

AFRICA RISK CONSULTING

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Mozambique business operators' confidence in future economic activity is at a four-year low as the country wrestles with the continuing fall-out from the Covid-19 pandemic. Despite attacks by a dissident Renamo group in Sofala, opposition Renamo leader Ossufo Momade remains positive about the disarmament, demobilisation and reintegration (DDR) process as two further former militia bases are set to be dismantled. Violent attacks in Cabo Delgado continue, with frequent reports of attacks in the districts of Macomia, Muidimbe and Quissanga. Mozambican banks Millennium BIM and Banco Comercial e de Investimentos (BCI) in district capital Palma have closed and curfew is enforced from 4pm. The defence ministry dismisses allegations by United Kingdom-based non-governmental organisation Amnesty International that the Mozambican Forças de Defesa e Segurança (FDS) (defence and security forces) have been involved in torture and human rights abuses, and claims that insurgency groups are impersonating government soldiers. European Union (EU) intervention in the Cabo Delgado conflict looks increasingly likely.

State of calamity continues amid low business confidence...

Continuing uncertainty over the course that the **Covid-19** pandemic may take, as well as the possibility of the imposition of fresh or more severe restrictions, is hitting business confidence. In its latest **Purchasing Managers Index (PMI)** report, **Standard Bank Mozambique** noted that the degree of confidence of **Mozambican** business operators in future activity has fallen to its lowest level in four years. Regional economist **Fáusio Mussá** comments that the daily infections acceleration of Covid-19 cases suggests that “it remains uncertain when the peak will be reached in Mozambique”.¹ However, the report notes a reversal in job losses due to Covid-19 restrictions as more Mozambican companies are hiring and the workforce expands for the first time since March.

The state of calamity that President **Filipe Nyusi** (2015-present) introduced from 7 September remains in effect, including restrictions such as 14-day quarantine when entering the country and wearing masks in public places (see *ARC Briefing Mozambique September 2020*). The health ministry reported on 8 October that 145 new cases of Covid-19 had brought the total number of active cases to 2,256.² The cumulative number of cases is 9,639, with 6,911 recoveries and 68 deaths. The newly reported cases are highest in the province of **Zambézia** (43.3%) and the city of **Maputo** (26.2%).

All positive and currently active cases of Covid-19 as of 8 October ³											
	Maputo city	Maputo	Cabo Delgado	Zambézia	Nampula	Gaza	Tete	Sofala	Inhambane	Niassa	Manica
All positive cases	4,367	1,643	723	634	586	353	339	261	246	233	109
Currently active cases	1,684	628	43	3	46	36	24	51	9	86	0

¹ Standard Bank Mozambique, 6 Oct 2020

² MISAU, 8 Oct 2020

³ AIM, 8 Oct 2020

... and Renamo continues to stir up political unrest

National political unrest continues as main opposition party **Resistência Nacional Mocambiçana (Renamo)** has for the second time accused the **Forças de Defesa e Segurança (FDS)** (defence and security forces) of kidnapping and murdering its members in **Sofala Province**. Speaking at a press conference in provincial capital **Beira** on 1 October, a member of Renamo's **Comissão Política Nacional** (national political commission), **Alfredo Magumisse**, accused the FDS of abducting and killing more than ten Renamo members from the villages of **Metuchira** and **Macorococho** in **Nhamatanda** district since last year.⁴

The accusations come amidst continued attacks by a Renamo dissident group led by **Mariano Nhongo** in the central provinces of **Manica** and Sofala since June (see *ARC Briefing Mozambique September 2020*). An attack on a bus on the **N1** main road near **Muxungue** in Sofala province on 6 October injured five people.⁵ Speaking to the independent television station **STV** on 6 October, Renamo leader **Ossufo Momade** stated that Renamo is working to bring the dissident group into the disarmament, demobilisation and reintegration (DDR) process.⁶ Although Nhongo rejects Momade as the rightful Renamo leader and does not agree with the peace agreement outlining the DDR process, Momade said he was hopeful that he could persuade Nhongo to stop the violent attacks.⁷ Speaking at a press conference in Maputo on 25 September, President Nyusi stated that the attacks by Nhongo's group "constitute a clear affront to national independence, territorial integrity and peace that the Mozambican people achieved with great sacrifice".⁸

Meanwhile, Momade has promised to dismantle two other Renamo military bases in line with the DDR process, in **Cheringoma** and **Maringue** districts in Sofala province.⁹ Although he did not reveal how many militia were stationed at the bases or how many weapons they possess, Momade said the current priority is to demobilise all Renamo bases in Sofala province before dealing with bases in other provinces.¹⁰ Although the continued demobilisation of Renamo militia bases is a positive sign for the peace process signed by Nyusi and Momade on 6 August 2019, continued violence by the dissident group threatens the process.

Another possible source of instability is the re-emergence of **Elias Dhlakama**, brother of late Renamo leader **Afonso Dhlakama**. Dhlakama has voiced his intention to run for the leadership of Renamo at the next Renamo Congress, the date of which has yet to be determined.¹¹ It is unclear whether Elias Dhlakama will be as enthusiastic about the DDR process as current leader Momade.

Fear grows in Palma amidst growing violence...

The violent insurgencies in Mozambique's northern **Cabo Delgado** province continue with new attacks reported in **Quirimize** and **Naunde** in **Macomia** district, and in the village of **Magaia** in **Muidimbe** district on 3 October.¹² The attacks are escalating the security threat in the province, particularly for businesses operating in the resource-rich region of the country. Earlier attacks on **Mucojo** and **Pangane** in Macomia district on 30 September, and reports of attacks at the **Cabo Delgado Communal Village** in Macomia district on 26 September involved killing of civilians and the decapitation of two children.¹³ The **United States (US)**-based non-governmental organisation **Armed Conflict Location & Event Data Project (ACLED)**, reporting weekly on the Cabo Delgado conflict through the **Cabo Ligado** conflict observatory in Mozambique launched in partnership with **Zitamar**

⁴ O País, 1 Oct 2020

⁵ Lusa, 7 Oct 2020

⁶ AIM, 6 Oct 2020

⁷ AIM, 6 Oct 2020

⁸ VOA, 25 Sep 2020

⁹ AIM, 6 Oct 2020

¹⁰ AIM, 6 Oct 2020

¹¹ AIM, 6 Oct 2020

¹² ACLED, 6 Oct 2020

¹³ ACLED, 6 Oct 2020

News, Mediafax and the **International Crisis Group**, reports that since it began in October 2017, the conflict has led to 619 organised violence events, 2,099 fatalities from organised violence, 1,135 fatalities from civilian targeting, and forced more than 300,000 to flee their homes.¹⁴

Living and security conditions for civilians in Cabo Delgado province continue to deteriorate. Electricity supply has been cut for long periods in the district capital of **Palma** and banks have begun to close their doors. Mozambican banks **Millennium BIM** and **Banco Comercial e de Investimentos (BCI)** (the commercial and investment bank) removed their staff from Palma last week while **Standard Bank** remains the only bank operating in the city, which now enforces a curfew at 4pm.¹⁵ International human rights organisation **Amnesty International** reports that the first four months of violent attacks by the **Islamic State** in 2020 saw an increase in violence by 300% compared to the same period in 2019.¹⁶

The violent attacks are not limited to a single insurgent group. Recent reports by **Pinnacle News** and UK **Open University**-based political commentator **Joseph Hanlon** point to five different groups of insurgents operating around Palma, outside **Mocimboa da Praia**, between **Awasse** and **Chai**, widely in Macomia district and finally a group in **Quissanga** district.¹⁷ Speaking at a press conference on 25 September, President Nyusi claimed that Mozambique's defence and security forces "*strongly repelled*" an attack on **Bilibiza** in Quissanga district.¹⁸ However, civilians describe insurgents slipping in and out of the area without consequences from the government forces.¹⁹

President Nyusi has stated that the violent attacks in Cabo Delgado province are a different kind of war than in the past, as globalisation leads to more unpredictable and diffuse threats where the enemy is terrorism.²⁰ Amnesty International has accused the FDS of acts of torture and human rights abuses (see *ARC Briefing Mozambique September 2020*) but the Mozambican government dismisses the report and claims these alleged attacks are terrorist tactics to confuse national and international public opinion.²¹ Speaking at a press conference on 10 September, defence ministry spokesperson **Colonel Omar Nala Saranga** claimed that insurgency militants often impersonate government soldiers and that the events recorded by Amnesty International portray terrorists pretending to be elements of the FDS.²²

... and possibility increases of outside military intervention

France-based oil major **Total's** CEO, **Patrick Pouyanné**, stated at a press conference in **Paris** (France) on 1 October that Western powers are beginning to grasp the gravity of the security situation in Cabo Delgado. Pouyanné said Islamic State's establishment of an enclave in Mozambique is a "*major problem*" for the region's stability, and called on **European** nations to help fight the insurgency.²³ Total is leading the liquefied natural gas (LNG) **Area 1** consortium in Cabo Delgado worth more than \$23 billion (see *ARC Briefing Mozambique September 2020*). Pouyanné noted:

*"It would be good if the situation is brought back under control, not just for Total's project, but for the stability of the region."*²⁴

The **European Union (EU) High Representative for Foreign Affairs and Security, Josep Borrell**, confirmed on 23 September receiving a letter from Mozambique's ministry of foreign affairs and cooperation about possible assistance to address the humanitarian and security crisis in Cabo

¹⁴ ACLED, 6 Oct 2020

¹⁵ ACLED, 6 Oct 2020

¹⁶ Amnesty International, 7 Oct 2020

¹⁷ Joseph Hanlon, 4 Oct 2020

¹⁸ VOA, 25 Sep 2020

¹⁹ ACLED, 29 Sep 2020

²⁰ VOA, 25 Sep 2020

²¹ Reuters, 10 Sep 2020

²² Reuters, 10 Sep 2020

²³ Bloomberg, 1 Oct 2020

²⁴ Bloomberg, 1 Oct 2020

Delgado province. During a debate in the **European Parliament** on the situation in Mozambique on 17 September, the **EU Commissioner for International Partnerships, Jutta Urpilainen**, said:

“We have a strong political and development partnership with Mozambique and we are ready to discuss options for assistance. I am also pleased to inform you that the Government and the EU have opened a political dialogue focused on humanitarian developments and security issues in Cabo Delgado.”²⁵

Talk of possible military intervention continues. US-based news outlet **Bloomberg** reported that the US has asked **Zimbabwe** to provide troops.²⁶ **South Africa**-based national weekly newspaper **Vrye Weekblad** reported on 25 September that an arms manufacturer linked to the **United Arab Emirates (UAE)** in South Africa is involved in providing training and weapons to the Mozambican army.²⁷ Meanwhile, foreign affairs and cooperation minister **Verónica Macamo** said on 29 September that Mozambique will not ask the **United Nations (UN)** to send military forces, but that the UN can send peacekeepers after a peace accord.²⁸

In March, the Mozambique government created the **Agência de Desenvolvimento Integrado do Norte (ADIN)** (the integrated development agency of the north) to stimulate the development of the region, ensuring sustainable management of the natural resources in an attempt to keep young people from joining the violent insurgencies.²⁹ President Nyusi led the official launch of ADIN in **Pemba** on 31 August, which has \$764m budgeted support from multilateral partners to create jobs and socio-economic benefits for people in the northernmost provinces of Cabo Delgado, **Niassa** and **Nampula**.³⁰

World Bank country director for Mozambique **Idah Pswarayi-Riddihough** noted the bank’s satisfaction with the focus of the ADIN initiative on addressing socioeconomic grievances in the region:

“The escalating insurgency risks spreading down the coast and into neighbouring provinces, enabled by a north-south regional divide, perceptions of the capture of the state and its resources, and a sense of socioeconomic exclusion, particularly among the youth, who face a future with limited avenues for self-improvement or social mobility.”³¹

It remains to be seen how much impact the ADIN will have on socio-economic benefits in the region. Fear of the violent insurgencies spreading further into the region helps explain the increase in reported interest in military interventions despite the lack of progress in diplomatic talks.

²⁵ Lusa, 23 Sep 2020

²⁶ Bloomberg, 29 Sep 2020

²⁷ Vrye Weekblad, 25 Sep 2020

²⁸ Deutsche Welle, 30 Sep 2020

²⁹ Macauhub, 16 Mar 2020

³⁰ Club of Mozambique, 31 Aug 2020

³¹ Club of Mozambique, 6 Oct 2020

Planner

28 Oct 2020 **Maputo (Mozambique)** *The CWC Group Ltd.* **Mozambique Gas Summit** begins;
 2023 **(Mozambique)** Local elections;
 2024 **(Mozambique)** Provincial and presidential elections;

Chronology

8 Oct 2020 **Ressano Garcia (Mozambique)** *eNCA*. Authorities discover falsified negative **covid-19** test results, required for international travel, being sold at **Mozambique's** largest land border with **South Africa**, **Ressano Garcia**;

7 Oct 2020 **(Africa)** *World Bank*. **World Bank** releases its outlook for **sub-Saharan Africa**, saying GDP is on track to shrink 3.3% this year, its worst performance on record, followed by 2.1% growth in 2021 and 3.2% in 2022;

23 Sep 2020 **Maputo (Mozambique)** *Business Day*. A **European Union (EU)** spokesperson confirms that the EU received a letter from **Mozambique's** foreign ministry asking for help in tackling insurgency and says a reply would be "prepared and sent in due time";

22 Sep 2020 **(Africa)** *BBC*. **South Africa's** President **Cyril Ramaphosa** calls for a "comprehensive stimulus package" to help "shattered economies" in the wake of the **coronavirus** pandemic at a meeting of the **United Nations General Assembly**;

18 Sep 2020 **Maputo (Mozambique)** *Bloomberg*. President **Filipe Nyusi** meets **France-based Total SE CEO Patrick Pouyanné** to discuss an intensifying **Islamic State**-linked insurgency in northern **Mozambique**, where the French oil giant is building a massive natural-gas project;

17 Sep 2020 **Maputo (Mozambique)** *The Africa Report*. **United States International Development Finance Corporation**, **Washington's** counter to **Beijing's** influence in **Africa**, devotes \$1.7 billion, almost half of its new investment funding, to natural gas projects in **Mozambique**;

15 Sep 2020 **(Africa)** *IMF*. **International Monetary Fund** managing director **Kristalina Georgieva** and **Africa** department director **Abebe Aemro Selassie** say **sub-Saharan Africa** will need hundreds of billions of dollars and reforms that bring change for a resilient recovery from the damage wrought by the **coronavirus** pandemic;

10 Sep 2020 **Maputo (Mozambique)** *CNBC Africa*. Government denies accusations by rights group **Amnesty International** that soldiers have committed atrocities, saying the acts were carried out by **Islamist** insurgents impersonating troops;

10 Sep 2020 **East Africa (AA)** *AA*. International charity organisation **Oxfam** and non-governmental group **International Federation for Human Rights** release separate reports both highlighting major risks of oil projects by **France-based** energy major **Total** in **Uganda** and **Tanzania**;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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