

AFRICA RISK CONSULTING

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Mozambique Summary 11 June 2025

President Daniel Chapo (2025-present) meets with opposition leader Venancio Mondlane as part of the ongoing effort to ease political tensions in the country and prepare for the planned inclusive national dialogue. Patrick Pouyanne, the CEO of the French energy giant TotalEnergies, indicates that his company will soon resume development of its \$20 billion liquified natural gas (LNG) project in Cabo Delgado Province. Mozambique's debt increases over the last quarter, highlighting the economic threat it poses. The Islamist insurgency in Cabo Delgado conducts its first recorded attack on a vessel off the province's coast, marking a possible concerning evolution in its capabilities.

Chapo and Mondlane hold a second meeting

President **Daniel Chapo** (2025-present) met with opposition leader **Venancio Mondlane** for a second time on 20 May, marking a continuation of the ongoing effort to de-escalate political tensions in **Mozambique**.¹ The two first met at the **Joaquim Chissano International Conference Centre** in **Maputo** on 23 March in a bid to calm tensions following the October 2024 elections.

Chapo confirmed this meeting was part of the ongoing preparations for the planned national inclusive political dialogue and that his meeting with Mondlane centred on the promotion of peace, reconciliation and stability.² In the presidency's statement after the meeting, Chapo claimed that he used the meeting to stress the importance of his commitment to national unity and to reconciliation among Mozambicans to Mondlane.

For his part, Mondlane described the meeting as “productive” and “positive”.³ However, the opposition leader made it clear that there remained several points of disagreement between himself and the Chapo, including the continued detention of his supporters who were arrested during the post-election protests between October 2024 and March 2025. Mondlane presented the president with a report detailing alleged politically-motivated violence, including attacks by Mozambican police and members of the ruling party, **Frelimo**. Mondlane submitted this same report to Mozambique's attorney-general earlier that month.⁴

However, Mondlane also acknowledged that he and Chapo had made some progress towards reaching a mutual understanding on key issues.⁵ Mondlane also appears to have affirmed his commitment to attend the planned national dialogue when it takes place later this year. This is significant as convincing Mondlane to participate in the dialogue in good faith was likely the main purpose of Chapo's meeting with the opposition leader. Mondlane is Mozambique's most popular opposition leader, and his absence from the dialogue would undermine the legitimacy of these talks. It is currently unclear whether Mondlane will attend these talks as an individual or whether he will lead a delegation from his recently formed political party, the **Aliança Nacional para um Moçambique Livre e Autónomo (Anamalala)**.

Although the meeting between Chapo and Mondlane was cordial, clear tensions remain between Mondlane and the Mozambican government. This was illustrated a week later when Mondlane used

¹ Club of Mozambique, 21 May 2025

² AIM, 21 May 2025

³ AIM, 21 May 2025

⁴ Club of Mozambique, 16 May 2025

⁵ AIM, 21 May 2025

his address at the **Oslo Freedom Forum in Norway** to denounce the Mozambican government as an “*authoritarian regime*”, alleging that the government is suppressing civil rights and killing opposition figures.⁶ Mondlane’s comments confirm that he and Anamalala intend to be combative during the planned dialogue and will not be as likely to capitulate to the government’s position as Mozambique’s other opposition parties.

TotalEnergies indicates a desire to resume its Cabo Delgado gas project

In a potentially major positive development for Mozambique, **Patrick Pouyanné**, the CEO of the **French** energy giant **TotalEnergies**, stated on 20 May that his company would soon resume development of its \$20 billion liquified natural gas (LNG) project in **Cabo Delgado Province**.⁷ Specifically, Pouyanné said that TotalEnergies would request that the Mozambican government lift the force majeure declaration on the project and that construction would resume in July or August.

TotalEnergies declared force majeure on its LNG project, which is located on the **Afungi Peninsula** in Cabo Delgado’s **Palma** district, in April 2021 following the assault on Palma town by the **Ahlu Sunnah wa Jama’ah (ASWJ)** militant group in late March and early April of that year. Over the intervening four years, TotalEnergies has resisted calls to restart development of the project, insisting that it would only do so once the security situation in the Palma district was sufficiently stable.

The suspension of the TotalEnergies project was a major setback for Mozambique’s LNG sector. The project was the largest planned development and, as such, was a lynchpin for the wider industry in Cabo Delgado. TotalEnergies’ force majeure negatively affected operators, suppliers, and contractors in the area and suppressed expected investment in the sector. The resumption of the project’s construction would provide a major boost to the sector as a whole, leading to increased investment and activity across the supply chain.

TotalEnergies is the operator of the site and the largest shareholder in the project consortium, **Mozambique LNG**. TotalEnergies holds a 26.5% stake, followed by **Japan’s Mitsui & Co**, which holds 20%. Mozambique’s state-owned hydrocarbons firm, **Empresa Nacional de Hidrocarbonetos (ENH)**, holds 15%, while **India’s** state-owned **Bharat PetroResources, ONMGC Videsh, and Oil India** each hold a 10% stake, and **Thailand’s PTTEP** holds the remaining 8.5%.⁸ As the largest shareholder and the project operator, TotalEnergies is the project’s lead partner and the decisive vote on whether to resume the project.

Mozambique’s government will approve TotalEnergies’ request to end the force majeure as the government has been eager for the development to resume. The construction of the LNG project will bring in substantial investment and generate economic activity and jobs in the Palma district. It will also be a visible vote of confidence in the state’s efforts to secure the Palma district despite the ongoing Islamist insurgency in Cabo Delgado.

Construction will take at least four years to complete, and it is unlikely to produce any LNG for export before the end of 2029. Even that timeframe is unlikely to be met, and production is more likely to occur after 2030.⁹

Mozambique’s debt burden remains a concern

Mozambique is particularly eager for TotalEnergies to resume development of its LNG project, as it will finally bring forward the potential start point for LNG exports from the project. The government is desperate for LNG exports to increase as it has bet heavily on these exports to help it pay down its substantial debt burden.

The finance ministry’s latest quarterly bulletin on debt, released on 26 May, revealed that Mozambique’s general government debt currently exceeds MZN 1.1 trillion (\$16.7 billion), which is

⁶ Club of Mozambique, 29 May 2025

⁷ Business Day, 20 May 2025

⁸ Mozambique LNG, 10 Jun 2025

⁹ 360Mozambique, 22 Jan 2025

the equivalent of 78.9% of Mozambique's real GDP.¹⁰ Over the last quarter, the debt burden increased by 2.7%, largely due to increased domestic debt, which rose by 8.9%. This is unsurprising given that the government is trying to increase its dependence on domestic debt and reduce its reliance on external debt as domestic debt is denominated in the metical as opposed to the foreign-denominated external debt.

However, the latest figures indicate that Mozambique is increasingly reliant on short-term domestic debt instruments such as treasury bills to cover the budget deficit. This is a concerning trend as such short-term debt tends to be more expensive, and Mozambique is borrowing to cover operational costs rather than capital investment. Such a policy risks deepening Mozambique's debt burden and exacerbating the country's current risk of debt distress. Yet, the state will likely continue to rely on this short-term borrowing, especially given its decision in April to suspend its **Extended Credit Facility (ECF)** arrangement with the **International Monetary Fund (IMF)**.¹¹

This situation has made the state even more dependent on the future LNG exports to help pay down its debt burden. This is a highly risky gamble which will increase Mozambique's risk of debt default if any major LNG project is delayed.

Insurgents conduct the first attack at sea

On 10 May, suspected ASWJ militants attacked a **Russian** research vessel – the **Atlantida K-1704** – which was carrying our oceanographic studies off the coast of Cabo Delgado.¹² This incident occurred approximately four nautical miles (nm) (7.4 km) off the coast of Cabo Delgado's **Mocimboa da Praia** district. The armed insurgents approached the Russian vessel in a small boat and opened fire when they came within range. The **Atlantida K-1704** successfully evaded the militants and fled into deeper waters and issued a distress call to alert authorities of the attack.

Although no casualties were incurred during this attack, this incident is concerning as it potentially marks an evolution in ASWJ's capabilities and operational confidence. Prior to this, the group had not conducted any maritime attacks and had only used its boats to raid fishing communities on nearby islands. It should be noted that, thus far, this has been a solitary event, and ASWJ's own assessment of the viability of such attacks is unknown. If the militant group does elect to carry out further maritime attacks, it would extend its operational zone into Cabo Delgado's coastal waters and present a threat to any fishing or exploration vessels operating in the province's littoral zone.

This potentially could even pose a new threat to the TotalEnergies LNG project. That site is located on the Afungi Peninsula. If ASWJ becomes more adept at maritime attacks, it could approach the project from the sea, circumventing the heavy security measures in the Palma district. Accordingly, operators in Cabo Delgado may now need to consider coastal vulnerabilities in their operational threat assessments.

This attack is indicative of ASWJ's growing assertiveness in recent months. In April, the group carried out attacks in the **Niassa Special Reserve**, confirming the expansion of their area of operations into **Niassa Province** (see *ARC Briefing Mozambique Briefing May 2025*). More recently, on 27 May, insurgents attacked a Mozambican military outpost in Cabo Delgado's **Macomia** district. Propaganda channels associated with the **Islamic State (IS)**, to which ASWJ is affiliated, claimed that at least ten soldiers were killed, but unverified local reports indicate that the number may actually have been higher.¹³

ASWJ's willingness to directly assault military camps, expand into neighbouring provinces, and even attempt a seaborne assault on a foreign-flagged vessel indicates that the group is becoming more confident and brazen in its operations. It should be noted that ASWJ is not expected to regain the peak

¹⁰ AIM, 27 May 2025

¹¹ IMF, 18 Apr 2025

¹² AIM, 13 May 2025

¹³ Club of Mozambique, 29 May 2025

strength it had in 2020 and 2021 when it controlled large swathes of territory. These developments do suggest that the group is becoming a more effective insurgency, which will be harder to contain and pose a larger threat to operators in Cabo Delgado.

Planner

22-25 Sep 2025 **Maputo (Mozambique) Mozambique Gas and Power Summit and Exhibition**

2025 **(Mozambique) Renamo** to hold its **National Council** meeting

Chronology

9 June 2025 **Maputo (Mozambique) AIM**. President **Daniel Chapo** conducts a working visit to **Eswatini**;

6 Jun 2025 **Pemba (Mozambique) AIM**. At least two suspected insurgents are killed in clashes with local militia fighters in the **Novo Cabo Delgado** area of **Cabo Delgado Province**;

5 Jun 2025 **Lilongwe (Malawi) AIM**. President **Daniel Chapo** conducts a two-day visit to Malawi and signs three bilateral cooperation agreements with his Malawian counterpart, **Lazarus Chakwera**;

4 Jun 2025 **Maputo (Mozambique) AIM**. Mozambican anti-corruption NGO, the **Centro de Integridade Publica (CIP)** (centre for public integrity) accuses President **Daniel Chapo** of violating the law on public probity by accepting “*millionaire offers*” during his recent visit to **Gaza Province**;

3 Jun 2025 **Pemba (Mozambique) Zitamar**. Security forces kill at least 12 suspected insurgents in **Montepuez** district (**Cabo Delgado Province**);

2 Jun 2025 **Maputo (Mozambique) AIM**. President **Daniel Chapo** meets with **Sultan bin Sulahem**, the CEO of the **Emirati** port management firm **DP World**, who reiterates DP World’s plans to double the capacity of the **Port of Maputo**;

2 Jun 2025 **Maputo (Mozambique) AIM**. The government announces that it estimates that the upcoming 2027 national census will cost approximately \$110.1m;

1 Jun 2025 **Oslo (Norway) AIM**. The Oslo-based **Norwegian Refugee Council (NRC)** identifies **Mozambique** as one of the most ignored displacement crises in the world;

1 June 2025 **Maputo (Mozambique) AIM**. The **International Air Transport Association (IATA)** names Mozambique as the country blocking the repatriation of the most funds belonging to airlines;

31 May 2025 **Maputo (Mozambique) AIM**. **Banco de Moçambique (BdM)** (central bank) **Monetary Policy Committee (MPC)** cuts the benchmark interest rate 75 basis points to 11%;

28 May 2025 **Maputo (Mozambique) AIM**. Mozambican police forcibly evict disgruntled members of the opposition party, **Renamo**, who were unlawfully occupying the party headquarters in Maputo, demanding the resignation of Renamo leader **Ossufo Momade**;

27 May 2025 **Maputo (Mozambique) AIM**. Unknown assailants kidnap the child of a local businessperson in central Maputo in a suspected kidnapping for ransom;

22 May 2025 **Maputo (Mozambique) AIM**. President **Daniel Chapo** meets with the **Republic of Congo** ambassador, **Constant Serge Bounda**;

22 May 2025 **Maputo (Mozambique) AIM**. The supervisory committee of the **Fundo Soberano de Moçambique (FSM)** (Mozambique sovereign fund) elects **Emmanuel Chaves** as its president;

- 21 May 2025 **Maputo (Mozambique)** *AIM*. A group of illegal miners loot houses in **Mogovolas** district (**Nampula Province**);
- 21 May 2025 **Maputo (Mozambique)** *AfDB*. The **African Development Bank (AfDB)** approves \$43.6m in financing for the construction of the **Namaacha–Boane Transmission Line** in southern Mozambique;
- 21 May 2025 **Maputo (Mozambique)** *AIM*. Mozambique and **Namibia** announce plans to establish a joint economic commission to boost bilateral relations;
- 18 May 2025 **Maputo (Mozambique)** *AIM*. Police forcibly disperse a demonstration called by the opposition party **Movimento Democrático de Moçambique (MDM)** in **Gorongosa (Sofala Province)**;
- 16 May 2025 **Luanda (Angola)** *AIM*. President **Daniel Chapo** conducts a working visit to **Luanda** during which he meets with his Angolan counterpart, **João Lourenço**;
- 14 May 2025 **Maputo (Mozambique)** *AIM*. Mozambique’s legislature, the **Assembly of the Republic**, approves a bill extending the exemption of value-added tax (VAT) on sugar, soap, and cooking oil until 31 December;
- 13 May 2025 **Maputo (Mozambique)** *AIM*. The **Geneva-headquartered Internal Displacement Monitoring Centre (IDMC)** estimates that there are currently at least 718,000 displaced persons in Mozambique;
- 13 May 2025 **Maputo (Mozambique)** *AIM*. **Instituto Moçambicano de Gestão do Participado Estatal (IGEPE)** (institute for management of state holdings) dismisses the board of the state-owned airline **Linhas Aéreas de Moçambique (LAM)**;
- 12 May 2025 **Maputo (Mozambique)** *AIM*. Authorities order five mining companies in **Manica Province** to suspend operations following allegations that the firms violated environmental regulations.

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