

## AFRICA RISK CONSULTING

### Mozambique Monthly Briefing September 2024

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#### Mozambique Summary 5 September 2024

*Campaigning begins on 24 August ahead of Mozambique's 9 October general election. Frelimo candidate, Daniel Chapo, is widely expected to be elected as Mozambique's next president given Frelimo's dominance over Mozambican politics. A United States (US) jury on 9 August finds former finance minister Manuel Chang guilty of fraud and corruption related to Mozambique's secret debt scandal. Rwandan Defence Force (RDF) launch a new offensive against the Islamist insurgency in Cabo Delgado Province. Finance ministry reveals on 20 August that the sovereign wealth outperformed initial expectations, receiving \$114m as of the end of June 2024.*

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#### Election campaigning begins countrywide

Mozambique's 45-day election campaign period officially began on 24 August ahead of the presidential, legislative, and provincial elections on 9 October.<sup>1</sup> This election is significant as it will produce a new president regardless of the result as the incumbent president, **Filipe Nyusi** (2014-present) is constitutionally prohibited from contesting a third term. Instead, the ruling party, **Frelimo**, has put forward **Inhambane Province** governor **Daniel Chapo** as its presidential candidate.

Chapo is widely expected to win the presidential election given Frelimo's widespread control over Mozambique. Chapo is running a populist campaign promising to improve Mozambique's health and education services and drive economic development.<sup>2</sup> Frelimo is hoping that Chapo's candidacy will help bolster enthusiasm for the ruling party; especially, since as a comparatively new figure in Mozambican politics he is thus far scandal-free.

Frelimo needs its new candidate to revive flagging support for the ruling party as the government and electoral authorities will be under increased scrutiny following the disputed local government elections in October last year (*see ARC Briefing Mozambique Nov 2023*).<sup>3</sup> It is doubtful that the upcoming 9 October elections will be truly free and fair but the newly imposed election laws and increased external scrutiny will limit the ability of the government and the **Comissão Nacional de Eleições (CNE)** (national electoral commission) to influence the vote tabulating process. Illustrative of this increased scrutiny, the **European Union (EU)** has pledged to send 130 election observers to Mozambique to monitor the elections.<sup>4</sup>

Even with this increased scrutiny and improved election transparency, Frelimo is still expected to secure a commanding majority in a majority of the country's provinces and the national legislature. This is because the ruling party has a larger support base, better party infrastructure, and significantly more funding than the opposition. Furthermore, the opposition is even more divided going into this election than it was in the 2019 general election.

A key source of this division is independent presidential candidate **Venancio Mondlane** who left the largest opposition party, **Renamo**, in June after he was barred from contesting that party's leadership congress in April.<sup>5</sup> Mondlane is a popular figure among typical Renamo supporters and is widely credited with that party's strong performance in the **Maputo** municipal election. Mondlane was

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<sup>1</sup> VOA, 26 Aug 2024

<sup>2</sup> Club of Mozambique, 31 Aug 2024

<sup>3</sup> Zitamar, 15 Oct 2023

<sup>4</sup> AIM, 23 Aug 2024

<sup>5</sup> Club of Mozambique, 4 Jun 2024

Renamo's mayoral candidate in Maputo and a parallel vote count by independent observers indicates that he actually won that municipal election.<sup>6</sup>

Mondlane's presidential campaign suffered a setback on 1 August when the CNE barred his coalition, the **Coligação Aliança Democrática (CAD)**, from contesting the provincial and legislative elections (see *ARC Briefing Mozambique Aug 2024*). This means that although Mondlane will remain on the presidential ballot, he will lose the benefit of a joint campaign with a political party. However, the opposition **Partido Otimista para o Desenvolvimento de Moçambique (PODEMOS)** announced on 21 August it would support Mondlane.<sup>7</sup> PODEMOS was already accepted on the legislative and several of the provincial ballots and will now promote Mondlane as its presidential candidate. Furthermore, the **Revolução Democrática (RD)** announced on 23 August that it would support Mondlane's candidacy.<sup>8</sup> The RD is a breakaway party formed by former Renamo members opposed to current Renamo leader **Ossufo Momade**. As such, this endorsement should strengthen Mondlane's ability to attract Renamo voters.

Mondlane has little chance of winning the presidency but his candidacy could profoundly weaken Renamo's electoral chances and, as such, pose an existential risk to Mozambique's largest opposition party. Renamo has failed to make meaningful electoral gains ever since it signed the 2019 peace accords which ended its insurgency in return for, among other things, electoral reforms allowing direct elections in provinces.

Renamo's poor performance under Momade has caused widespread satisfaction within the party's base and another lacklustre electoral performance could signal a reordering of Mozambique's opposition politics. This is also the case for Mozambique's third-largest party, **Movimento Democrático de Moçambique (MDM)**, which is contesting its first general election without its founder **Daviz Simango** who died in February 2021.

The evident importance of this election makes it surprising that Renamo began its electoral campaign so slowly. The party did not begin properly campaigning until almost a week later on 30 August. This delay was because Momade was out of the country. Renamo has provided no reasons for Momade's absence leading to speculation that he travelled abroad for health reasons.

Mozambique's elections are often marked by heightened political tensions and instances of political violence. Thus far the election has progressed comparatively peacefully, and no major incidents have been reported but there is a possibility that this could change during the campaign as tensions between the parties escalate.

### Former finance minister convicted in the United States

Among the reasons why Frelimo chose Chapo as its presidential candidate is that the governor was not involved in politics between 2012 and 2016 when Mozambique's secret debt scandal broke. The ruling party will be satisfied with its choice of candidate following a **United States (US)** federal jury's finding on 9 August that former finance minister **Manuel Chang** is guilty of fraud and money laundering.<sup>9</sup>

According to prosecutors, the former finance minister was instrumental in securing the secret debt and facilitating kickbacks for Mozambique officials and executives at the **London (United Kingdom)** branches of **Credit Suisse** and **VTB** banks. The US pursued charges against Chang as the criminal activity was conducted in US dollars and US investors who bought Mozambique's **Eurobonds** were negatively impacted by the corrupt activity.

The secret debt scandal has been a major issue in Mozambican politics for the past eight years and a source of widespread frustration with Frelimo. However, Chang's conviction appears to have had little

<sup>6</sup> Club of Mozambique, 22 Oct 2023

<sup>7</sup> AIM, 22 Aug 2024

<sup>8</sup> AIM, 24 Aug 2024

<sup>9</sup> Daily Maverick, 9 Aug 2024

impact on the election campaign which suggests that the matter is no longer as central for voters. Frelimo will also hope that this conviction will mark the end of this saga.

### New offensive launched against militants in Cabo Delgado province

Although the secret debt scandal may finally begin to recede into the past, the government's other major governance failure of the past decade – the **Ahlu Sunnah wa Jama'ah (ASWJ)** Islamist insurgency in **Cabo Delgado Province** – remains active. Serious concerns remain that the situation could deteriorate following the withdrawal of the **South African Development Community (SADC) Mission in Mozambique (SAMIM)** in July (see *ARC Briefing Mozambique Jul 2024*). SAMIM's departure left Mozambique even more dependent on the **Rwandan Defence Force (RDF)** deployed in Cabo Delgado.

Illustrative of this, RDF forces launched an offensive targeting ASWJ positions in **Macomia** district on 29 July with the primary aim being the recapture of the town of **Mucojo**.<sup>10</sup> ASWJ has had effective control of the coastal town since January which has allowed the militants access to the sea, facilitating their trafficking and resupply efforts.

However, as of 31 August, Mucojo remains under ASWJ's control despite the RDF deploying artillery to bombard the village.<sup>11</sup> This marks a clear escalation in the RDF's tactics in Cabo Delgado. Previously, the Rwandan forces have utilised smaller teams of special forces and infantry to target ASWJ. This shift in resources and tactics suggests that both the Mozambique military and the RDF want to intensify their operations in the province and try to force an end to conflict in a shorter time frame.

There are likely several motivations behind this shift in tactics. The most prominent of which is the need to convince investors in Cabo Delgado's LNG sector to resume development. The largest planned projects were suspended following the March 2021 ASWJ attack on **Palma** and are yet to resume. This includes the \$20 billion onshore LNG project on the **Afungi Peninsula**, run by **France's TotalEnergies**. Rwanda is also heavily invested in these developments resuming as firms connected with Rwanda's ruling party, the **Rwandan Patriotic Front (RPF)**, have secured potentially lucrative contracts with these projects.<sup>12</sup>

This drive to intensify efforts against ASWJ will likely lead to increased military activity in Macomia in the coming months. ASWJ's largest remaining strongholds are in this district and displacing them from Macomia is key to weakening the insurgent group.

### Sovereign wealth fund contributions outperform expectations

The finance ministry revealed on 20 August that the country's sovereign wealth fund, **Fundo Soberano de Moçambique (FSM)**, has collected \$114m as of the end of June 2024.<sup>13</sup> The FSM collects capital generated by Mozambique's LNG and oil exports, highlighting the need to establish a secure operating environment in Cabo Delgado.

Approximately \$74.1m was transferred to the fund from revenue raised in 2022 and 2023 while the remaining \$39.8m was raised this year. Under the law that created the FSM, the fund will receive 40% of Mozambique's LNG revenue for the first 15 years with 60% going straight to the budget. After 15 years revenue will be divided 50% each way.

Notably, when the FSM was launched in April of this year, the finance ministry projected that it would only receive \$32.9m for the entirety of 2024.<sup>14</sup> The fact that the FSM has surpassed this amount as of June highlights the potential of the country's gas sector.

<sup>10</sup> Zitamar, 2 Aug 2024

<sup>11</sup> Zitamar, 14 Aug 2024

<sup>12</sup> 360 Mozambique, 18 Jul 2024

<sup>13</sup> 360 Mozambique, 21 Jul 2024

<sup>14</sup> Club of Mozambique. 20 Jun 2024

It has also underscored the strong performance of the **Corul Sul** floating LNG platform which provided the bulk of Mozambique's LNG exports and recently surpassed the five million-tonne LNG production milestone.<sup>15</sup> This platform is located in the **Rovuma Basin** off the coast of Cabo Delgado and is operated by a consortium led by **Italy's ENI**. This strong performance and clear financial benefit provide a strong motivation for the government to increase its counterinsurgency efforts.

## Planner

24 Aug – 6 Oct 2024 (**Mozambique**) Election campaign period;  
9 Oct 2024 (**Mozambique**) National general election;

## Chronology

3 Sep 2024 **Jinan (China) AIM**. President **Filipe Nyusi** addresses the **China-Mozambique Business Forum** and invites Chinese businesses to invest in Mozambique;

30 Aug 2024 **Maputo (Mozambique) AIM**. The **World Food Programme (WFP)** reveals that 1.8 million people across seven provinces in Mozambique are food insecure and in need of aid;

28 Aug 2024 **Lilongwe (Malawi) AIM**. President **Filipe Nyusi** conducts a two-day working visit to **Malawi** and meets with his counterpart, **Lazarus Chakwera**;

26 Aug 2024 **Maputo (Mozambique) Club of Mozambique**. The annual five-day **Feira Internacional de Maputo (FACIM 2024)** (Maputo international trade fair) begins in Maputo;

23 Aug 2024 **Maputo (Mozambique) AIM**. Officials reveal that over 1,600 Mozambican soldiers have been trained under the **European Union (EU) Training Mission in Mozambique (EUTM-Moz)**;

23 Aug 2024 **Maputo (Mozambique) AIM**. The government reveals it needs \$65m to implement a new natural disaster early warning system;

21 Aug 2024 **Maputo (Mozambique) AIM**. The Mozambique government and the **European Union (EU)** formally extend the **EU Training Mission in Mozambique (EUTM-Moz)** for another two years until 2026;

21 Aug 2024 **Maputo (Mozambique) AIM**. The **Rwanda Defence Force (RDF)** rotates its senior commander in Mozambique deploying Major General **Emmy Ruvusha** to replace Major General **Alex Kagame**;

20 Aug 2024 **Maputo (Mozambique) AIM**. The labour ministry introduces new regulations and quotas for the hiring of foreign labourers;

20 Aug 2024 **Maputo (Mozambique) 360 Mozambique**. The **Autoridade Reguladora da Concorrência (ARC)** (competition regulatory authority) approves the proposed sale by **Portugal's Galp Energia** of its 10% stake in the **Mozambique Rovuma Venture (MRV)** LNG joint venture to Emirati firm, the **Abu Dhabi National Oil Company (ADNOC)**;

17 Aug 2024 **Harare (Zimbabwe) AIM**. President **Filipe Nyusi** attends the **Southern African Development Community (SADC) Heads of State and Government Summi**;

16 Aug 2024 **Maputo (Mozambique) AIM**. A Maputo court sentences wildlife poacher **Ernesto Valou** to 27 years in prison;

14 Aug 2024 **Maputo (Mozambique) AIM**. **United States (US)** energy giant, **ExxonMobil**, reveals that it only expects to make the final investment decision for its LNG project in **Cabo Delgado Province** in 2026;

<sup>15</sup> Energy Capital & Power, 27 Aug 2024

13 Aug 2024 **Pemba (Mozambique) AIM. Ahlu Sunnah wa Jama'ah (ASWJ)** militants release 60 fishermen who they had kidnapped three days earlier in **Cabo Delgado Province's Mocimboa da Praia** district;

9 Aug 2024 **New York (United States) AIM.** United States-based credit ratings agency, **Fitch Ratings**, affirms its CCC+ credit rating for **Mozambique** citing persistent threats related to the country's debt burden;

8 Aug 2024 **Pemba (Mozambique) Club of Mozambique.** The **World Food Programme (WFP)** announces that it is working to restart its operations in the **Macomia** district (**Cabo Delgado Province**) after a suspension due to the threat of terrorism in that province;

8 Aug 2024 **Maputo (Mozambique) AIM.** The **Japanese** government disburses \$2m to the **World Food Programme's (WFP)** Mozambique operations.

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