

## AFRICA RISK CONSULTING

### Mozambique Monthly Briefing October 2017

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#### Mozambique Summary 12 October 2017

*The ruling Frente de Libertação de Moçambique (Frelimo) re-elects President Filipe Nyusi (2015-present) as party president. Frelimo elects new political commission and central committee members. The election of several of Nyusi's political allies to the central committee will strengthen his control over Frelimo. Suspected Islamists attack a local police station and a bank in Mocimboa de Praia. The Conselho de Ministro (CdM) (council of ministers) approves the draft 2018 budget which proposes a 35% increase in government spending.*

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#### Nyusi re-elected as Frelimo president

The ruling **Frente de Libertação de Moçambique (Frelimo)** re-elected President **Filipe Nyusi** (2015-present) as party president during its 11<sup>th</sup> congress held in **Matola** between 26 September and 1 October.<sup>1</sup> Nyusi's new term as Frelimo president will last five years, hence he is in line to stand as the Frelimo candidate in the 2019 presidential election.<sup>2</sup> Nyusi, the only declared candidate,<sup>3</sup> received 99.72% of the vote.<sup>4</sup>

After his re-election as Frelimo president, Nyusi said he would focus on pushing ahead with peace talks with **Resistencia Nacional Moçambicana (Renamo)** leader **Afonso Dhlakama**:

*"Effective peace and national reconciliation is an urgent task that is incumbent on us all regardless of political affiliation ... There is no doubt that the work that awaits me is arduous."*<sup>5</sup>

Nyusi indicated that Renamo and other opposition groups must also commit to working towards peace,

*"It is an urgent task that belongs to everyone, regardless of political affiliation, religious or social position."*<sup>6</sup>

#### Frelimo elects new political commission

During Frelimo's 11<sup>th</sup> congress (see above), the party elected new members of the party's powerful political commission on 1 October.<sup>7</sup> The political commission is Frelimo's most important decision-making body which meets as regularly as once a week and effectively shares power with the president.<sup>8</sup> Frelimo governs through consensus; the president needs the political commission's authorisation for important decisions and would not act without its agreement.<sup>9</sup> This makes the decision-making process extremely slow but the outcomes durable.<sup>10</sup>

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<sup>1</sup> Lusa, 29 Sept 2017.

<sup>2</sup> AFP, 2 Oct 2017.

<sup>3</sup> Lusa, 29 Sept 2017.

<sup>4</sup> Lusa, 30 Sept 2017.

<sup>5</sup> AFP, 2 Oct 2017.

<sup>6</sup> Reuters, 2 Oct 2017.

<sup>7</sup> Lusa, 2 Oct 2017.

<sup>8</sup> Source, Mozambique analyst, United Kingdom

<sup>9</sup> Source, Mozambique analyst, United Kingdom

<sup>10</sup> Source, Mozambique analyst, United Kingdom

According to the regulations governing Frelimo's internal elections, the party can only elect 40% of the political commission members at a time; therefore only eight new members were elected and 11 existing political commission members remain in their positions.<sup>11</sup> The new members are:

- **Roque Silva Samuel**, newly elected Frelimo secretary general;
- **Manuel Tomé**, former Frelimo secretary general;
- **Carlos Agostinho do Rosário**, prime minister;
- **Aires Ali**, former prime minister under former president **Armando Emilio Guebuza** (2005-2015);
- **Tomaz Salomão**, **Standard Bank Mozambique** president and former executive secretary of the **Southern African Development Community (SADC)**;
- **Basilio Monteiro**, interior minister;
- **Nyeleti Mondlane**, deputy foreign affairs minister and daughter of Frelimo founder **Eduardo Mondlane**;
- **Ana Rita Sithole**, businesswoman and member of parliament.<sup>12</sup>

Political commission members who will continue in their positions are:

- **Alberto Chipande**, former defence minister;<sup>13</sup>
- **Eneas Comiche**, former finance minister and mayor of **Maputo**;<sup>14</sup>
- **Eduardo Mulembwe**, former speaker of parliament;
- **Raimundo Pachinuapa**, former army general;
- **Filipe Paunde**, former Frelimo secretary general;<sup>15</sup>
- **Margarida Talapa**, head of Frelimo parliamentary group;<sup>16</sup>
- **Sérgio Pantie**;
- **Veronica Macamo**;
- **Conceita Sortane**;
- **Alcinda Antonio de Abreu**.<sup>17</sup>

### Frelimo elects new central committee members

During Frelimo's 11<sup>th</sup> congress (see above), the party also elected new members of the party's second most powerful organ, the central committee, on 1 October.<sup>18</sup> Central committee members help formulate Frelimo's overall policy direction and give the political commission a feel for grass roots Frelimo members' thinking.<sup>19</sup> The 59-member central committee typically meets only twice a year.<sup>20</sup>

Several of Nyusi's political allies obtained positions in the central committee, which will strengthen his control over Frelimo.<sup>21</sup> These include:

- **Lucinda Espirito Santo**, who is reportedly his sister-in-law;
- **Salim Vala**, once his adviser and now CEO of the **Mozambique Stock Exchange**;
- the prime minister, **Carlos Agostinho do Rosario**;
- transport and communication minister **Carlos Mesquita**;
- fisheries minister **Agostinho Mondlane**;
- interior minister **Basilio Monteiro**;

<sup>11</sup> Lusa, 2 Oct 2017.

<sup>12</sup> Unless otherwise noted – Lusa, 2 Oct 2017.

<sup>13</sup> Source, Mozambique analyst, United Kingdom

<sup>14</sup> Source, Mozambique analyst, United Kingdom

<sup>15</sup> Source, Mozambique analyst, United Kingdom

<sup>16</sup> Source, Mozambique analyst, United Kingdom

<sup>17</sup> Unless otherwise noted – Lusa, 2 Oct 2017.

<sup>18</sup> Lusa, 2 Oct 2017.

<sup>19</sup> Source, Mozambique analyst, United Kingdom

<sup>20</sup> Source, Mozambique analyst, United Kingdom

<sup>21</sup> Source, Mozambique analyst, United Kingdom

- former combatants minister **Eusebio Lambo**; and
- social affairs minister **Cidalia Chauque**.<sup>22</sup>

Allies of political commission member Alberto Chipande (see above), who is known as “Nyusi’s protector”,<sup>23</sup> were also elected to the central committee. They include:

- Frelimo parliamentary group head **Margarida Talapa**;
- Chipande’s daughter-in-law, **Catarina Dimande**;
- Chipande’s sons **Namoto Chipande** (Dimande’s husband) and **Alberto Chipande Jr.**<sup>24</sup>

Chipande’s sons and daughter-in-law have no political experience and have never exercised any role within Frelimo, hence their election “is seen as Chipande’s personal decision.”<sup>25</sup>

*“Nyusi is now in position to lead the party with increased authority and strength, as he will have support of people close ...”*<sup>26</sup>

The Frelimo central committee election appears to indicate the declining influence of Guebuza and his political allies:

*“... at least five former ministers from Guebuza’s regime lost their seats, namely the former foreign minister, **Odelmiro Baloi**, former sports and youth minister **Alberto Nkutumula**, former labour minister **Vitoria Diogo**, and her deputy **Oswaldo Petersburgo**, and former president’s office minister **Adelaide Amurane**. Guebuza and his former finance minister **Manuel Chang** did not stand.”*<sup>27</sup>

### Suspected Islamists attack Mocimboa de Praia

Suspected Islamists attacked the northern Mozambican town of **Mocimboa de Praia (Cabo Delgado Province)** on 5-6 October.<sup>28</sup> Mozambique does not have a reputation for violent Islamist cells and there is little evidence to suggest that **Somalia-based Al Shabaab**, **Nigeria-based Boko Haram** or the **Islamic State (IS)** have any significant direct organisational capabilities in Mozambique.<sup>29</sup> The suspected Islamists attacked a local police station, killed two police officers and stole firearms, before attacking two security guards at a branch of **Millenium Bim Bank** in what was reportedly an attempted bank robbery.<sup>30</sup> According to police spokesperson **Inacio Dina**, the situation is under control and Mocimboa de Praia is now secured, but the response of the security forces resulted in the death of 14 gunmen.<sup>31</sup> Police have so far arrested 10 people, and recovered four firearms and more than 100 rounds of ammunition.<sup>32</sup> Dina suggested that:

*“The way they operated makes us believe that there is a structure behind the group [but there is no link] between the attackers and external forces.”*<sup>33</sup>

Moreover, Dina has suggested that the attackers were linked to a “homegrown radical Islamic sect”:

*“There is no evidence that they are members of Shabaab or Boko Haram. According to the information gathered, all those captured or killed are Mozambicans.”*<sup>34</sup>

<sup>22</sup> Source, political analyst, Mozambique

<sup>23</sup> Source, a Frelimo senior member & delegate to the congress, Mozambique

<sup>24</sup> Source, a Frelimo senior member & delegate to the congress, Mozambique

<sup>25</sup> Source, a Frelimo senior member & delegate to the congress, Mozambique

<sup>26</sup> Source, political analyst, Mozambique

<sup>27</sup> Source, political analyst, Mozambique

<sup>28</sup> AFP, 7 Oct 2017.

<sup>29</sup> Source, Mozambique analyst, United Kingdom

<sup>30</sup> Ntatenda, 5 Oct 2017.

<sup>31</sup> AFP, 7 Oct 2017.

<sup>32</sup> AFP, 7 Oct 2017.

<sup>33</sup> AFP, 7 Oct 2017.

<sup>34</sup> AFP, 7 Oct 2017.

A local journalist suggested on social media that the attackers belonged to the virtually unknown group called **Swalissuna**, which has been in existence for about five years.<sup>35</sup> Mocimboa da Praia residents, including local Muslim leaders, said they have been aware of the existence of Islamic extremist groups since 2014 – which used the same name as al Shabaab – and had warned the authorities repeatedly.<sup>36</sup> The group wants to impose sharia law, demolish the statues in Mocimboa da Praia that honoured Mozambique’s heroes, including those of **Eduardo Mondlane**, the founder of Frelimo, and Mozambique’s first president, **Samora Machel** (1975-1986), and demolish Christian churches in the town.<sup>37</sup> Mozambique’s Muslim leaders distanced themselves from the attack and described the group’s actions as “terror”.<sup>38</sup> **Sheikh Amin Mohamed**, head of the **Conselho Islamico de Moçambique (CISLAMO)** (Mozambique Islamic council) told the media that “Islam has nothing to do with this.”<sup>39</sup> According to Mozambican media, the attackers came mainly from Mocimboa da Praia, but also from other districts in Cabo Delgado including **Macomia, Palma** and **Nangade**.<sup>40</sup> The group reportedly had erected makeshift mosques and a koranic school. According to a media report, one captured attacker claimed he was not a member of the group but they promised him 2,500 meticaais (M) (\$40) to take part in the attack,<sup>41</sup>

*“I was sitting down when these people with guns came past and invited me to go with them to Mocimboa da Praia ... I accepted because I too wanted to go to Mocimboa. But when we advanced, they gave me this gun.”<sup>42</sup>*

The attack on Mocimboa de Praia indicates that poor rural youth in Mozambique’s underdeveloped northern regions can become easy targets for individuals and organisations looking to recruit young males to commit violent acts.<sup>43</sup> This may become a concern as oil and gas sector investment and development start to take place, which may increase inequality and resentment within the local population.<sup>44</sup> The attack will not deter oil and gas investment in northern Mozambique, but in response, oil and gas sector investors and contractors should make sure they operate in a socially responsible fashion, which addresses the needs and expectations of the local communities, in particular providing opportunities to employ youth.<sup>45</sup>

### Council of Ministers approves 2018 budget

The **Conselho de Ministro (CdM)** (council of ministers), on 21 September, approved the 2018 draft budget. The draft budget will increase government spending by over 35%,<sup>46</sup> which increases the likelihood that the government will increasingly resort to issuing treasury bills to finance government activities as a result of the suspension of donor aid following the ongoing hidden sovereign debt scandal (see previous *ARC Briefings* for Mozambique).<sup>47</sup> The CdM’s draft budget is predicated on expected gross domestic product (GDP) growth of 5.3% in 2018 compared to 4.7% in 2017.<sup>48</sup> CdM spokesperson **Ana Comoana** said the draft budget has

*“...an optimistic outlook for 2018, with economic growth being particularly stimulated by the trend of rising prices of the main exported goods.”<sup>49</sup>*

<sup>35</sup> AFP, 7 Oct 2017.

<sup>36</sup> AIM, 8 Oct 2017.

<sup>37</sup> AIM, 8 Oct 2017.

<sup>38</sup> AIM, 8 Oct 2017.

<sup>39</sup> AIM, 8 Oct 2017.

<sup>40</sup> AIM, 8 Oct 2017.

<sup>41</sup> AIM, 8 Oct 2017.

<sup>42</sup> AIM, 8 Oct 2017.

<sup>43</sup> Source, Mozambique analyst, United Kingdom

<sup>44</sup> Source, Mozambique analyst, United Kingdom

<sup>45</sup> Source, Mozambique analyst, United Kingdom

<sup>46</sup> Macau Daily Times, 25 Sept 2017.

<sup>47</sup> Lusa, 25 Sept 2017.

<sup>48</sup> Macau Daily Times, 25 Sept 2017.

<sup>49</sup> Macau Daily Times, 25 Sept 2017.

The draft budget proposes total spending of 300.7 billion meticaís (M) (\$4.922 billion), which is a year-on-year increase of 37.4%, compared to total expected revenues of M222.8 billion (\$3.647 billion).<sup>50</sup> Therefore, the draft budget includes an expected M77 billion (\$1.275 billion) deficit<sup>51</sup> or 9.7% of GDP compared to 10.7% of GDP in 2017.<sup>52</sup> The CdM has proposed to cover the expected deficit using domestic borrowing (2.3%), foreign borrowing (5.4%) and foreign grants (2.6%).<sup>53</sup> However, a group of 14 traditional donors – known as the G14, which includes **Portugal** and the **European Union (EU)**, who were important sources of direct budget support – froze aid in 2016 as a result of the ongoing sovereign debt scandal (see previous *ARC Briefings* for Mozambique).<sup>54</sup> Therefore, economic analysts and businesses fear that the government may resort to increasingly using domestic debt instruments to finance government expenditures. This could undermine Mozambique’s domestic credit system, which is still dealing with the fallout of the ongoing hidden sovereign debt scandal.<sup>55</sup> However, Comoana said,

*“I think there is nothing to fear. There are processes. The government has its mechanisms and procedures, the private sector has its mechanisms and procedures ... ”*<sup>56</sup>

Comoana indicated that the government expects aid from traditional international partners to resume in 2018.<sup>57</sup> However, she did not indicate specifics with regard to expected donors,

*“Donations can come from all sides, they can come from traditional donors, they can come from others with whom Mozambique will conclude agreements...”*<sup>58</sup>

*“To say now whether it were this or that would be talking about a legally non-existent agreement. I would rather not comment on the agreements that might be concluded with this or that partner, [Mozambique] counts on all partners ... ”*<sup>59</sup>

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<sup>50</sup> Macau Daily Times, 25 Sept 2017.

<sup>51</sup> Lusa, 25 Sept 2017.

<sup>52</sup> Club of Mozambique, 22 Sept 2017.

<sup>53</sup> Multiple sources: Lusa, 25 Sept 2017; Lusa, 22 Sept 2017;

<sup>54</sup> Lusa, 25 Sept 2017.

<sup>55</sup> Lusa, 22 Sept 2017.

<sup>56</sup> Lusa, 22 Sept 2017.

<sup>57</sup> Club of Mozambique, 22 Sept 2017.

<sup>58</sup> Club of Mozambique, 22 Sept 2017.

<sup>59</sup> Lusa, 25 Sept 2017.

## Planner

12-15 Oct Maputo (Mozambique) *MITF*. 5<sup>th</sup> Maputo International Tourism Fair;  
 18-20 Oct Maputo (Mozambique) *MGS*. Mozambique Gas Summit;  
 14-26 Oct Maputo (Mozambique) *ICRE*. International conference on renewable energy;  
 9 Nov 2017 Maputo (Mozambique) *FT*. Financial Times Mozambique summit;  
 22-24 Nov Maputo (Mozambique) *MOZEFO*. Mozambique Economic and Social Forum;

## Chronology

12 Oct 2017 Mocimba e Praia (Mozambique) DW. Thousands rally against violence;  
 10 Oct 2017 Maputo (Mozambique) AIM. **Conselho de Ministro (CdM)** (council of ministers) approves a revision of the Land Registry Code to create an integrated land registry system using an electronic platform;  
 10 Oct 2017 Maputo (Mozambique) AIM. CdM approves revision of commercial code that governs business activity in Mozambique;  
 9 Oct 2017 Maputo (Mozambique) AIM. Inflation declines from 14.13% in August to 10.76% in September;  
 5-6 Oct 2017 Mocimba de Praia (Mozambique) AIM. Suspected Islamist attack;  
 26 Sept – 1 Oct 2017 Matola (Mozambique) Frelimo. Frelimo holds 11<sup>th</sup> Congress;  
 21 Sept 2017 Maputo (Mozambique) Macau Daily Times. CdM approves 2018 draft budget;  
 19 Sept 2017 Maputo (Mozambique) *Lusa*. Media reports indicate commercial banks are dependent on government sector to maintain growth;  
 13 Sept 2017 Maputo (Mozambique) *AIM*. Frelimo's political commission backs Nyusi for a second term as party president;

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