

AFRICA RISK CONSULTING

Mozambique Monthly Briefing December 2021

Mozambique Summary 9 December 2021

Insurgent groups in northern Mozambique have reportedly moved west into Niassa Province. International Monetary Fund (IMF) managing director Kristalina Georgieva and head of strategy Ceyla Pazarbasioglu warn that some low-income countries are at risk of “economic collapse” due to debt distress. According to the World Bank, Mozambique is already in this category. Confirmed cases of Covid-19 are on the rise as Mozambique braces for a fourth wave of the pandemic. Opposition Movimento Democrático de Moçambique (MDM), Mozambique’s third-largest party, elects Lutero Simango as its president, with 87.9% of the vote. The ongoing war in Cabo Delgado and resulting foreign interventions, uncertainties surrounding the country’s oil and gas prospects, and the Covid-19 pandemic have dominated 2021 in Mozambique and are likely to continue the trend in 2022.

Insurgents move into Niassa Province...

The insurgent group **Al Sunna wa Jama’a**, known locally as **al-Shabaab**, is reported to have moved west from conflict-ridden **Cabo Delgado Province** into **Mozambique’s** north-western province of **Niassa**.¹ The **Forças Armadas de Defesa de Moçambique (FADM)** (Mozambican armed defence forces), with the support of the **Rwanda National Defence Force (RDF)**, the **Rwanda National Police (RNP)** and the **Southern African Development Community (SADC) Mission in Mozambique (SAMIM)**, continue to fight the insurgent groups in northern Mozambique. Although the joint forces have pushed the insurgents out of some important bases in Cabo Delgado and the port town of **Mocimboa da Praia**, the insurgent group has reportedly set up bases in the forests of the **Niassa Special Reserve**.² On 30 November, a car was ambushed in **Macananje**, just 15km from **Mecula** town (Niassa province).³

Speaking in **Dar es Salaam (Tanzania)** during the commemoration of Tanzania’s 60th anniversary of independence on 8 December, President **Filipe Nyusi** (2019-present) called on Mozambicans in Tanzania to be vigilant against possible terrorist groups operating in Cabo Delgado province.⁴

... as IMF warns of “economic collapse” due to debt distress

The **International Monetary Fund (IMF)** has issued a stark warning that some low-income countries, including Mozambique, could experience “*economic collapse*” unless **G-20** creditors suspend debt service and accelerate debt restructure.⁵ IMF managing director **Kristalina Georgieva** and head of strategy, policy and review **Ceyla Pazarbasioglu** published a blog post on 2 December arguing that the **G-20 Common Framework** for debt treatment must be accelerated. The framework was set up to help countries “*restructure their debt and deal with insolvency and protracted liquidity problems*”.⁶ So far only three of the eligible countries – **Chad, Ethiopia** and **Zambia** – have applied for the programme.

¹ MediaFax, 2 Dec 2021

² MediaFax, 2 Dec 2021

³ Carta de Moçambique, 2 Dec 2021

⁴ Noticias, 8 Dec 2021

⁵ IMF, 2 Dec 2021

⁶ IMF, 2 Dec 2021

The **World Bank**, in its report **International Debt Statistics 2022** published on 11 October, identifies 30 countries at high risk of debt distress, including Mozambique.⁷ Economy and finance minister **Adriano Maleiane**, addressing the **Comissão de Agricultura, Economia e Ambiente** (agriculture, economy and environment commission) on 6 December, reported that Mozambique's external debt is estimated at \$12.96 billion, compared to \$12.27 billion in 2019, \$12.9 billion in 2018, and \$1.37 billion in 2017.⁸ Maleiane estimates that Mozambique is expected to pay \$1.4 billion in debt servicing in 2022.⁹ Maleiane argues that it is possible for Mozambique to move towards debt sustainability, but notes that this will take a great deal of effort, and that Mozambique will not contract loans that are not at concessionary rates.¹⁰

Mozambique braces for fourth wave of Covid-19

The IMF's and World Bank's concern over debt distress come amid fresh fears in Mozambique over **Covid-19** variants and a potential fourth wave of the pandemic. Speaking at the bi-annual meeting of the health sector on 8 December, health minister **Armando Tiago** said that Mozambican authorities are drawing up response plans for the potential fourth wave, which is forecasted to hit the country in late December.¹¹ These plans include measures to step up the vaccination campaign, test all travellers coming into the country, and share information about preventive measures.

Cases of Covid-19 are rising quickly, from four new cases detected on 29 November to 206 new cases detected on 8 December, bringing Mozambique's total active cases to 802. As of 9 December, Mozambique had recorded 152,326 cases of Covid-19 in its population of approximately 31.5 million, with 1,941 Covid-19-related deaths and 149,583 recoveries.¹² Tiago announced on 30 November that two cases of the new coronavirus strain (B.1.1.529) known as the **Omicron** variant had been detected in Mozambique.¹³

Mozambique is among several **Southern African** countries on the **United Kingdom (UK)**'s "red list" of countries from which only travellers who are British citizens or holders of British residence rights may enter the UK.¹⁴ Following the UK's decision to ban travel from **South Africa, Namibia, Lesotho, Eswatini, Zimbabwe** and **Botswana**, and that of **Israel** on 25 November to ban travel from the same countries, including Mozambique, the **African Union (AU)** on 7 December called for an "urgent rescinding" of all travel bans imposed on specific **African** countries.¹⁵ Although destination countries have subsequently lifted the ban, travellers arriving from countries in Southern Africa still have to undergo stricter restrictions such as hotel quarantine. The president of the tourism portfolio of the **Confederação das Associações Económicas de Moçambique (CTA)** (confederation of economic associations), **Abdula Momade**, told **Portugal**-based news agency **Lusa** on 29 November that the ban on flights to the country was an "axe blow to the economy and business", as it would affect travel for business, investments and tourism.¹⁶

To date, 26% (4.3 million people) of the priority group (16.8 million people) have been vaccinated against Covid-19, comprising almost the entire adult population.¹⁷ The UK-based data access project **Our World in Data**, run by non-profit organisation **Global Change Data Lab** and the **University of Oxford**, estimates that Mozambique's health authorities had administered 10.8 million doses of Covid-19 vaccines by 3 December.¹⁸

⁷ World Bank, 11 Oct 2021

⁸ Notícias, 6 Dec 2021

⁹ Notícias, 6 Dec 2021

¹⁰ Notícias, 6 Dec 2021

¹¹ AIM, 8 Dec 2021

¹² Worldometer Coronavirus, accessed 9 Dec 2021

¹³ Carta de Moçambique, 30 Nov 2021

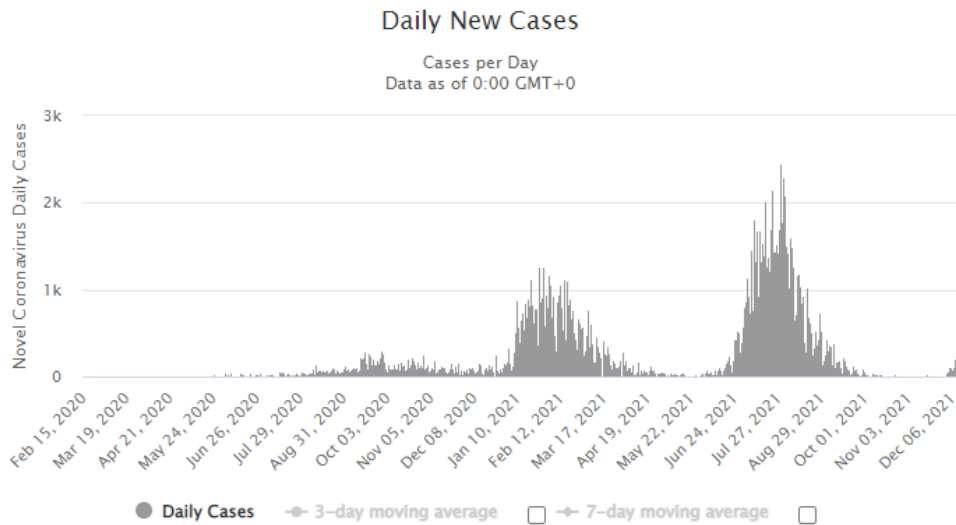
¹⁴ [UK Government website](#), accessed 9 Dec 2021

¹⁵ CGTN, 7 Dec 2021

¹⁶ Lusa, 29 Nov 2021

¹⁷ AIM, 8 Dec 2021

¹⁸ Our World in Data, accessed 9 Dec 2021



Source: Worldometer Coronavirus, accessed 9 December 2021

Lutero Simango new president of MDM

Mozambique's third-largest party, the **Movimento Democrático de Moçambique (MDM)**, has elected **Lutero Simango** as its new president, with 87.9% of the vote. The MDM has six seats in the **Assembleia da República de Moçambique** (the assembly of the republic), following the ruling **Frente de Libertação de Moçambique (Frelimo)** (184 seats) and main opposition party **Resistência Nacional Moçambicana (Renamo)** (60 seats).¹⁹ The third congress of the MDM in **Beira (Sofala Province)** on 3-4 December brought together almost 600 members for the election of the new president to succeed **Daviz Simango**, who died on 22 February.²⁰

Mozambique is currently experiencing a peaceful multiparty system, as the breakaway **Renamo Military Junta (RMJ)** has dissolved following the killing of its former leader **Mario Nhongo** on 11 October (see *ARC Briefing Mozambique October 2021*). On 1 December, the **United Nations (UN)** representative of the contact group overseeing the disarmament, demobilisation and reintegration (DDR) process, **Mirko Manzoni**, reported that over 85 former RMJ members have surrendered and been demobilised.²¹ Of an estimated 5,200 Renamo combatants in the country, Manzoni estimates that 3,270 (63%) have joined the DDR process.²²

Summary of the year and a look ahead into 2022

2021 can be summarised as yet another turbulent year for Mozambique. The continuing war against insurgent groups in Cabo Delgado and interventions by **Rwanda** and neighbouring SADC countries, as well as the uncertainties of Mozambique's oil and gas prospects and the impact of Covid-19-related restrictions on jobs, livelihoods and the economy, have dominated the headlines. According to the **United States (US)**-based **Armed Conflict Location & Event Data Group (ACLED)**, the conflict has led to more than 3,577 deaths and the displacement of more than 817,000 people.²³ An assessment of nutritional security by the ministry of agriculture and food security launched on 7 December estimates that more than 1.8 million Mozambicans face food insecurity.²⁴

¹⁹ Notícias, 4 Dec 2021

²⁰ Lusa, 2 Dec 2021

²¹ UN, 1 Dec 2021

²² UN, 1 Dec 2021

²³ ACLED, 7 Dec 2021

²⁴ Lusa, 7 Dec 2021

The liquefied natural gas (LNG) megaprojects in Cabo Delgado were suspended earlier this year following an increase in insurgent violence and there is still uncertainty about the **France-based TotalEnergies** (formerly **Total SA**)-led project in **Afungi**, referred to as Area 4. Speaking to state-owned broadcaster **Televisão de Moçambique (TVM)** on 24 November, mineral resources and energy, minister **Max Tonela** said the project was likely to resume following conversations with Total (holding 26.5%) and **Japan-based Mitsui** (holding 20%).²⁵ The prospects of LNG projects in the country will probably increase in 2022, with the **Institute Nacional de Petroleo (INP)** (national petroleum institute) announcing the launch of a bidding round for 16 new oil and gas concessions on 25 November. The results will be announced in October 2022.²⁶

Standard Bank Mozambique's latest **Purchasing Managers Index (PMI)**, published on 3 December, shows further strong increase in demand across the private sector, signalling increased confidence in the economic outlook of the country following the downturn influenced by Covid-19 related restrictions and impacts.²⁷ The recent travel restrictions for countries in the region and the predicted fourth wave of the pandemic are likely to lower confidence, but it may pick up once restrictions are lifted and Mozambique is past the fourth wave.

Next year will be influenced by the **Frelimo Congress** on 23-28 September, at which the ruling party will elect its central committee and its ruling body, the political commission. In 2023, the central committee will select the presidential candidate. UK-based **Open University** political commentator **Joseph Hanlon** predicts that the two factions represented by President Nyusi and former president **Armando Guebuza** (2005-2015) will push to have their delegates elected in the congress.²⁸ Some analysts speculate that the recent cabinet reshuffles were a power play by Nyusi to prepare for the upcoming congress (see *ARC Briefing Mozambique November 2021*).

Although the year ahead in Mozambique is far from clear, the conflict in the north, LNG prospects and the impact of Covid-19 will continue to dominate the headlines and impact the economic and social outlook in 2022.

²⁵ TVM, 24 Nov 2021

²⁶ Energy Voice, 25 Nov 2021

²⁷ Standard Bank Mozambique, 3 Dec 2021

²⁸ Joseph Hanlon, 18 Nov 2021

Planner

2023 **(Mozambique)** Local elections;
 2024 **(Mozambique)** Provincial and presidential elections;
 2025 **(Mozambique)** Area 1 LNG production expected to commence;

Chronology

30 Nov 2021 **Maputo (Mozambique)** *Carta de Moçambique* Government says it has detected two cases of the **Omicron coronavirus** variant;

28 Nov 2021 **Cabo Delgado (Mozambique)** *Mail&Guardian*. Money transfer giant **Western Union** suspends services in **Cabo Delgado** without an explanation from either the company or the government;

23 Nov 2021 **Maputo (Mozambique)** *Reuters*. **National Petroleum Institute** announces that **Mozambique** will launch a bidding round for 16 new oil and gas blocks on 25 November, the results expected to be announced in October 2022;

21 Nov 2021 **Maputo (Mozambique)** *Eurasia Review*. **Russian** deputy foreign affairs minister **Mikhail Bogdanov** says Russia is ready to support **Mozambique** in the fight against terrorism through cooperation in the field of intelligence;

19 Nov 2021 **Washington (United States)** *Bloomberg*. **United States** secretary of state Antony Blinken says “*Too many times, the countries of Africa have been treated as junior partners, or worse, rather than equal ones...We want to make your partnerships with us even stronger*”;

15 Nov 2021 **Cabo Delgado (Mozambique)** *CGTN*. **Tanzania’s** President **Samia Suluhu** says peace has been restored along Tanzania’s border with **Mozambique**;

15 Nov 2021 **London (United Kingdom)** *gov.uk*. **United Kingdom** department for international trade announces that it will host a second edition of the **Africa Investment Conference** on 20 January 2022.

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