

## AFRICA RISK CONSULTING

### Mozambique Monthly Briefing April 2024

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#### Mozambique Summary 9 April 2024

*The ruling Frelimo does not select a presidential candidate at its latest meeting on 5 and 6 April, fuelling tensions within the party. Similarly, Mozambique's largest opposition party, Renamo, announces that it will hold its party congress in May as it has also not confirmed its presidential candidate. The deadline for candidate submission is 10 June. The finance ministry reveals on 12 March that Mozambique's sovereign wealth fund is expected to become operational before the end of April, marking a major step towards the country realising some of the potential of its natural gas revenue. A series of inclement weather events impacts Mozambique, including tropical storm Filipo, which made landfall on 12 March.*

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#### Frelimo delays selecting a presidential candidate

Ruling **Frelimo's** central committee held its latest meeting on 5 and 6 April, notably not including any discussions about who will be the party's candidate in the upcoming 9 October general election in the initial agenda.<sup>1</sup> President **Filipe Nyusi** (2014-present) is constitutionally prohibited from contesting a third presidential term, leaving Frelimo needing to select a standard-bearer to lead the party in the general election. This candidate is virtually assured of being **Mozambique's** next president given Frelimo's commanding control over Mozambique's politics, but will also almost certainly be elected as the next party leader in 2026.

Frelimo had initially been expected to select its presidential candidate in March in order to enable them more time to establish themselves before the electoral campaign, however, at present, the ruling party is only expected to confirm its candidate in late April or early May. This will only be a few weeks before the 10 June deadline by which political parties are required to present their candidate lists.<sup>2</sup>

This delay is a result of the ongoing power struggle within Frelimo to select Nyusi's successor and is fuelling tensions within the ruling party. Frelimo war veteran and former political commission member **Oscar Monteiro** called for the party to discuss the matter during the April central committee meeting, a call which appears to have had some impact as the meeting organisers announced a last-minute change to the programme and a closed-door meeting was held to discuss the "profile of the presidential candidate"<sup>3</sup>. It appears that no specific names were discussed at this meeting but only the general characteristics that are desired in the eventual candidate.

Frelimo's 250-member central committee elects the presidential candidate from a three-person shortlist compiled by the party's political commission. Beyond this, the process is typically very opaque and the candidate is often pre-agreed upon by the party's power brokers resulting in the central committee vote largely being a formality. However, it appears that the party's various factions have been unable to reach a consensus on who Mozambique's next president should be.

Nyusi reportedly favours agriculture minister **Celso Correia** or **Autoridade Tributária (AT)** (tax authority) president **Amélia Muendane** as his successor while Frelimo's war veterans' group, the **Associação dos Combatentes da Luta de Libertação Nacional (ACLLN)**, is reportedly backing **Samora Machel Junior**, the son of Mozambique's founding president **Samora Machel** (1975-1986).<sup>4</sup>

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<sup>1</sup> AIM, 19 Mar 2024

<sup>2</sup> Club of Mozambique, 8 Feb 2024

<sup>3</sup> Club of Mozambique, 8 Feb 2024

<sup>4</sup> Zitamar, 4 Apr 2024

Other candidates in contention are former prime ministers **Aires Ali**, **Luísa Diogo**, and **Alberto Vaquina**, as well as former foreign minister **José Pacheco**, and former interior minister **Jaime Basílio Monteiro**.

The divide within Frelimo largely appears to be between the pro-Nyusi faction and those who wish to curtail the president's power. Nyusi has made little secret of his desire to remain a political power in Mozambique and even refused to rule out a third term for much of 2023 until it became clear that he did not have the support of Frelimo's central commission for such a brazen move.

Nyusi appears to believe that he will benefit from the current delay in selecting a candidate, however, the longer the matter is dragged out the more internal friction it will cause further undermining Frelimo's unity ahead of the election.

### Renamo announces party congress

Mozambique's largest opposition party, **Renamo**, announced on 22 March that it would hold its party congress on 15 and 16 May during which it will hold its leadership election during which it will elect its presidential candidate for the general election.<sup>5</sup> Renamo will precede this congress with a **National Council** meeting on 14 April during which it will discuss the details of the congress.

This announcement comes after a sustained effort by the party's former **Maputo** mayoral candidate **Venâncio Mondlane** to force Renamo to hold this congress. Mondlane is challenging incumbent leader **Ossufo Momade** for control of the party and has accused Momade of refusing to hold a congress to avoid a leadership challenge. Mondlane even approached the Maputo judicial court seeking to compel the party to hold its elective conference.<sup>6</sup> In addition to Mondlane and Momade, **Elias Dhlakama** (brother of the late Renamo leader **Afonso Dhlakama**) and former Renamo member of parliament (MP) **Juliana Picardo** are also expected to contest the election.<sup>7</sup>

Renamo's decision to hold its congress so late also leaves just over three weeks for the party to conclude its party lists for the election before the 10 June deadline. As such, any legal challenge to the outcome of the congress or failure to hold the leadership election in time could derail the party's election preparations.

The build-up to the fiercely contested congress is expected to be marked by heightened internal tensions within Renamo and even political violence. In fact, Mondlane has already accused Momade of being behind attacks on his supporters in **Nampula** province.<sup>8</sup> While Momade does have entrenched control over Renamo's party apparatus, but Mondlane is viewed as a more popular candidate. Accordingly, the tensions resulting from this contest could potentially lead to a split within the party if either of the two major camps refuses to accept the results.

### Sovereign wealth fund to begin operations

The economy and finance ministry announced on 12 March that the sovereign wealth fund planned to manage the bulk of Mozambique's natural gas revenue is expected to be operational by the end of April.<sup>9</sup> This announcement came after the **Conselho de Ministros** (council of ministers) approved proposed new regulations to govern the fund.

These regulations are aimed at addressing concerns around good governance and transparency, and among them is the creation of a so-called investment advisory committee comprising financial experts and independent civil servants who will assess the funds' investment opportunities, analyse risks, and monitor its performance. In addition, a supervisory committee will also be set up to monitor matters

<sup>5</sup> Club of Mozambique, 22 Mar 2024

<sup>6</sup> AIM, 23 Feb 2024

<sup>7</sup> Club of Mozambique, 9 Apr 2024

<sup>8</sup> AIM, 19 Mar 2024

<sup>9</sup> Club of Mozambique, 12 Mar 2024

related to revenues, resource allocation and fund management. This committee will report back to the legislature, the assembly of the republic, quarterly in a bid to bolster transparency.

The planned sovereign wealth fund is tasked with creating a long-term source of sustainable wealth for Mozambique that will outlast the country's gas reserves. The **International Monetary Fund (IMF)** heavily promoted the creation and implementation of such a fund during its dealings with Mozambique.

The December 2023 law which created the fund outlines that the **Banco de Moçambique (BoM)** (central bank) will manage it and be allocated 40% of the country's annual LNG revenue for the first 15 years (the remaining 60% will go straight to state coffers); after which LNG revenues will be split 50% each way between the fund and the treasury. Mozambique's gas industry is set to become its largest driver of revenue in the coming years.

The impending implementation of the sovereign wealth fund will mark an important step for Mozambique in realising the potential of its LNG wealth and helping safeguard the country's long-term economic prosperity. However, this success is dependent on the successful implementation of regulations which bolster transparency and help mitigate corruption, such as those the council of ministers approved on 12 March.

### **Inclement weather causes widespread flooding and fatalities**

Flooding and storm damage have killed and displaced dozens of people since mid-March. Tropical storm **Filipo** caused the worst of this damage after making landfall in Mozambique's **Inhambane** province on 12 March.<sup>10</sup> The storm caused widespread structural damage in the province negatively impacting over 50,000 people. State relief agency, the **Instituto Nacional de Gestão e Redução do Risco de Desastres (INGD)**, estimated that as of 23 March at least 20 people were killed as a direct result of the storm. Inhambane's tourism industry was also severely impacted by the storm's passage. In the popular tourist town of **Vilankulo** over 135 resorts were heavily damaged and 15 destroyed.<sup>11</sup> This will have a measurable impact on the upcoming June to August tourist season; however, these businesses should be rebuilt in time for the December peak holiday season.

The INGD's resources were further strained by further extreme weather in Maputo and **Gaza** provinces between 24 March and 3 April.<sup>12</sup> Persistent heavy rains have caused widespread travel disruptions in the capital city and its surrounds and officials estimate that at least nine people were killed as a result of structural damage and flash flooding.<sup>13</sup>

Mozambique frequently experiences extreme weather events between November and May with the country vulnerable to tropical storms and seasonal flooding. The impacts of these events are exacerbated by the country's poor infrastructure - especially a lack of sufficient storm drainage - as well as insufficient emergency services. Inclement weather, especially the resulting flooding, also presents a serious health concern as these conditions exacerbate the spread of waterborne and mosquito-borne diseases such as cholera, dysentery, and malaria.

Such extreme weather events are expected to become more common in Mozambique in the coming years as the country is considered highly vulnerable to the effects of climate change. As such, managing such seasonal events forms part of Mozambique's base operating risk profile.

<sup>10</sup> ECHO, 13 Mar 2024

<sup>11</sup> Club of Mozambique, 15 Mar 2024

<sup>12</sup> AIM, 8 Apr 2024

<sup>13</sup> AIM, 3 Apr 2024

## Planner

17 Apr 2024 **Maputo (Mozambique)** Liquefied Petroleum Gas (LPG) Exhibition  
 9 Oct 2024 **(Mozambique)** National general election;

## Chronology

8 Apr 2024 **Quissanga (Mozambique)** *AIM*. Islamist militants attack the town of Quissanga in **Cabo Delgado** province stealing two ambulances;

8 Apr 2024 **Maputo (Mozambique)** *News24*. Officials in **Nampula** province confirm that at least 96 people died after a ferry carrying 130 passengers sunk off the coast, with officials adding that the overcrowded ferry was carrying passengers attempting to flee the mainland after the spread of disinformation over a cholera outbreak;

5 Apr 2024 **Kigali (Rwanda)** *News24*. Rwandan authorities announce plans to deploy additional **Rwanda Defence Force (RDF)** troops to Mozambique to address the shortfall created by the ongoing departure of the **Southern African Development Community (SADC) Mission in Mozambique (SAMIM)**;

4 Apr 2024 **Maputo (Mozambique)** *AIM*. The anti-corruption NGO, the **Centre for Public Integrity (CIP)** accuses the **Secretariado Técnico da Administração Eleitoral (STAE)** (electoral administration technical secretariat) of preventing its observers from accessing voter registration sites;

4 Apr 2024 **Maputo (Mozambique)** *Club of Mozambique*. Mozambique and **Zambia** sign an agreement under which Mozambique's state-owned utility **Electricidade de Mocambique (EdM)** will provide Zambia with an additional 40 megawatts (MW) of electricity;

2 Apr 2024 **Maputo (Mozambique)** *AIM*. State relief agency, **Instituto Nacional de Gestão e Redução do Risco de Desastres (INGD)**, reveals that almost 220,000 people are at risk of food insecurity in **Sofala** province due to a lack of sufficient rain;

1 Apr 2024 **Maputo (Mozambique)** *AIM*. The **United Nations (UN)** confirms that it is intending to provide humanitarian assistance to over 1.7 million people in Mozambique in 2024;

31 Mar 2024 **Maputo (Mozambique)** *AIM*. **Secretariado Técnico da Administração Eleitoral (STAE)** (electoral administration technical secretariat) announces that 2.4 million voters were registered as of 30 March;

30 Mar 2024 **Maputo (Mozambique)** *AIM*. Officials reveal that the electrification rate in the country exceeded 50% as of the end of 2023;

29 Mar 2024 **Maputo (Mozambique)** *AIM*. The **Japanese** government commits \$1.7m for humanitarian aid projects in **Cabo Delgado** province;

29 Mar 2024 **Maputo (Mozambique)** *Zitamar*. Reports citing satellite imagery and flight records claim that **French** energy giant **TotalEnergies** has resumed work at its liquified natural gas (LNG) project on **Cabo Delgado** province's **Afunji** peninsula;

28 Mar 2024 **Maputo (Mozambique)** *Club of Mozambique*. **Banco de Moçambique (BoM)** (central bank) pays \$45m to financial institutions which lent money to the state-owned defence firm **Proindicus** as part of the settlement agreement reached over the country's hidden debt;

- 27 Mar 2024 **Maputo (Mozambique)** *Club of Mozambique*. **Conselho de Ministros** (council of ministers) approve terms for five new oil and gas concession contracts in the **Save** and **Angoche** offshore blocks;
- 27 Mar 2024 **Maputo (Mozambique)** *Club of Mozambique*. The **Banco de Moçambique (BoM)** (central bank) cuts Mozambique's main monetary policy rate from 16.50% to 15.75% in response to falling inflation rates;
- 26 Mar 2024 **Maputo (Mozambique)** *360 Mozambique*. **South African** petrochemical firm **Sasol** reveals that it expects to complete construction of its gas production plant in **Temane** by September;
- 25 Mar 2024 **Maputo (Mozambique)** *AIM*. Foreign minister **Veronica Macamo** claims that the **Southern African Development Community (SADC) Mission in Mozambique (SAMIM)** is exiting Cabo Delgado due to financial constraints;
- 25 Mar 2024 **Maputo (Mozambique)** *360Mozambique*. **Banco de Moçambique (BoM)** (central bank) reveals that foreign direct investment increased by 2% in 2023 to \$2.5 billion;
- 23 Mar 2024 **Lusaka (Zambia)** *AIM*. President **Filipe Nyusi** attends the **Extraordinary Summit of SADC's Troika of the Organ on Politics Defence and Security**;
- 21 Mar 2024 **Maputo (Mozambique)** *AIM*. Authorities seize 4.8 tonnes of ivory at the Port of Maputo;
- 21 Mar 2024 **Maputo (Mozambique)** *Defence Web*. Mozambique, **India**, and **Tanzania** begin an eight-day naval exercise off the coasts of Mozambique and Tanzania;
- 20 Mar 2024 **Maputo (Mozambique)** *AIM*. President **Filipe Nyusi** promulgates Mozambique's new law on **Repression and Combating Terrorism and Proliferation of Weapons of Mass Destruction**;
- 20 Mar 2024 **Maputo (Mozambique)** *AIM*. The assembly of the republic ratifies an extradition treaty with **Rwanda**;
- 18 Mar 2024 **Maputo (Mozambique)** *AIM*. President **Filipe Nyusi** appoints **Maria Manuela dos Santos Lucas** as Mozambique's ambassador to **Madagascar** and the **Seychelles**;
- 15 Mar 2024 **Maputo (Mozambique)** *Club of Mozambique*. The assembly of the republic approves a bill intended to strengthen Mozambique's efforts to combat money laundering and terrorism financing;
- 15 Mar 2024 **Maputo (Mozambique)** *Club of Mozambique*. Voter registration for the 9 October general election begins countrywide;
- 11 Mar 2024 **Maputo (Mozambique)** *AIM*. Suspected insurgents kidnap three people in the **Nampipi** area of Cabo Delgado's **Metuge** district;
- 10 Mar 2024 **Maputo (Mozambique)** *AIM*. Three election workers are killed in **Chiure** district (**Cabo Delago Province**) after being mistaken for insurgents;
- 10 Mar 2024 **Johannesburg (South Africa)** *Defence Web*. The **Kwa-Zulu Natal** provincial government resumes construction of a concrete barrier wall along the South Africa/**Mozambique** border to curb cross-border crime;
- 8 Mar 2024 **Maputo (Mozambique)** *Club of Mozambique*. **Banco de Moçambique (BoM)** (central bank) reveals that Mozambique made over \$1.7 billion in natural gas sales in 2023.

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