	Not met. Proposed to be reset to March 2014.
Submission of Integrated Investment Plan to the Council of Ministers with sufficient specific information to analyze the impact of the related borrowing on debt sustainability. (¶122 of the MEFP date June 7, 2013)	End-June 2013	Not met. Less specific IIP submitted in July and approved in September 2013.
Submission of the 2 <sup>nd</sup> Strategic Plan to Improve the Business Environment to the Council of Ministers (¶14 of the MEFP date June 7, 2013)	End-August 2013	Met.
Submission to Parliament of draft law on the creation of private credit registry bureaus. (¶137 of the MEFP date June 7, 2013)	End-November 2013	Not met. Proposed to be reset to February 2014.
Staffing a payment systems oversight unit in the BM and begin operations by end-November 2013. (¶140 of the MEFP date June 7, 2013)	End-November 2013	Met.
Preparation of a plan to gradually reduce the stock of pending VAT arrears, avoid accumulation of new arrears, and optimize the administration and refund process. (¶123 of the MEFP date June 7, 2013)	End-October 2013	Met.

**Table 9. Mozambique: Proposed Structural Benchmarks for 2014**

<b>Areas For Structural Benchmarks</b>	<b>Date of Implementation</b>
Submission to Parliament of draft law on the creation of private credit registry bureaus. (¶137 of the MEFP date June 7, 2013 and ¶130 of this MEFP)	End-February 2014
The Government will finalize the validation process for the stock of VAT reimbursement requests pending as of end-December 2013 and provide a note to the Fund staff. (MEFP ¶116)	End-March 2014
The Government will complete the expansion of salary payments by direct bank transfer to all institutions covered by e-CAF and with direct access to e-SISTAFE. (MEFP ¶114)	End-March 2014
The Ministry of Planning and Development will approve, and share with IMF staff, a revised IIP with financial information for projects for which financing has been secured and summary project information to inform the DSA, MTEF and the budget. (MEFP ¶115)	End-June 2014
The Government will present VAT collections on a net basis in the 2015 budget proposal documents. (MEFP ¶116)	End-October 2014
The Government will implement a simplified and more accurate system of tax payments through banks, within the new e-tax system (e-tributacao), and the Revenue Authority will issue a notice informing taxpayers about the new procedures (MEFP ¶116)	End-October 2014
The Board of BM will approve the action plan for the simulation exercise pertaining to the Financial Contingency Plan. (MEFP ¶128)	End-November 2014
The BM will issue the first annual payments systems oversight report. (MEFP ¶134)	End-November 2014
The Government will establish a moveable collateral registry. (MEFP ¶130)	End-December 2014

## Appendix I: Letter of Intent

**Maputo, Mozambique  
December 20, 2013**

**Ms. Christine Lagarde  
Director General  
International Monetary Fund  
Washington, D.C. 20431  
U.S.A.**

Dear Ms. Lagarde:

The Government of Mozambique requests the completion of the first review under the Policy Support Instrument (PSI) and the modification of several assessment criteria and indicative targets for December 2013. In support of this request we are transmitting the attached Memorandum of Economic and Financial Policies (MEFP), which reviews implementation of the current PSI and establishes policy objectives and assessment criteria and indicative targets for the short and medium term.

The Government's economic program aims to maintain macroeconomic stability, promote inclusive growth through public investment and the promotion of productive employment, and reduce poverty. The program is in line with our Poverty Reduction Strategy Paper (PARP) for 2011–14 and with our plans regarding its successor strategy.

The Government is of the view that the policies outlined in the MEFP are adequate to achieve the objectives of the PSI-supported program. We stand ready to take any additional measures necessary to achieve our policy objectives.

The Government will consult with the IMF on the adoption of these measures, and—at its own initiative or whenever the Managing Director requests such a consultation—in advance of any revision to the policies contained in the MEFP, in accordance with the Fund's policies on such consultation. The Government will provide the IMF with such information as the IMF may request to be able to assess the progress made in implementing the economic and financial policies and achieving the objectives of the program.

The Government authorizes the publication of this Letter of Intent, its attachments and the associated staff report.

Sincerely yours,

/s/

**Manuel Chang  
Minister of Finance**

/s/

**Ernesto Gouveia Gove  
Governor  
Bank of Mozambique**

Attachments: Memorandum of Economic and Financial Policies  
Technical Memorandum of Understanding

## Attachment 1: Memorandum of Economic and Financial Policies

1. This MEFP describes recent developments and performance under the government's economic program supported by the Policy Support Instrument (PSI). It focuses on recent economic developments and prospects up to the end of 2013, as well as the economic outlook and policies in support of the program for 2014.

### RECENT ECONOMIC DEVELOPMENTS AND PROGRAMME PERFORMANCE

#### 2. The performance of the Mozambican economy remains robust.

- **Economic growth remains strong.** In the first half of 2013 it reached 6.6 percent despite the negative impact of the floods in early 2013, and helped by the strong recovery in the second quarter. This demonstrates the resilience of the Mozambican economy to exogenous shocks and its capacity to recover from natural disasters.
- **Following a rapid acceleration of inflation in the first quarter of the year inflationary pressures abated.** The 12-month rate of inflation (Maputo City CPI) reached 4.3 percent in September (3.9 percent on average) reflecting (i) the recovery of domestic production of fruits and vegetables after the floods, (ii) the appreciation of the Metical vis-à-vis the Rand and the stable exchange rate in relation to the US Dollar, (iii) a drop in import prices, (iv) unchanged administered prices, and (v) base money growth in line with the financial program.
- **Fiscal performance in the first half of 2013 reflected delays in donor disbursements.** The indicative revenue target for June was met, and revenue collections were further boosted in the third quarter following the receipt of an unanticipated US\$400 million (2.7 percent of GDP) capital gains tax from the sale of a gas concession in the Rovuma basin. Income and goods and services taxes also performed better than programmed. While current spending was in line with the program so far in 2013, capital expenditure has been lower than budgeted as some foreign financed projects did not come on stream and others were affected by delayed donor disbursements. A supplementary budget was approved by parliament in August to incorporate windfall revenue received in the first quarter (\$224 million), and address pressing needs for flood rehabilitation and improved salaries, facilities and services in health, education and the judiciary. We are confident that the budget will be fully implemented during the remainder of 2013, containing the domestic primary deficit (before the additional windfall revenue of \$400 million received in August that will be allocated in the 2014 budget only) somewhat below the programmed 2.7 percent of GDP.
- **Government-guaranteed foreign borrowing.** *Empresa Moçambicana de Atum, S. A. (EMATUM)*—the Mozambican Tuna Company--was established in August 2013 by 3 public entities (*IGEPE*--State Holding Company for Public Enterprises, *Emopesca*--State Fisheries Company, and *GIPS*--Investment, Participation and Services, following the adoption by the Government of the Strategic Plan for Development of Tuna Fishery in July 2013. In early

September EMATUM launched a private offer and issued \$500 million of government-guaranteed 7-year Loan Participation Notes. This was topped up to \$850 million (6 percent of GDP) in late September to finance the purchase of 24 tuna fishing vessels and 3 patrol vessels, as well as other vessels and related equipment for coastal protection and other related economic activities. This was Mozambique's first international debt issue and established a benchmark for Mozambican borrowers in the international capital markets.

- **The external current account deficit is widening** financed mainly by strong flows of foreign direct investment (FDI) and public and private borrowing. In 2012, the deficit reached 45 percent of GDP, up from 24 per-cent in 2011. This reflected large imports of goods and services for mining and natural gas projects. In the first half of 2013 exports were 28 percent lower than a year earlier due to the disruptions caused by the floods. Traditional exports of timber, cashews, banana and shrimp also reflected weak prices, trade restrictions imposed on Iran (main market for bananas), and weak demand in the European market (shrimp). At the same time, merchandise imports were 5 percent higher than a year earlier and service imports increased reflecting megaproject activity. Foreign direct investment reached \$3.1 billion, mostly in extractive industries.
- **Net international reserves (NIR) weakened in the first half of 2013**, but benefitted from a \$400 million payment of windfall profits on the sale of shares in the natural gas sector in August. NIR at the end of September stood at \$2.9 billion, exceeding program objectives.

3. **The quantitative targets for June and September were largely observed.**

- All assessment criteria for June and indicative targets for September were met, with the exception of the indicative targets on priority spending for June and September, which were not met due to several factors, including delays in program execution associated with delays in donor disbursements. However, there may also have been some statistical underreporting as a significant share of priority spending is financed externally, outside the Treasury single account, and data is adjusted manually with a substantial delay. As result, the level of execution is expected to have accelerated substantially in the last quarter of the year. Going forward, the government will pay particular attention to the strengthening of planning, implementation and reporting instruments to limit problems of under execution of priority spending.

4. **Progress with structural reforms continued through several important measures, including:**

- Approval of the Action Plan for the Expansion of the Electronic Payment System (including the e-folha) and the Civil Service Integrated Database (e-CAF).
- The Integrated Investment Plan was submitted to the Council of Ministers at end-July. The Government will work further in order to ensure the link with the debt sustainability analysis.

- The 2<sup>nd</sup> Strategic Plan to Improve the Business Environment (EMAN II) was submitted to the Council of Ministers as planned.
- The VAT arrears reduction plan to prevent accumulation of new arrears and optimise the administration and processing of refunds was developed.
- Staffing a payment systems oversight unit in the Bank of Mozambique (BM) was done as planned in November 2013.

5. **The remaining structural reform measures foreseen for the fourth quarter 2013 are underway.** Submission of the draft law for the creation of private credit registry bureaus to Parliament was subject to a small delay and is expected to be completed before February 2014. In addition, full implementation of the payment of salaries by direct bank transfer to all institutions covered by e-CAF and with direct access to e-SISTAFE, which was expected by December 2013, will require more time and the government expects to finalize this reform by March 2014.

## MACROECONOMIC POLICY

### A. Economic Objectives

6. **Medium-term economic growth is expected to remain high,** supported by the strong expansion of the mining and hydrocarbon industries. However, the country's vulnerability to natural disasters and the weak outlook for the world economy are risk factors to near-term growth.

- In 2014, economic growth is expected to reach 8.3 percent owing to strong recovery of agriculture after the floods, increased capacity of the major railway and implementation of several infrastructure projects. In the next five years, the increased contribution from coal production and exports, infrastructure projects, LNG production and the boost in the transport, communication and construction sectors are projected to raise economic growth to close to 8 percent per year.
- Despite the adverse effect of the floods at the beginning of 2013, inflation has evolved in line with our objectives. We maintain a medium-term target for inflation of 5-6 percent per year.
- Balance of payments developments in coming years will be dominated by large investments in natural resource projects. Current account deficits excluding grants of some 45 percent of GDP are projected until the end of the decade when LNG is projected to reach the export stage.

### B. Macroeconomic Policy Mix

7. **The authorities will continue pursuing a combination of fiscal and monetary policies** aimed at maintaining macroeconomic and financial stability, as well as promoting economic and financial inclusion.

8. **In light of the parliamentary elections scheduled in October 2014**, fiscal policy will be somewhat expansionary, while monetary policy will aim to contain the resulting domestic demand pressure to keep inflation low. This effort is likely to be helped by favorable developments in international prices.

### C. Monetary and Exchange Rate Policy

9. **Monetary policy will continue to pursue the objective of price stability, in line with the medium-term inflation objective of 5-6 percent.** The BM will target base money growth slightly above nominal GDP with a view to creating monetary space to increase credit to the private sector and thereby support economic growth. As fiscal policy will become expansionary, the BM will step up its liquidity management efforts and base money growth in 2014 will be kept lower than in 2013 to contain demand pressures.

10. **We remain committed to a flexible exchange rate regime.**

### D. Fiscal Policy

11. **Fiscal Policy Objectives.** The government's fiscal policy objectives continue to be informed by the need to preserve macroeconomic stability and support the poverty reduction strategy.

- Changes in the macroeconomic outlook resulted in the revision of the 2013 budget; the revenue target (net VAT) was revised up to 24.3 percent of GDP to reflect revenue from capital gains. Expenditure was increased to 36.3 percent of GDP mainly to cover the salary readjustment costs, additional funds for municipal elections, and the post-floods reconstruction plan. However, the overall deficit before grants remained at around 12 percent of GDP, and the primary deficit is 2.6 percent of GDP.
- For 2014, the government has proposed a budget to parliament that includes the \$400 million windfall revenue received in August 2013, and also reflects continued efforts to strengthen tax administration (see below). Total spending will reach about 40 percent of GDP (PSI-supported program definition)<sup>6</sup>, owing to the need to expand investment in priority sectors and one-off factors associated with the general elections, as well as the setting up of a coast guard/maritime security services. The domestic primary balance before grants is projected at 6.1 percent of GDP.

12. **Expenditure Policy.**

- **Resource allocation for priority sectors:** the 2014 budget allocates 64.2 percent of total expenditure, (excluding debt and financial operations) for priority sectors, focusing on education (18.1 percent); infrastructure (14.8%); agriculture and rural development (10.5 percent); and health (9.1 percent).

<sup>6</sup> There are some statistical differences between the 2014 Budget as approved by Parliament and the government commitments under the PSI-supported program. The differences do not affect the overall analysis of fiscal performance and are mostly associated with the treatment of the capital gains tax, the processing of VAT refunds, and the treatment of the quasi-fiscal operations of EMATUM.

- **Wage bill.** The Government is aware that the current level of wages and salaries in percent of GDP is high by international standards. In order to attract, retain and resettle civil servants, we will continue with the implementation of the wage policy. Its aim is to harmonise wage scales, maintaining the philosophy of equity and salary decompression, the hiring, promotion and progressions plans, as well as the resettlement subsidy, without neglecting the need to ensure that the growth of the wage bill is sustainable. In fact, the wage bill in 2014 is proposed at 10.6 percent of GDP against 10.8 percent in the revised budget for 2013. We aim, in the medium term, to reduce the wage bill to 8.5-9 percent of GDP.
- **Further public investment** in priority sectors is key to cover large infrastructure and social gaps, but measures are needed to improve the link between the investment program, strategic priorities and debt sustainability. This is particularly important given that public investment is budgeted to exceed 15 percent of GDP in 2014 – one of the highest in Sub-Saharan Africa.
- **Financing.** The overall fiscal deficit (after grants) is projected to reach 12.5 percent of GDP in 2014. Most of the deficit will be financed externally (9.6 percent of GDP), while domestic financing will reach 2.9 percent of GDP, including the drawdown of deposits associated with the capital gains tax (2 percent of GDP).

13. **Fiscal Transparency.** In December, Parliament recommended changes to the budget law to better reflect the operations associated with EMATUM. In response, the Government

- submitted a revised budget proposal for 2014 that incorporates the non-commercial activities of EMATUM (equivalent to \$350 million), as part of the appropriations for the Ministry of Defense. This proposal was approved by Parliament on December 13, 2013. The Government believes that this increase in the budget of the Ministry of Defense is necessary to provide protection services along the coast of Mozambique, including for natural resource companies operating offshore.
- submitted and obtained authorization for an amendment to Art. 11 of the budget law, requesting an increase in the ceiling on government guarantees by \$500 million to support the commercial activities of EMATUM.
- will subject EMATUM to strict financial controls and will have its accounts audited.
- Based on advice from the recent Fiscal Transparency Assessment (FTA), the government intends to improve the system for fiscal risk disclosure and management. This will involve several reforms, including changes to the Organic Budget Law (SISTAFE Law) to require the inclusion of a mandatory Annex on Fiscal Risks in the annual budget law, with sufficient information to assess risks associated with guarantees, quasi-fiscal activities, including those conducted by public enterprises, and public-private partnerships.

## STRUCTURAL REFORMS

### A. Public Financial Management

#### 14. The Government will continue to implement reforms to strengthen Public Financial Management.

- **Wage Bill Management.** The action plan to expand the system for direct salary payments to civil servants and agents in institutions with direct access to e-SISTAFE is being implemented (structural benchmark in MEFP-June 2013). The expansion of the payment of salaries by direct bank transfer to all institutions covered by e-CAF and with direct access to e-SISTAFE will be completed by March 2014 (structural benchmark). The Government will expand e-Folha to all civil servants in institutions with direct access to e-SISTAFE (about 90% of all civil servants) by end-2014 (structural benchmark). In addition, we also remain committed to expanding e-Folha to all State Bodies and Institutions, including those who do not use e-SISTAFE (e.g. defence and police sectors).
- **Expenditure Execution:** The roll out of e-SISTAFE has reached 69 percent of all spending units (including at the district level). By end-2014 e-SISTAFE should reach 75 percent of spending units and a full rollout is expected by end-2015. On July 1, 2013, the commitment component of e-SISTAFE was activated. This will help to improve tracking all phases of the expenditure chain, from the commitment to the payment.
- **International Accounting Standards:** We have prepared a proposal for a new legal framework (*Normas e Plano de Contas*) to meet international public sector accounting standards based on IPSAS. This proposal has been submitted to public consultation and will be submitted to the cabinet for approval in the first quarter of 2014. The implementation of this framework will require the approval by the Parliament and the subsequent revision of the SISTAFE Law, both expected by end-2014. We will then introduce the new accounting standards and make the required adjustments to e-SISTAFE software in 2015, to start the pilot implementation of the accrual accounting based on the IPSAS in 2016.
- **Economic Classification of Revenue:** We have prepared a new revenue classification, which is expected to be used in the 2015 budget, in line with best international practice.

### B. Investment Planning and Debt Management

#### 15. Priority areas include:

- **Strengthening Investment Planning:** in September 2013 the Government approved the Integrated Investment Programme (IIP), which identifies priority infrastructure projects for 2014-2017. As a next step by June 2014, the Ministry of Planning and Development will approve, and share with IMF staff, an enhanced IIP by adding financial information for projects for which financing has been secured to inform the DSA, MTFE and the budget. The revised IIP will also include summary project descriptions in line with the project summary table already developed (structural benchmark). The IMF and the World Bank

are providing assistance to build capacity in public project preparation, assessment and selection, and the linkage between IIP financing needs and debt sustainability.

- **Strengthening Project Selection Instruments:** The Ministry of Planning and Development's Consultative Council approved a Public Project Preparation and Selection Manual, containing a summary form with project information. Going forward, the summary form for projects approved by the Council of Ministers will be published on MPD's webpage. To enforce the use of the Public Project Preparation and Selection Manual, MPD and MF will revise the Methodological Guidelines for the preparation of the 2015-17 Medium-Term Fiscal Framework to incorporate the main selection and evaluation criteria identified in the Selection Manual, as well as publish the manual on the MPD website to encourage its use for project preparation and appraisal by line ministries (December 2014).
- **Strengthening Public Debt Management:** The Government prepared a DSA as part of the preparation of the 2014 Draft Budget, which showed that the debt remains sustainable. In the medium term, we remain committed to (i) incorporating the analysis of costs and risks associated with the public debt portfolio, including guarantees, in the budget execution reports, and (ii) to extend the Debt Management Strategy, at the time of its review in 2015, to explicitly include government guarantees. These steps aim to strengthen the linkage with the budget, the Integrated Investment Plan, and the Public Debt Management Strategy. We have already included the guarantee in the 2013 third quarter budget execution report and will also expand the coverage of the quarterly public debt report to include government guarantees from the first quarter of 2014.

## C. Tax Administration Policies

### 16. Tax Administration

- **VAT administration and reimbursements.** We have prepared a plan to gradually reduce the stock of pending VAT arrears, avoiding accumulation of new arrears, and optimize the administration and refund process (structural benchmark for end-October 2013). This plan has been further refined with technical assistance from the IMF. The implementation of this plan will involve several critical steps. By March 2014, the Government will finalize the validation process for the stock of VAT reimbursement requests pending as of end-December 2013 (structural benchmark). A note with the validation process and final amounts of effective VAT refunds will be shared with IMF staff. The stock of valid reimbursement requests will be either fully paid or securitized by end-2014. The Government will also prevent delays in the processing of new refund requests through the implementation of new legal, accounting and budgeting procedures to ensure that reimbursements are paid in a timely manner. The Government will ensure that the 2015 budget proposal includes VAT collections on a net basis (structural benchmark for end-October 2014).
- **Implementation of e-tax and payment via banks for VAT and ISPC (simplified tax for small taxpayers).** We are gradually implementing a modern e-tax system and simplifying the process for tax payments through banks. VAT and ISPC are the first taxes that will be

collected via this new system. In order to make the new system operational, we will ensure that all relevant taxpayers are duly registered in the single e-tax database with a single taxpayer identification number (NUIT). About half of the 1,205 large taxpayer records have been updated already, and all 127,000 VAT and ISPC taxpayer records will be updated by end-September 2014. A new, simplified and more accurate system of tax payments via banks will thus be possible for VAT and ISPC beginning in October 2014. The revenue authority will issue a notice informing taxpayers of the new procedures (structural benchmark). Payments via banks will be further improved with the introduction of the online taxpayers portal through which taxpayers will be able to calculate their tax assessments and make payments.

- **Strengthening of Large Taxpayer Units (UGCs and DCAT):** the Large Taxpayer Unit (UGCs) Management Database was fully installed in Beira and Nampula, and the respective connections established; it is currently operational in the three UGCs (Maputo, Beira and Nampula). The human resources of the Large Taxpayer Units will be reinforced in light of their contribution of total revenue collection by end-2014, including strengthening the specialized natural resource unit (DCAT).
- **Tax Policy:** the Government is conducting a study to verify possible inconsistencies between the general ISPC regime and the simplified taxation regimes for VAT, IRPC and IRPS. It is expected to be completed by the end of 2013.
- **Transfer Prices:** the draft Transfer Price Regulations is near completion with technical assistance from the IMF. It will be submitted to the Council of Ministers for approval by June 2014 following the Action Plan for its implementation.
- **Double Taxation Agreements (DTAs):** Mozambique ratified agreements to prevent double taxation with 9 countries. These agreements are currently being renegotiated, mostly to reduce revenue losses resulting from the deliberate incorporation of companies in countries with which Mozambique has signed a double taxation agreement.

#### D. Improving Gains from Mineral Resources Exploitation

17. **Data management:** A central database on Mozambique's natural resources is now available online through the Ministry of Natural Resources. It is now being upgraded and expanded nationwide. Sector databases are in operation at the Planning Directorate, National Geology Directorate (DNG), National Petroleum Institute (INP) and National Hydrocarbon Company (ENH), and capacity building programs will be implemented for database management officials.

18. **Extractive Industry Transparency Initiative (EITI).** The preparation of the 4<sup>th</sup> EITI Reconciliation Report is underway. This report will present information on payments from the extractive industry and on government revenue, for 2011, and publication is expected by the end of 2013. In addition, the new EITI rules approved at the EITI Global Conference in May 2013, are under implementation, and will be adopted in the 4<sup>th</sup> EITI Reconciliation Report. Similarly, the publication of contracts and their respective fiscal terms, signed and approved by the Administrative Tribunal as of 2011, has been adopted in the Mining Law proposal submitted to Parliament.

19. **Mining and Hydrocarbon Legislation:** the Mining and Hydrocarbon Acts have been submitted to Parliament. The revised Hydrocarbon Act includes the regulatory framework for the LNG industry (Liquefied Natural Gas).
20. **Strengthening the Mining and Hydrocarbon Tax Regime.** Following public consultation, the inputs from stakeholders are now being harmonised into a revised mining and hydrocarbon tax regime proposal, aimed at aligning them more with international best practices and combine the relevant tax issues in a single legal document to allow for easy reference and interpretation by economic agents. Submission of the draft to Parliament is expected to take place by May 2014.
21. **Use of Windfall Revenue.** The Government is aware that one-off receipts, including those that stem from capital gain taxes, should not finance recurrent spending increases that could compromise fiscal sustainability over the medium term. To this end, fiscal revenue windfalls, including from direct or indirect natural resource taxation, will be saved or used only for investment spending or debt reduction.

#### E. Management of State-Owned Companies

22. **Strengthening Oversight of State-Owned Companies.** After the approval of the State Enterprise Act in February 2013, the draft Regulation has been prepared and is expected to be approved by the Council of Ministers by end-2013. The Regulation will limit current expenditures that public enterprises can make and will define the documents that need to be submitted to support their analysis of debt sustainability.
23. **Ensuring Transparency.** Work on the analysis of state-owned enterprise management tools continued. The 2012 Report and Accounts of the Airport Company, the Railway Company (CFM), and the Hydrocarbon Company (ENH) have already been published. The report for the Electricity Company (EDM) will be published by the end of 2013.
24. **Electricity Company:** To contribute to the improvement of EDM's financial performance, a study on electricity tariff adjustments was prepared. A proposal to restructure the tariffs was assessed by the Ministry of Energy, and subsequently endorsed by the Price Commission. Once comments have been incorporated, a proposal will be submitted to the Council of Ministers.
25. **Government Strategy for the Participation of State-Owned Enterprises in Infrastructure Projects:** With support from the World Bank we are preparing a Strategy for the Government's Participation of State-Owned Enterprises in Infrastructure Projects. Our intention is to complete the first draft by the end of 2013.

### FINANCIAL SECTOR POLICIES

#### A. Strengthen monetary policy formulation and implementation

26. **Strengthening the monetary policy framework.** The BM is strengthening the monetary policy framework and will continue to improve the analytical and communication capacity in the monetary policy decision-making process, including improving its inflation forecast model, with technical assistance.

27. **Strengthening money market management.** Significant progress was achieved in improving money market management and the liquidity of public securities, notably: (i) implementation of the IT platform by BM to allow the development of repo operations with fungible T-bills. The revamping of *Meticalnet* and all accounting specifications was completed and repo operations with fungible T-bills are already implemented since August 2013; (ii) coordination work with the Ministry of Finance with a view to accepting T-bonds as collateral in interbank money market operations is underway; (iii) since 21 August 2013 deposit facility operations (FPD) were transformed into repo operations to expand the use of collateralized operations; and (iv) the BM has narrowed the corridor between the lending and deposit rates (FPC and FPD rates).

## B. Financial Sector Surveillance

28. **The BM will consolidate its efforts in enhancing banking system supervision and strengthening crisis management.**

- **Strengthening supervision of the banking system.** The BM has conducted its first stress testing exercise in July 2013 and used its results to inform supervision. The BM is seeking to strengthen data collection and the stress-test methodology. It is expected that this exercise will be performed by a designated team as part of the quarterly surveillance process, and another round of tests is planned before end-2013. The legislation pertaining to the classification of non-performing loans was revised to make it internationally comparable, and will be effective as of January 2014.
- **Risk-based supervision and Basel II adoption.** After the risk management guidelines and the legal and analytical framework for risk-based surveillance were adopted on March 14, 2013, the BM has conducted risk-based supervision in a pilot with two banks and expects to broaden risk-based surveillance to all banks in the course of 2014. The Basel II Capital Accord will be adopted effective January 1, 2014. The review of the regulations on concentration limits, including investment abroad, will continue.
- **Financial Sector Contingency Plan.** The Financial Sector Contingency Plan was published on June 11, 2013. An internal manual for its implementation is expected to be completed by end-2013, and an action plan for the simulation exercise will be prepared, approved by the Board, and shared with IMF staff, by end-November 2014 (structural benchmark).

29. **Deposit Insurance Fund (DIF).** The Executive Board and the Chairperson of the DIF were appointed in May 2013. The Board is working to make the DIF operational by end-2013, including ensuring the initial funding of the DIF and establishing the system's fee structure and the guarantee limit.

## C. Financial Sector Development

30. **In April 2013, the Council of Ministers approved the Financial Sector Development Strategy (FSDS) for 2013-22.** Its main objectives are to: (i) maintain financial sector stability; (ii) increase access to financial services and products, eliminating structural constraints in the economy, specifically those that limit financial intermediation and access to financial services; and

(iii) increase the supply of private capital to support private sector development. Dissemination work has started, and the BM is developing a National Financial Inclusion Strategy in order to implement the FSDS.

- **Establishment of the credit registry bureaus.** The law on the creation of private credit registry bureaus has been delayed, but was approved by the cabinet on December 17<sup>th</sup> and will be submitted to Parliament by end-February 2014 (structural benchmark). Within six months after Parliament's approval, the BM will prepare the regulation of the law providing information on the requirements needed to apply for a private credit bureau license.
- **Promotion of mobile banking.** Specific regulations governing mobile banking services are being drafted by a task force at the BM and expected to be completed in June 2014. A second mobile banking operator, M-Pesa, was licensed in 2012 after M-Kesh in 2009.
- **Promotion of competition within the banking sector.** The revision of Notice 05/GBM/2009, of June 10, is underway, promoting the transparency of prices and commissions for financial services and products.
- **Developing the domestic capital markets.** The issuance of government bonds by auction in the Stock Exchange began in 2013 and a financial market education program has been designed. In 2014, the registry of security holdings will be centralized in order to increase transparency, facilitate trading, investor protection, and taxation. Currently 25 securities are listed by companies in the stock exchange. The stock exchange has a program to increase financial literacy and to promote capital market transactions
- **Strengthening the insolvency framework and the collateral framework.** The legal basis for insolvency procedures was established with the publication, on April 29, 2013, of the legislation on emergency liquidity assistance, which aims at assisting deposit-taking institutions and guiding their intervention in the mitigation of systemic risks. The Government intends to work on a Collateral Bill with a view to establishing a moveable collateral registry by end-2014 (structural benchmark).

## ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

31. **AML/CFT Framework.** The New Law on Anti-Money Laundering the Combating the Financing of Terrorism was approved in August 2013, and the respective Regulations are now under preparation. The preparation by the Bank of Mozambique of guidelines for commercial banks on Anti-Money Laundering and Combating the Financing of Terrorism is also at an advanced stage. Likewise, the Law [14/2007] establishing the Financial Intelligence Unit of Mozambique is under review.

32. **The Government adopted in July 2013 the Action Plan for the implementation of GAFI/FATF Standards,** in coordination with the IMF's Legal Department. This Plan lists the priority actions to be undertaken and complements the previous plan prepared by the Mozambican authorities, following the Recommendations of the Mutual Assessment of Mozambique by the

Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). Both Plans are being executed.

33. **There is a need for technical assistance for human resources capacity building** (GIFIM analysts, Criminal Investigation Police, Judicial Magistrates and Public Prosecutor's Office), in matters of financial and economic crimes and money laundering.

## PAYMENT SYSTEM

### 34. Reforms in the National Payment System

- **Enhancing BM oversight practices.** The Oversight Manual has been approved in May 2013. A designated team of staff is already performing the oversight function, and the Oversight Unit was established in November 2013 (structural benchmark for November 2013). At the same time, the regulations on the Electronic Clearance of Cheques System are currently under review, and are expected to be approved and published in November 2013. Moving forward, the BM will draft an action plan on implementing the Oversight Manual by end-2013, and will produce the first annual oversight report by November 2014 (structural benchmark).
- **Developing the retail payments network (SIMO) shared by the BM and commercial banks.** Two commercial banks have connected to the SIMO network, while two additional banks are in the testing stage. By June 2014, the four largest banks in Mozambique will be covered by SIMO, including the Ponto 24 Network shared by a group of ten banks.

## GOOD GOVERNANCE AND BUSINESS ENVIRONMENT

35. **Anti-Corruption Package.** Five laws comprise the complete anti-corruption package. The Penal and Penal Procedural Codes are scheduled for approval by Parliament. Following passage of the Anti-Corruption Law, an Action Plan for the effective implementation of Anti-Corruption Legislation is underway, and a draft has been produced, which is now being shared with the various stakeholders.

36. **Improvement in the Business Environment.** In order to ensure an improvement in the business environment to attract investment into the country, the Government approved the following instruments:

- **Business Environment Improvement Strategy (EMAN II 2013-2017).** This document seeks to decentralize responsibilities and simplify procedures with a view to speeding up the business start-up process.
- **Commercial Activity Licensing Regulations.** Decree 34/2013 of August 2013 has facilitated a 50 percent reduction in the time needed to issue a commercial license through the elimination of prior inspection for activities of limited risk. It also assigns to one-stop-shops and district governments the mandate for licensing commercial activities, which was previously under the authority of the Provincial Governor.

- **Business Registration.** This single registration form eliminates the need to fill out multiple forms and documents with a view to simplifying procedures as well as reducing costs to register and license business and start up activities.

**Table 1. Mozambique: Quantitative Assessment Criteria and Indicative Targets Under the 2013-16 PSI<sup>1</sup>**  
(Millions of meticaís, unless otherwise specified)

	2013								2014					
	End-June Assessment Criteria				End-Sept Indicative Target				End-Dec Assessment Criteria		End-March Indicative Target	End-June Assessment Criteria	End-Sept Indicative Target	End-Dec Indicative Target
	Prog.	Adj.	Act.	Status	Prog.	Adj.	Act.	Status	Prog.	Proposed	Proposed	Proposed	Proposed	Proposed
<b>Assessment Criteria for end-June/December</b>														
Net credit to the central government (cumulative ceiling)	-5,858	-2,835	-10,144	M	1,504	4,497	-24,874	M	895	-12,242	889	-3	2,316	13,605
Stock of reserve money (ceiling)	40,787	40,787	40,697	M	43,817	43,817	43,187	M	47,493	47,493	45,100	48,023	50,689	55,567
Stock of net international reserves of the BM (floor, US\$ millions)	2,360	2,260	2,295	M	2,621	2,521	2,857	M	2,704	3,061	2,961	3,036	3,236	3,262
New nonconcessional external debt contracted or guaranteed by the central government or the BM or selected state-owned enterprises with maturity of one year or more (cumulative ceiling over the duration of the program, US\$ millions) <sup>2</sup>	1,200	1,200	0	M	1,200	1,200	895	M	1,200	1,200	1,200	1,200	1,200	1,200
Stock of short-term external debt contracted or guaranteed by the central government (ceiling) <sup>2</sup>	0	0	0	M	0	0	0	M	0	0	0	0	0	0
External payments arrears of the central government (ceiling, US\$ millions) <sup>2</sup>	0	0	0	M	0	0	0	M	0	0	0	0	0	0
<b>Indicative targets</b>														
Government revenue (cumulative floor) <sup>3</sup>	55,760	55,760	57,738	M	81,891	81,891	98,685	M	111,419	126,285	25,519	58,036	91,537	125,266
Priority spending (cumulative floor)	43,748	43,748	39,210	NM	76,041	76,041	68,498	NM	119,025	117,617	20,686	45,244	79,007	135,716

Sources: Mozambican authorities and IMF staff estimates.

<sup>1</sup> For definition and adjustors, see the Program Monitoring Section of the Memorandum of Economic and Financial Policies and the Technical Memorandum of Understanding.

<sup>2</sup> Assessed on a continuous basis.

<sup>3</sup> Net of verified VAT refund requests.

**Table 2. Mozambique: Structural Benchmarks for 2013**

<b>Structural Benchmarks</b>	<b>Expected Date of Implementation</b>	<b>Status</b>
Government approval of the action plan for the expansion of the electronic payroll system (including e-Folha) and of the integrated civil service database (e-CAF). (¶121 of the MEFP date June 7, 2013)	End-June 2013	Met.
Completion of the expansion of salary payments by direct bank transfer to all institutions covered by e-CAF and with direct access to e-SISTAFE. (¶121 of the MEFP date June 7, 2013)	End-December 2013	Not met. Proposed to be reset to March 2014.
Submission of Integrated Investment Plan to the Council of Ministers with sufficient specific information to analyze the impact of the related borrowing on debt sustainability. (¶122 of the MEFP date June 7, 2013)	End-June 2013	Not met. Less specific IIP submitted in July and approved in September 2013.
Submission of the 2 <sup>nd</sup> Strategic Plan to Improve the Business Environment to the Council of Ministers (¶14 of the MEFP date June 7, 2013)	End-August 2013	Met.
Submission to Parliament of draft law on the creation of private credit registry bureaus. (¶137 of the MEFP date June 7, 2013)	End-November 2013	Not met. Proposed to be reset to February 2014.
Staffing a payment systems oversight unit in the BM and begin operations by end-November 2013. (¶140 of the MEFP date June 7, 2013)	End-November 2013	Met.
Preparation of a plan to gradually reduce the stock of pending VAT arrears, avoid accumulation of new arrears, and optimize the administration and refund process. (¶123 of the MEFP date June 7, 2013)	End-October 2013	Met.

**Table 3. Mozambique: Proposed Structural Benchmarks for 2014**

<b>Areas For Structural Benchmarks</b>	<b>Date of Implementation</b>
Submission to Parliament of draft law on the creation of private credit registry bureaus. (¶137 of the MEFP date June 7, 2013 and ¶30 of this MEFP)	End-February 2014
The Government will finalize the validation process for the stock of VAT reimbursement requests pending as of end-December 2013 and provide a note to the Fund staff. (MEFP ¶116)	End-March 2014
The Government will complete the expansion of salary payments by direct bank transfer to all institutions covered by e-CAF and with direct access to e-SISTAFE. (MEFP ¶114)	End-March 2014
The Ministry of Planning and Development will approve, and share with IMF staff, a revised IIP with financial information for projects for which financing has been secured and summary project information to inform the DSA, MTEF and the budget. (MEFP ¶115)	End-June 2014
The Government will present VAT collections on a net basis in the 2015 budget proposal documents. (MEFP ¶116)	End-October 2014
The Government will implement a simplified and more accurate system of VAT and ISPC tax payments through banks, within the new e-tax system (e-tributacao), and the Revenue Authority will issue a notice informing taxpayers about the new procedures (MEFP ¶116)	End-October 2014
The Board of BM will approve the action plan for the simulation exercise pertaining to the Financial Contingency Plan. (MEFP ¶128)	End-November 2014
The BM will issue the first annual payments systems oversight report. (MEFP ¶134)	End-November 2014
The Government will establish a moveable collateral registry. (MEFP ¶130)	End-December 2014

## Attachment 2: Technical Memorandum of Understanding

December 20, 2013

1. This Technical Memorandum of Understanding (TMU) defines the quantitative assessment criteria, indicative targets, and structural benchmarks on the basis of which the implementation of the Fund-supported program under the Policy Support Instrument (PSI) will be monitored. In addition, the TMU establishes the terms and timeframe for transmitting the data that will enable Fund staff to monitor program implementation.

### DEFINITIONS

#### A. Net credit to the central government

2. Net credit to the central government (NCG) by the banking system is defined as the difference between the outstanding amount of bank credits to the central government and the central government's deposits with the banking system, excluding deposits in project accounts with the banking system, recapitalization bonds issued to the Bank of Mozambique (BM), and proceeds from the signing fee for mineral resource exploration. Credits comprise bank loans, advances to the central government and holdings of central government securities and promissory notes. NCG will be calculated based on data from balance sheets of the monetary authority and commercial banks as per the monetary survey. The limits on the change in NCG by the banking system will be cumulative from end-December of the previous year.

3. The central government encompasses all institutions whose revenue and expenditure are included in the state budget (*Orçamento do Estado*): central government ministries, agencies without financial autonomy, and the administration of 11 provinces. Although local governments (43 municipalities or *autarquias*) are not included in the definition because they are independent, part of their revenue is registered in the state budget as transfers to local governments.

4. For program purposes, net disbursements on the nonconcessional Portuguese credit line are excluded from the assessment criterion of NCG since the corresponding expenditure is not covered under the definition of central government specified in paragraph 3.

#### B. Government revenue and financing

5. Revenue is defined to include all receipts of the General Directorate of Tax (*Direcção Geral dos Impostos, DGI*), the General Directorate of Customs (*Direcção Geral das Alfândegas, DGA*), and nontax revenue, including certain own-generated revenues of districts and some line ministries, as defined in the budget. Revenue is gross revenue net of verified VAT refund requests (*pedidos verificadas de reembolsos solicitados*). Net receipts from privatization received by the National Directorate of State Assets (*Direcção Nacional do Património do Estado*) and unrealized profits transferred by the central bank to the treasury will not be considered as revenue (above the line) and will be accounted for as other domestic financing (below the line).

6. For the purpose of program monitoring, revenue is considered as collected at the time when it is received by the relevant government collecting agencies, in cash or checks, or through transfers into the respective bank account.

### C. Priority social spending

7. Priority social spending is based on the PARPA program categories expanded to incorporate all areas under the new PARP. Accordingly, it will include total spending in the following sectors: (i) education; (ii) health; (iii) HIV/AIDS; (iv) infrastructure development; (v) agriculture; (vi) rural development; a (vii) governance and judicial system, and (viii) social action, labor and employment.

### D. Reserve money

8. For the purposes of program monitoring reserve money is defined as the sum of currency issued by the BM and commercial banks' holdings at the BM. The target is defined in terms of the average of the daily end-of-day stocks in the month of the test date. The reserve money stock will be monitored and reported by the BM.

### E. Net international reserves

9. Net international reserves (NIR) of the BM are defined as reserve assets minus reserve liabilities. The BM's reserve assets include (a) monetary gold; (b) holdings of SDRs; (c) reserve position at the IMF; (d) holdings of foreign exchange; and (e) claims on nonresidents, such as deposits abroad (excluding the central government's savings accounts related to mineral resource extraction concessions). Reserve assets exclude assets pledged or otherwise encumbered, including but not limited to assets used as collateral or guarantee for a third-party external liability (assets not readily available). The BM's reserve liabilities include: (a) all short-term foreign exchange liabilities to nonresidents with original maturity of up to and including one year; and (b) all liabilities to the IMF.

### F. New nonconcessional external debt contracted or guaranteed by the central government, the BM, and selected state-owned enterprises, with maturity of more than one year

10. The ceiling on nonconcessional external debt applies to external debt contracted or guaranteed by the central government, the BM, the Road Fund, the water authorities (FIPAG), the electricity company (EDM), and the hydrocarbon company (ENH), or by enterprises and agencies in which the above entities hold a majority stake. It also applies to debt contracted by these four state-owned enterprises from domestic banks or from other state-owned enterprises that is contractually inter-related to external nonconcessional loans.

11. The ceiling applies to external debt with original maturity of one year or more and with a grant element below 35 percent. The grant element is calculated using a discount rate of 5 percent.

12. The term 'debt' will have the meaning set forth in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements adopted on August 3, 1979, as amended August 31, 2009, effective December 1, 2009. The concept of external debt is defined on the basis of the residency of the creditor. This assessment criterion is defined cumulatively from the beginning of the program and will be assessed on a continuous basis.

## **G. Stock of short-term external debt contracted or guaranteed by the central government**

13. The central government will not contract or guarantee external debt with original maturity of less than one year. This assessment criterion applies to debt as defined in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements adopted on August 3, 1979, as amended August 31, 2009, effective December 1, 2009. The concept of external debt is defined on the basis of the residency of the creditor. Excluded from this assessment criterion are short-term, import-related trade credits. This assessment criterion will be assessed on a continuous basis.

## **H. External payments arrears of the central government**

14. The government undertakes not to incur payments arrears on external debt contracted or guaranteed by the central government, with the exception of external payments arrears arising from central government debt that is being renegotiated with creditors. This assessment criterion will be assessed on a continuous basis.

## **I. Foreign program assistance**

15. Foreign program assistance is defined as grants and loans received by the Ministry of Finance through BM accounts excluding those related to projects (Table 1).

## **J. Actual external debt service payments**

16. Actual external debt service payments are defined as cash payments on external debt service obligations of the central government and central bank, including obligations to Paris Club and other bilateral creditors rescheduled under enhanced HIPC Initiative completion point terms, multilateral creditors, and private creditors, but excluding obligations to the IMF (Table 1).

## **ADJUSTERS**

### **A. Net international reserves**

17. The quantitative targets (floors) for net international reserves (NIR) will be adjusted:
- downward by the shortfall in external program aid less debt service payments (up to US\$100 million), compared to the program baseline (Table 1);
  - upward by any windfall capital gain tax receipts (beyond the programmed amounts) in excess of US\$ 30 million collected during the program period, less (i) payments beyond those programmed on outstanding VAT refund requests, and (ii) any other debt reduction operations vis-à-vis the domestic nonbank sector;
  - downward/upward for any revision made to the end-year figures corresponding to the previous year; and

- downward to accommodate higher external outlays because of natural disasters, up to US\$20 million.

## B. Net credit to central government

18. The quantitative targets (ceilings) for net credit to the central government (NCG) will be adjusted:

- upward by the shortfall in the MT value of external program aid receipts less debt service payments (up to the MT equivalent of US\$100 million at exchange rates prevailing at the respective test dates), compared to the program baseline (Table 1);
- downward by any windfall capital gain tax receipts (beyond the programmed amounts) in excess of US\$ 30 million collected during the program period, less (i) payments beyond those programmed on outstanding VAT refund requests, and (ii) any other debt reduction operations vis-à-vis the domestic nonbank sector;
- downward by privatization proceeds in excess of those envisaged in the program, unless these proceeds are deposited in the government's savings accounts abroad;
- downward (upward) for any increase (decrease) in domestic financing from the nonfinancial private sector; and
- upward to accommodate the higher locally-financed outlays because of natural disasters, up to the MT equivalent of US\$20 million at exchange rates prevailing at the respective test dates.

## C. Reserve money

19. The ceiling on reserve money for every test date will be adjusted downward/upward to reflect decreases/increases in the legal reserve requirement on the liabilities in commercial banks. The adjuster will be calculated as the change in the reserve requirement coefficient multiplied by the amount of commercial banks' liabilities subject to reserve requirement, considered at the end of the period of constitution of the required reserves prior to the change in regulation.

## D. Government revenue

20. The quantitative targets (floors) for government revenue will be adjusted upward by any windfall capital gain tax receipts (beyond the programmed amounts) in excess of US\$ 30 million collected during the program period.

## DATA AND OTHER REPORTING

21. The Government will provide Fund staff with:

- monthly and quarterly data needed to monitor program implementation in relation to the program's quantitative targets and broader economic developments;
- weekly updates of the daily data set out in Table 1;
- weekly data set out in Table 4 of the TMU dated May 26, 2005;
- monthly updates of the foreign exchange cash flow of the BM;

- monthly data on government revenues (in detail according to the fiscal table) with a lag not exceeding one month;
- monthly data on verified VAT refund requests;
- monthly information on the balance of government savings accounts abroad;
- monthly data on domestic arrears;
- monthly data on external arrears;
- monthly budget execution reports (that will also be published) with a time lag not exceeding 45 days;
- the “mapa fiscal” with a time lag not exceeding 60 days;
- monthly monetary survey data with a time lag not exceeding 30 days;
- monthly data on gross international reserves, with the composition by original currencies and converted to US dollars at the actual exchange rates; and
- quarterly balance-of-payments data with a time lag not exceeding 65 days;
- monthly disbursements on the nonconcessional Portuguese credit line with a time lag not exceeding 30 days.

22. The monetary survey made available by the BM will clearly identify donor-financed project deposits (with a breakdown between foreign and domestic currency) included in net credit to the government in both the central bank’s and commercial banks’ balance sheets.

23. The Government will provide Fund staff with documentation concerning external loan agreements once these have been signed and become effective.

**TMU Table 1. Mozambique: Net Foreign Assistance, 2013-14**

	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Act.	Act.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.
Net foreign program assistance (US\$ mn)	3	75	113	193	50	37	236	-10
Gross foreign program assistance	45	116	154	234	101	88	287	41
Program grants	45	67	124	74	101	88	22	41
Program loans	0	49	30	160	0	0	265	0
External debt service	41	41	41	41	51	51	51	51
Cumulative net foreign program assistance in US dollars	3	78	191	384	50	87	322	312
Gross foreign program assistance	45	161	315	549	101	189	476	517
External debt service	41	82	124	165	51	103	154	205
Net foreign program assistance (MT mn)	191	2,129	3,408	5,825	1,644	1,096	7,239	-394
Gross foreign program assistance	1,355	3,497	4,640	7,116	3,105	2,740	8,969	1,293
Program grants	1,355	2,012	3,731	2,252	3,105	2,740	679	1,293
Program loans	0	1,485	909	4,864	0	0	8,291	0
External debt service	1,164	1,369	1,232	1,291	1,461	1,644	1,731	1,687
Cumulative Net foreign program assistance in MTN millions	191	2,320	5,728	11,553	1,644	2,740	9,979	9,585
Gross foreign program assistance	1,355	4,852	9,493	16,608	3,105	5,845	14,815	16,107
External debt service	1,164	2,532	3,765	5,056	1,461	3,105	4,836	6,522

Source: Mozambican authorities and IMF staff estimates.



INTERNATIONAL MONETARY FUND



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FOR IMMEDIATE RELEASE  
January 16, 2014

International Monetary Fund  
Washington, D.C. 20431 USA

## **IMF Completes First Review Under the Policy Support Instrument for Mozambique**

The Executive Board of the International Monetary Fund (IMF) has completed the first review under the three-year Policy Support Instrument (PSI) for the Republic of Mozambique.<sup>7</sup> The PSI for Mozambique was approved in June 2013 (see [Press Release No. 13/231](#)). The Board's decision was taken on a lapse of time basis.<sup>8</sup>

Mozambique's macroeconomic performance remains strong with real GDP growth for 2013 estimated at 7.1 percent and inflation remains moderate. The PSI-supported program is broadly on track. All assessment criteria were met and most indicative targets, but there was some slippage on structural reforms. In spite of risks stemming from the uncertain global economy, the outlook remains favorable and growth is expected to be sustained in the medium term by the natural resource boom and infrastructure investment. A recent government guarantee for large-scale borrowing by a public enterprise has raised transparency and prioritization issues that point to the need to strengthen investment and macro-economic planning. New risks associated with the political/security environment have emerged.

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<sup>7</sup> The IMF's framework for PSIs is designed for low-income countries that may not need IMF financial assistance, but still seek close cooperation with the IMF in preparation and endorsement of their policy frameworks. PSI-supported programs are based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners. A country's performance under a PSI is reviewed bi-annually. The Executive Board approved Mozambique's 3<sup>rd</sup> three-year PSI on June 24, 2013 (see Press Release No 13/231).

<sup>8</sup> The Executive Board takes decisions under its lapse of time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions.

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The authorities' economic program for 2014 emphasizes preserving macroeconomic stability and debt sustainability while promoting social development. Real growth is projected at 8.3 percent. While recent monetary policy action has been expansionary, a more prudent approach in 2014, together with the favorable outlook for international prices could facilitate the achievement of the medium-term inflation target. The 2014 budget envisages a significant expansion in infrastructure spending that could support growth. It also includes a sizeable pick-up in goods and services outlays, financed in part by nonconcessional external borrowing.

Structural reforms along a broad policy spectrum should be implemented vigorously to foster sustained and more inclusive growth. With foreign aid likely to decline over the medium term, increased nonconcessional borrowing can provide additional resources for improving physical infrastructure and human capital. Further strengthening debt management and investment planning and implementation are essential to ensure value-for-money, maximize the efficiency of investment and preserve debt sustainability. Completion of the new mining and hydrocarbon legislation, the related fiscal regimes, and implementation regulations would facilitate the economic development of Mozambique's natural resources.

**PROGRAMME - External Review of Fisheries Surveillance Operations in Mozambique**

Date: 4.02.14

Monday 3 (public holiday)	Tuesday 4	Wednesday 5	Thursday 6	Friday 7	Saturday 8	Sunday 9
	<ul style="list-style-type: none"> <li>- (09:15) <u>Emb. Norway</u> – meeting with Ambassador of Norway &amp; Country Director ICEIDA</li> <li>- (10:30) – Permanent Secretary, <u>MoF-Min of Fisheries</u></li> <li>- <u>MoF/UGEA-Executive Management Procurement Unit</u> (11.00 H)</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Dir. DNEEP – Ivone Lichucha</u> (08.15 H)</li> <li>- <u>Minister’s Advisor – Lidia Abiba</u> (09.00 H)</li> </ul>	<ul style="list-style-type: none"> <li>- (08:00) <u>EU –Imelda Fernandes; Matthew Brooke</u></li> <li>- (09:00 – 10:45) <u>Blue Water Marine Lda</u></li> <li>- <u>INAMAR (11.00H)</u></li> </ul>	<ul style="list-style-type: none"> <li>- (08:00) <u>US Embassy (mtg at the Emb. Norway)- Lieutenant Colonel Edward J. Dupont</u></li> <li>- <u>MINEC-Min. Of Foreign Affairs &amp; Cooperation/National Institute for the Sea &amp;Boarders Affairs (10.00 H)</u></li> </ul>	- <u>At sea</u> - patrolling	- <u>At sea</u> - patrolling
	<ul style="list-style-type: none"> <li>- <u>WWF - Mr. Manuel Castiano</u> (13.30 H)</li> <li>- <u>DNFP – National Directorate of Fisheries Law Enforcement (14.30)</u></li> </ul>	<ul style="list-style-type: none"> <li>- <u>Maritime Police (12.00 H)</u> With Translator from Ministry</li> <li>- <u>Navy (14.00 H)</u> With Translator from Ministry</li> </ul>	<ul style="list-style-type: none"> <li>- <u>DPP Maputo – Maputo Province Fisheries (13.00H)</u></li> <li>- <u>MPDC (14.00 H)</u> (Commercial Port) With Translator from Ministry</li> <li>- <u>Fisheries Port (15.30 H)</u></li> <li>- <u>Blue Water Marine Lda (16.00 H)</u></li> </ul>	- <u>Patrol plan DNFP (13.30H)</u>		
Monday 10	Tuesday 11	Wednesday 12	Thursday 13	Friday 14	Saturday 15	Sunday 16
- <u>At sea</u> - patrolling	- Depart for Beira PM	<ul style="list-style-type: none"> <li><u>Field visit Beira:</u></li> <li>- Fisheries Provincial Directorate (08.00 H)</li> <li>- Fisheries Port (11.00 H)</li> <li>- Cornelder (14.00 H)</li> </ul>	<ul style="list-style-type: none"> <li><u>Field visit Beira:</u></li> <li>- ASSAPEMO- Associação dos Armadores de Pesca de Moçambique (10.00 H)</li> <li>- Depart for Maputo PM</li> </ul>	<ul style="list-style-type: none"> <li>- (08:00) <u>DNFP</u></li> <li>- (11:00) <u>Emb. Norway</u> - CF Partners</li> </ul>		

Monday 17	Tuesday 18	Wednesday 19	Thursday 20	Friday 21	Saturday 22	Sunday 23
<ul style="list-style-type: none"> <li>- <u>AMAPIC</u>-Assoc. dos Armadores da Pesca Industrial do Camarão (08.00 H)</li> <li>- <u>ARMAPESCA</u> - Assoc. Semi-Industriais de Maputo (11.00 H)</li> </ul>			<ul style="list-style-type: none"> <li>- (11:00) <u>Emb. Norway</u> - Debriefing CF Partners</li> </ul>			
<ul style="list-style-type: none"> <li>- EU , <u>Ms. Francesca di Mauro</u> (<u>head of G19 Economist Working Group</u>)</li> </ul>			<ul style="list-style-type: none"> <li>- (13:00) Debriefing <u>MoF</u></li> </ul>			

**NOTE:** (1) airport commute to and from hotel to be arranged individually (taxi, hotel shuttle)

(2) other transport arrangements will be provided by ICEIDA throughout the mission

(3) accommodation and tickets for Beira to be arranged by ICEIDA

**(4) Meeting with ADNAP to be confirmed**

**(5) Other special individual meetings can be arranged as required**