

## AFRICA RISK CONSULTING

### Mozambique Monthly Briefing February 2025

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#### Mozambique Summary 13 February 2025

*Daniel Chapo is inaugurated as Mozambique's president and appoints his new Council of Ministers, noteworthy for the number of newcomers and indicates a clear break with his predecessor, Filipe Nyusi (2015-2025). Opposition leader Venancio Mondlane breaks ties with the Podemos opposition party ending the uneasy alliance between the two and creating distinct centres of power in Mozambique's opposition politics. Demonstrators protest the resumption of toll collections on the EN4 highway underscoring the persistent anti-government sentiment and the continued elevated threat of unrest. Highlighting the impact of this threat, Mozambique's new finance minister, Carla Louveira, indicates that she is considering attempting to restructure Mozambique's debt due to the economic and financial impact of the post-election unrest.*

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#### New president appoints cabinet

**Daniel Chapo** was officially inaugurated as **Mozambique's** fifth president on 15 January in a ceremony in **Maputo** amid a heightened security as violent anti-government protests opposing Chapo's election took place elsewhere in Maputo.<sup>1</sup> Chapo's inauguration was an important victory for the ruling **Frelimo** as it marked the completion of an electoral process during which Frelimo made no concessions to the opposition protest campaign condemning the disputed election. Chapo's investiture has left the opposition uncertain as how to proceed with opposing the electoral result.

Chapo's ascension also marks a fundamental shift in Frelimo, as was illustrated by his new cabinet, which comprises 20 new ministers with only national defence minister **Cristavao Chume** retained from former president **Filipe Nyusi's** (2015-2025) **Council of Ministers**.<sup>2</sup> It is clear that Chapo wants to mark a break with Nyusi's tenure - this is necessary for both the new president to stamp his authority on the government and Frelimo as well as to send a message that his government represents a political renewal in Mozambique. Chapo was selected as Frelimo's presidential candidate in large part because he is comparatively new to national politics and was not tainted by Frelimo's numerous corruption scandals under the Nyusi and **Armando Guebuza** (2005-2015) administrations. The most significant of which was the 2016 secret debt scandal.

Chume was retained to indicate to Mozambique's security partners that the government is taking the ongoing conflict against the **Ahlu Sunnah wa Jama'ah (ASWJ)** Islamist insurgency in **Cabo Delgado Province** seriously. Ensuring continuity in the national defence ministry should minimise any disruption to Mozambique's armed forces and the ongoing prosecution of the counterinsurgency. Furthermore, it should be noted that Chume is a former general in the **Forças Armadas de Defesa de Moçambique (FADM)** (Mozambique defence armed forces) and actually served as the commander of the Mozambican army prior to his appointment as national defence minister in 2021.

The most significant cabinet appointment was **Benvinda Levi** as prime minister.<sup>3</sup> Levi is a former justice minister, a position she held between 2008 and 2015 and is Mozambique's second female prime minister. Her seniority within Frelimo and past experience in the cabinet will be valuable to Chapo and his relatively inexperienced cabinet. As prime minister, Levi is officially the head of the cabinet and is tasked with implementing Chapo's agenda and overseeing the cabinet.

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<sup>1</sup> Al Jazeera, 15 Jan 2025

<sup>2</sup> AIM, 17 Jan 2025

<sup>3</sup> Club of Mozambique, 17 Jan 2025

Notably, Chapo has delivered on his campaign promise to reduce the size of Mozambique’s council of ministers by eliminating deputy ministers and secretaries of state.<sup>4</sup> This will reduce the complexity of decision-making and policy implementation in the government and concentrate more authority in the hands of his ministers. This does mean that Chapo had a more limited ability to dispense patronage and positions to his loyalists but this should translate into more effective governance. The new council of ministers is comprised as follows:

Position	Minister
Prime minister	Benvinda Levi
Minister in the presidency for civil matters	<b>Ricardo Sengo</b>
Minister in the presidency for parliamentary, local government, and provincial assembly affairs	<b>Eduardo Mulémbwè</b>
Agriculture, environment and fisheries minister	<b>Roberto Mito Albino</b>
Veterans minister	<b>Nyeleti Mondlane</b>
Communications and digital transformation minister	<b>Américo Muchanga</b>
Economy minister	<b>Basílio Zefanias Muhate</b>
Education and culture minister	<b>Samaria Tovela</b>
Finance minister	<b>Carla Louveira;</b>
Foreign affairs and cooperation minister	<b>Maria Dos Santos Lucas</b>
Health minister	<b>Ussene Hilário Isse</b>
Justice, constitutional and religious matters minister	<b>Mateus Saize</b>
Labour, gender and social action minister	<b>Ivete Ferrão Alane</b>
Mineral resources and energy minister	<b>Estevao Tomás Rafael Pale</b>
National defence minister	<b>Cristavao Artur Chume</b>
Planning and development minister	<b>Salim Ismael Valá</b>
Public works, housing, and water resources minister	<b>Fernando Rafael</b>
State administration and public service minister	<b>Inocêncio Impissa</b>
Interior minister	<b>Paulo Chachine</b>
Transport and logistics minister	<b>João Jorge Matlombe</b>
Youth and sports minister	<b>Caifadine Manasse</b>

Although Chapo has not appointed many ministers with experience at a cabinet-level, he has prioritised appointing those with relevant sector experience. Mineral resources and energy minister, Estevao Tomás Rafael Pale, previously served as the chairperson of the **Empresa Nacional de Hidrocarbonetos (ENH)** (national hydrocarbons company). Pale’s appointment will be welcomed by Mozambique’s energy sector as it confirms that Chapo is prioritising the development of Mozambique’s oil and gas sector. In fact, as a former ENH chairperson Pale would have had a working relationship with all the major LNG sector investors given that ENH is a stakeholder in all major hydrocarbon projects.

<sup>4</sup> Club of Mozambique, 20 Jan 2025

Similarly, health minister Ussene Hilário Isse is a medical doctor who has held senior practical positions in the health ministry including that of national director of public health, and national director of medical care while the new foreign affairs minister Maria Lucas is an experienced diplomat.

Another figure who will be key to Chapo's success is the new finance minister, Carla Louveira. As the former deputy finance minister, Louveira will ensure stability within the finance ministry. Mozambique's external finance partners such as the **International Monetary Fund (IMF)** and the **World Bank** should welcome this move. In her previous role, Louveira was responsible for overseeing fiscal policy, public debt management, financial inclusion and budget execution.<sup>5</sup> As such, she is well-versed in the country's fiscal position and policies and would have been central to Mozambique's engagements with the IMF.

### Venancio Mondlane finally splits with Podemos...

Chapo's election may have marked a sea change within Frelimo and the government, but the October 2024 election was also a watershed moment for Mozambique's opposition politics when **Renamo** was dethroned as Mozambique's largest opposition party and replaced by **Podemos** as the official opposition in the legislature (*see ARC Briefing Mozambique Jan 2025*). However, Podemos' emergence from political obscurity to be Mozambique's largest opposition party was due to its partnership with independent presidential candidate **Venancio Mondlane**, who is the dominant opposition leader in Mozambique. The two formed an alliance ahead of the general election after Mondlane's original partner, the **Coligação Aliança Democrática (CAD)**, was barred from contesting the election (*see ARC Briefing Mozambique Sep 2024*).

However, this alliance has been under strain in recent weeks as Podemos and Mondlane have fundamentally different political ambitions and approaches. Mondlane is much more confrontational while Podemos is more institutionalist in nature. The tension between the two came to a head when Podemos took up its seats in the **Assembleia da República** (Mozambique's parliament) in defiance of Mondlane's calls to boycott the legislature to maintain the opposition's position that the election was illegitimate.

Unsurprisingly, Mondlane announced on 5 February that he was severing all ties with Podemos.<sup>6</sup> The announcement came in a press release issued by Mondlane's legal advisor, **Dinis Tivane**, which further denounced Podemos leader **Albino Forquilha** as a traitor for ignoring Mondlane's order to boycott the legislature. Mondlane declared on 7 February that he would soon launch his own political party, which will result in the establishment of centres of power within the wider political opposition in Mozambique.<sup>7</sup>

As the largest opposition party in the legislature, Podemos is the official opposition and will have the most relevant to oppose legislation. However, the true centre of the political opposition will remain on Mondlane and his new political party. In order to retain his influence, Mondlane will need to continue to mobilise his supporters and stage anti-government demonstrations. Chapo will also be unable to continue to ignore Mondlane as Podemos will now no longer be viewed as a legitimate representative by the majority of opposition supporters.

It is unclear if Mondlane will be able to sustain his support from outside of formal political structures such as parliament, especially given that Mozambique's next major elections are the municipal elections scheduled for 2028. Regardless, Mozambique's opposition politics is going through a period of upheaval and reorganisation. This will likely be to Chapo's benefit as he will not face meaningful opposition within the legislature or a unified opposition outside of it.

<sup>5</sup> World Bank, 3 Dec 2023

<sup>6</sup> AIM, 5 Feb 2025

<sup>7</sup> Club of Mozambique, 8 Feb 2025

### ... as anti-government demonstrations continue

Chapo should be cautious about becoming overconfident about Mozambique's divided opposition as anti-government sentiment remains entrenched across much of the country, as highlighted by violent unrest which broke out after officials attempted to resume toll collections on the **EN4** highway connecting Maputo to the **South African** border on 23 January.<sup>8</sup> Authorities suspended toll collections on the highway in December in response to toll gates being targeted during the post-election protests, after Mondlane called for his supporters to refuse to pay these tolls.<sup>9</sup> Between 23 and 30 January, protestors repeatedly blockaded the highway, clashed with security forces, and even destroyed two toll gates.<sup>10</sup>

Notably, these protests occurred despite Mondlane's call for a three-month pause in demonstrations on 17 January.<sup>11</sup> These most recent protests appeared to have been organised organically at a grassroots level but were certainly related to the post-election anti-government protests. Sufficiently, Mondlane included abolishing tolls as one of his 'first 100 days' measures and had previously called on his supporters to refuse to pay tolls.<sup>12</sup>

The apparent spontaneous nature of these protests does suggest that Mondlane does not have as tight a control of his supporters as initially suggested. It further underscored the deep-seated anti-government sentiment in the country. As such, Chapo needs to engage in a meaningful dialogue with Mondlane to address these grievances or risk such protests becoming a regular occurrence.

### New finance minister considers debt restructuring

Resolving Mozambique's political crisis needs to be Chapo's leading priority as the country cannot sustain the economic damage caused by the related civil unrest. Louveira has already indicated that Mozambique lost over \$664m in revenue due to the economic disruption caused by the protests.<sup>13</sup> This has aggravated Mozambique's public debt burden which is now currently estimated to be around 96% of GDP.<sup>14</sup>

In response to this lost revenue and deteriorating debt-to-GDP ratio, Louveira has suggested that her ministry is considering restructuring Mozambique's public debt. Widespread disruption to tax collection during the unrest as well as the destruction of assets have undermined the government's ability to meet its debt repayment obligations. As such, the finance minister believes that a restructuring process may be needed to make Mozambique's debt sustainable.

However, such a move is unlikely to be welcomed by Mozambique's external creditors and bondholders. Any effort to restructure its debt will be viewed as a restricted default by major credit rating agencies and likely result in a rating downgrade. Accordingly, Louveira will face resistance to such a move from within and outside of Mozambique.

If the finance minister pursues this, she will need the backing of institutions such as the IMF and World Bank which will want the government to agree to greater fiscal consolidation and governance reforms. Furthermore, these organisations and Mozambique's bilateral creditors – such as **European Union (EU)** states – will want the government to engage in a comprehensive political dialogue to end the crisis and reduce the threat of renewed unrest.

<sup>8</sup> Club of Mozambique, 23 Jan 2025

<sup>9</sup> Club of Mozambique, 23 Jan 2025

<sup>10</sup> AIM, 30 Jan 2025

<sup>11</sup> Bloomberg, 17 Jan 2025

<sup>12</sup> Club of Mozambique, 16 Jan 2025

<sup>13</sup> Reuters, 23 Jan 2025

<sup>14</sup> Moneyweb, 20 Jan 2025

## Planner

14 Feb 2025 **Maputo (Mozambique)** Extraordinary meeting of **Frelimo's Central Committee**

## Chronology

7 Feb 2025 **London (United Kingdom)** *Fitch*. Global ratings agency **Fitch Ratings** downgrades Mozambique's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC' from 'CCC+';

6 Feb 2025 **Maputo (Mozambique)** *Club of Mozambique*. The government authorises the sale of 91% of the state-owned airline, **Linhas Aéreas de Moçambique (LAM)**, to other state-owned companies for \$130m in an effort to recapitalise the airline;

6 Feb 2025 **Maputo (Mozambique)** *360 Mozambique*. Protestors block access to **Gaza Province's Filipe Nyusi Airport** to demand the free utility provision they were promised in exchange for providing the land to develop the hotel;

6 Feb 2025 **Maputo (Mozambique)** *AIM*. **Confederação das Associações Económicas de Moçambique (CTA)** (confederation of economic associations of Mozambique) raises concerns about the lack of foreign exchange available in Mozambique;

4 Feb 2025 **Maputo (Mozambique)** *Financial Times*. **United Kingdom** is reportedly taking legal advice over whether it can withdraw \$1.15 billion from **France**-headquartered **TotalEnergies'** LNG project in Mozambique;

5 Feb 2025 **Maputo (Mozambique)** *AIM*. Defence minister **Cristóvão Chume** confirms that the **Rwandan Defence Forces (RDF)** is currently circulating out its troops based in **Cabo Delgado Province**;

4 Feb 2025 **Maputo (Mozambique)** *Club of Mozambique*. Health officials confirm they are on alert in response to a confirmed **Marburg** virus outbreak in neighbouring **Tanzania**;

4 Feb 2025 **Maputo (Mozambique)** *AIM*. The **Council of Ministers** approves its action plan for its first 100 days;

4 Feb 2025 **Maputo (Mozambique)** *AIM*. The **Mozambican Bar Association** calls for the **Conselho Constitucional** (constitutional council) to be depoliticised;

3 Feb 2025 **Maputo (Mozambique)** *AIM*. **Ahlu Sunnah wa Jama'ah (ASWJ)** insurgents attack the Mirate Administrative Post in **Montepuez district (Cabo Delgado)**;

1 Feb 2025 **Maputo (Mozambique)** *AIM*. Armed assailants kidnap a local businessman in Maputo;

30 Jan 2025 **Maputo (Mozambique)** *Zitamar*. The **European Union (EU) Election Observer Mission (EU EOM)** releases its final report on the 9 October general election in which it reiterates that the election was marred by irregularities and calls for electoral reform;

30 Jan 2025 **Maputo (Mozambique)** *AIM*. The **Renamo** and **Movimento Democrático de Moçambique (MDM)** opposition parties end their boycott of the legislature and take up their seats in the **Assembleia da República** (Mozambique's parliament);

29 Jan 2025 **Manhica (Mozambique)** *AIM*. Protestors destroy the house of the mayor of Manhica (**Maputo Province**) during a demonstration over kidnapping in the town;

28 Jan 2025 **Maputo (Mozambique)** *360 Mozambique*. President **Daniel Chapo** meets with **Patrick Pouyanné**, the CEO of **French** energy giant **TotalEnergies**, to discuss the company's paused LNG project;

27 Jan 2025 **Maputo (Mozambique)** *Club of Mozambique*. President **Daniel Chapo** calls to amend Mozambique's constitution, specifically its electoral laws, to promote peace, security, and economic, social and political stability;

27 Jan 2025 **Maputo (Mozambique)** *Club of Mozambique*. Attorney general's office confirms that it has instituted an investigation into **Venancio Mondlane** for allegedly "subverting the state" by declaring himself the winner of the October 2024 election;

27 Jan 2025 **Maputo (Mozambique)** *AIM*. The **Banco de Moçambique** (central bank) cuts its main monetary policy interest rate by 50 basis points from 12.75% to 12.25%;

26 Jan 2025 **Pemba (Mozambique)** *Zitamar*. Insurgents attack the village of **Pundanhar** in **Palma** district (**Cabo Delgado Province**) and kill two people;

26 Jan 2025 **Malelane (South Africa)** *Club of Mozambique*. South African police arrest two individuals suspected to have escaped during the mass breakout at **Maputo Central Prison** on 25 December 2024;

26 Jan 2025 **Dar es Salaam (Tanzania)** *Club of Mozambique*. The International police organisation, **INTERPOL**, announces that a suspected Mozambican insurgent was arrested among 37 other suspects in an **East African** operation;

24 Jan 2025 **Maputo (Mozambique)** *Club of Mozambique*. Pro- **Venancio Mondlane** supporters demonstrate at several points in Maputo and sing the national anthem in support of the opposition leader;

24 Jan 2025 **Maputo (Mozambique)** *Club of Mozambique*. Interior minister **Paulo Chachine** announces plans to create an internal affairs agency to monitor Mozambique's police;

23 Jan 2025 **Maputo (Mozambique)** *Club of Mozambique*. President **Daniel Chapo** appoints former **Sofala** police chief **Joaquim Adriano Sive** as the new commander of the Mozambican police after dismissing **Bernardino Rafael**;

23 Jan 2025 **Maputo (Mozambique)** *AIM*. The **Empresa Municipal de Transporte Público de Maputo** (Maputo municipal public transport company) reveals that it lost \$469,000 due to the post-election unrest;

22 Jan 2025 **Maputo (Mozambique)** *360 Mozambique*. **France**-headquartered **TotalEnergies** confirms that it has further delayed restarting its LNG project which is now unlikely to begin production before 2029;

20 Jan 2025 **Washington D.C (United States)** *AIM*. **United States (US)** President **Donald Trump** suspends foreign aid including humanitarian assistance to Mozambique;

20 Jan 2025 **Maputo (Mozambique)** *AIM*. The **Podemos** opposition party claims that at least 106 of its members were killed by security forces since 21 October 2024;

17 Jan 2025 **New York (United States)** *AIM*. Former finance minister **Manuel Chang** is sentenced by a **United States (US)** federal court to eight and a half years imprisonment for fraud and money laundering related to Mozambique's secret debt scandal.

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