

AFRICA RISK CONSULTING

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Mozambique Summary 10 March 2025

President Daniel Chapo (2025- present) is officially elected as the leader of the ruling Frelimo on 14 February while former Frelimo secretary for administration and finance Chakil Aboobacar is elected as Frelimo's new secretary general. Aboobacar's election is significant as it confirms that there is a generational shift underway within Frelimo. Chapo announces that an agreement has been reached between the government and several opposition parties, including all three parties with parliamentary representation. However, opposition leader Venancio Mondlane condemns the agreement and threatens further protests after he was excluded from the political dialogue. Any further threat of unrest is concerning given the ongoing economic impact of the frequent protests, underscored by two international credit agencies downgrading Mozambique's ratings.

Chapo elected as Frelimo party leader

President Daniel Chapo (2025- present) was officially elected as the leader of the ruling **Frelimo** on 14 February during an extraordinary meeting of Frelimo's **Comité Central** (central committee), prior to which his predecessor, former president **Filipe Nyusi** (2015-2025), stepped down as party leader.¹ Chapo's election as Frelimo's party leader had been expected as the ruling party has always sought to ensure that the national and party presidencies are held by the same person to avoid the creation of two centres of political power. This was underscored by the fact that Chapo was elected uncontested with over 99% of the available votes.

Although it was expected, this development is still important as it marks the completion of Chapo's formal takeover of the party. The election of **Chakil Aboobacar** as Frelimo's new secretary-general was the more significant development.² Aboobacar was most recently Frelimo's secretary for administration and finance but as the party's new secretary-general, Aboobacar is the party's most senior administrative figure and the second most influential political figure in Frelimo after Chapo.

Aboobacar is notably comparatively young at only 46 years of age. His election appears to have confirmed that Chapo has successfully established control over Frelimo's central committee and is succeeding in pushing forward a generational change in leadership within the party. Chapo – who is also a comparatively youthful 48 years – is fairly new to national politics, having never served in a cabinet position. He was selected as Frelimo's presidential candidate ahead of the 9 October general election because of this perceived youthfulness and lack of political exposure. Frelimo needed a presidential candidate who was untainted by the party's past corruption scandals. Chapo appears to have taken this to heart as illustrated by the fact that he only retained a single minister from Nyusi's cabinet, defence minister **Cristavao Chume**, and many of his ministers have never served in cabinet before (see *ARC Briefing Mozambique Feb 2025*).

In Aboobacar, Chapo will likely have an ally in driving this generational shift within Frelimo, a worthwhile endeavour if Frelimo is to rebuild trust with Mozambique's public. The test of Chapo and Aboobacar's capacity to achieve this will come when the central committee meets to elect the remaining members of the central committee secretariat, which is expected to occur before the end of March. Chapo and his new secretary-general are expected to use the period ahead of this next meeting to continue to lobby central committee members to support their preferred candidates.

¹ AIM, 15 Feb 2025

² AIM, 14 Feb 2025

Government and opposition parties reach political agreement

Although Chapo's election as Frelimo party leader was in some ways a semantic development, it did formalise his right to represent Frelimo as well as the government in negotiations with opposition parties. Notably, Chapo announced on 5 March that an agreement had been reached with the opposition **Podemos, Renamo, Movimento Democrático de Moçambique MDM), Nova Democracia (ND), Parena, Pareso, Pahumo, and Revolução Democrática** parties via the recent national dialogue process.³ Significantly, opposition leader **Venancio Mondlane** was excluded from these talks.

Although the full text of the agreement has not yet been made public, under it, the signatory parties agree to end the post-election political crisis, call off any protests, and the government will provide a path for those convicted during unrest to receive pardons. However, it is unclear how this agreement will achieve any progress in calming political tensions in Mozambique, given that Mondlane was excluded from the negotiations. Mondlane is currently the dominant force in Mozambique opposition politics. In fact, Podemos is currently the largest opposition party in Mozambique's parliament, the **Assembleia da República** (assembly of the republic), because it allied with Mondlane during the election. This enabled Mondlane's supporters to vote for Podemos on the legislative and provincial ballots. Mondlane and Podemos have since ended their relationship, which has left Podemos with very little street-level support despite its strong presence in the legislature.

Mondlane denounced the agreement on 5 May and warned that it would lead to five years of daily protests, staging an anti-government demonstration in **Maputo** on 5 May to protest the signing of this political agreement.⁴ Police forcibly dispersed the demonstration using live ammunition, which injured at least 16 people.⁵ Mondlane condemned this heavy-handed response and claimed that the police had attempted to assassinate him – a claim that the government has strenuously denied.

It is evident that the agreement reached by the numerous political parties has aggravated political tensions in the country and will lead to renewed unrest. This will compound the ongoing high frequency of protests in the country. These demonstrations have morphed from being primarily focused on opposing the election results to being motivated by general anti-government sentiment, especially the cost of living in Mozambique.

Chapo was clearly aware that no effective political solution could have been achieved by excluding Mondlane from the talks. Yet, this new agreement does provide the government with additional legitimacy to adopt a hardline approach to the anti-government protests. It enables Chapo the ability to claim that he has multi-party support, including the backing of all parliamentary parties, to resolve the crisis and continue to claim that Mondlane lacks legitimacy.

Prior to the agreement, Chapo had already begun adopting a more aggressive rhetoric towards Mondlane and the frequent protests in Mozambique. In an address to soldiers in **Cabo Delgado Province** on 27 February, Chapo compared the protestors to the Islamist insurgency in that province – essentially equating the demonstrations to terrorism. These comments came a week after the Chapo told the diplomatic corps in Maputo that the demonstrations were part of an "*agenda of subversion*" aimed at destabilising Mozambique.⁶

This harsher rhetoric, combined with the perceived legitimacy from the consensus among political parties, foreshadows an increased crackdown on protestors, which would further aggravate the situation and lead to further violence.

³ Club of Mozambique, 6 Mar 2025

⁴ Club of Mozambique, 5 Mar 2025

⁵ DW, 5 Mar 2025

⁶ AIM, 27 Feb 2025

Fitch and S&P downgrade Mozambique's credit ratings

The prospect of further protests should concern Chapo and other policymakers in Mozambique. The unrest since the disputed 9 October 2024 general election has caused substantial economic damage to the country and undermined investor confidence in the country with the **Instituto Nacional de Estatística (INE)** (national statistics institute) estimating that Mozambique's real GDP contracted by 4.87% in the fourth quarter (October-December) of 2024.⁷ Given this deep economic impact, it is unsurprising then that two of the world's preeminent ratings agencies downgraded Mozambique's credit in February.

On 7 February, the **United States (US)**-headquartered **Fitch Ratings** downgraded Mozambique's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC' from 'CCC+'.⁸ The agency did not assign an outlook to Mozambique's credit as it does not do so for ratings of 'CCC+' or below. A 'CCC' rating means that Fitch Ratings views Mozambique's credit as having a very low margin for safety and that there is a real possibility the government could default on its debt.

Fitch Ratings specifically cited the ongoing political issues and social unrest as a key reason for its decision to downgrade Mozambique's foreign-currency IDR. Fitch added the protests have "*dented government revenues and economic activity and complicate fiscal adjustment*".⁹ The agency expects the general government deficit will widen to 6.5% of GDP and that the protests called a revenue shortfall of 3% of GDP. As a result, Fitch now expects general government debt-to-GDP to fall at a much slower pace and projects that Mozambique's debt-to-GDP ratio will be 93.4% at the end of 2026 as opposed to the 89.9% Fitch Ratings forecasted last August.

Then, on 19 February, fellow US-headquartered **S&P Global** downgraded Mozambique's long-term local currency sovereign credit rating to 'CCC-' from 'CCC' and affirmed its long-term foreign currency rating on Mozambique at 'CCC+'.¹⁰ S&P Global further revised the outlook on both issuer default ratings (IDRs) to negative from stable. As with Fitch Ratings, a CCC rating from S&P Global means that the agency considers Mozambique's credit to be sub-investment grade (also known as junk). Specifically, the rating means that Mozambique's debt is viewed as vulnerable and that the country needs favourable economic conditions to meet its financial commitments, such as avoid defaulting on its debt repayments. S&P Global also cited the post-election unrest as the rationale for downgrading Mozambique's credit, especially given that the country's fiscal position remains weak while spending pressures are growing.

The agency also noted with concern that Mozambique's fiscal challenges and lack of consolidation could lead to the **International Monetary Fund (IMF)** postponing payments under its **Extended Credit Facility (ECF)** arrangement with Mozambique. Such a development would compound the negative impact of the US aid cuts and place severe pressure on Mozambique's budget. An IMF team completed an in-country visit to Mozambique on 5 March as part of the current ECF review. However, this team has yet to give any firm indication of whether it is satisfied with Mozambique's progress under the programme.

Mozambique is under significant economic strain and, as such, needs sustained normal commercial operations. Any increase in demonstrations would endanger such normalisation and even threaten further economic contractions.

Planner

27 Mar 2025 **Maputo (Mozambique)** Local content integration conference to be held in Maputo;

⁷ ENCA, 24 Feb 2025

⁸ Fitch, 7 Feb 2025

⁹ Fitch, 7 Feb 2025

¹⁰ S&P Global, 19 Feb 2025

Mar 2025 **Maputo (Mozambique)** Ruling **Frelimo's Comité Central** (central committee) to elect secretariat officers;

22-25 Sep 2025 **Maputo (Mozambique)** **Mozambique Gas and Power Summit and Exhibition**

2025 **(Mozambique)** **Renamo** to hold its national council meeting

Chronology

7 Mar 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **Administração Nacional de Estradas (ANE)** (national roads administrator) reveals that over 500km worth of roads in **Maputo Province** were damaged during the post-election unrest

6 Mar 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **International Monetary Fund (IMF)** calls on the government to increase fiscal consolidation;

5 Mar 2025 **Maputo (Mozambique)** *AIM*. The **European Union (EU)** confirms that it will continue to provide financial support to the **Rwandan Defence Force (RDF)** deployment in **Cabo Delgado Province**;

5 Mar 2025 **Maputo (Mozambique)** *AIM*. A bloc of members within the opposition party, **Renamo**, call for party leader **Ossufo Momade** to resign over Renamo's poor electoral performance last October;

4 Mar 2025 **Maputo (Mozambique)** *AIM*. The **Procuradoria-geral da República (PGR)** (attorney general's office) announces that it has opened an investigation into alleged human rights abuses by Mozambican security forces in **Cabo Delgado Province** in 2021;

4 Mar 2025 **Maputo (Mozambique)** *AIM*. Authorities announce that 538 of the over 7,000 Mozambican nationals who fled the country during the post-election unrest have been repatriated from **Malawi**;

4 Mar 2025 **Maputo (Mozambique)** *360 Mozambique*. The finance ministry reveals that the government's debt exceeded \$16.8 billion as of the end of 2024;

4 Mar 2025 **Cape Town (South Africa)** *SA News*. President **Daniel Chapo** meets with South African President **Cyril Ramaphosa** in Cape Town;

3 Mar 2025 **Maputo (Mozambique)** *Club of Mozambique*. Officials reveal that Mozambique's ports handled 10% more cargo in 2024 than in 2023, a particularly noteworthy development given the disruption to port operations during the post-election unrest;

3 Mar 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **Inspecção Nacional das Actividades Económicas (INAE)** (national inspectorate of economic activities) warns that 80% of alcoholic drinks sold in Mozambique are counterfeit products;

3 Mar 2025 **Maputo (Mozambique)** *360 Mozambique*. Finance minister **Carla Louveira** reveals that the government expects the economy to grow by around 3% in 2025;

28 Feb 2025 **Maputo (Mozambique)** *AIM*. The **Confederação das Associações Económicas de Moçambique (CTA)** (confederation of economic associations of Mozambique) warns that Mozambique could lose as much as 30% of its economic activity by the end of 2025 if the repeated bouts of protests do not cease;

28 Feb 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **Association of Mozambican Banks** announce that Mozambique's banks will make MZN 10 billion (\$156.5m) to help private sector operators recover from the effects of the recent unrest;

- 27 Feb 2025 **Maputo (Mozambique)** *AIM*. Interior minister **Paulo Chachine** claims that Mozambique has a safe and stable operating environment despite the ongoing frequent protests;
- 27 Feb 2025 **Maputo (Mozambique)** *Amnesty International*. Global human rights NGO, **Amnesty International**, calls on the government to investigate reports of unlawful killings during the post-election unrest;
- 26 Feb 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **Banco de Moçambique (BoM)** (central bank) releases a report revealing that Mozambique sold EUR1.4 billion (\$1.52 billion) worth of natural gas in the first nine months of 2024;
- 26 Feb 2025 **Maputo (Mozambique)** *AIM*. Renamo postpones its national council meeting that had been scheduled for 7 and 8 March until an unconfirmed date;
- 25 Feb 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **Banco de Moçambique (BoM)** (central bank) reveals that **India** was Mozambique's leading export partner in the first nine months of 2024, buying \$1.17 billion of Mozambique's exports;
- 25 Feb 2025 **Maputo (Mozambique)** *AIM*. The government extends value-added tax (VAT) exemptions to constrain the rise in the cost of living;
- 22 Feb 2025 **Maputo (Mozambique)** *AIM*. Protestors demonstrating over the cost of living blockade the Maputo Ring Road;
- 21 Feb 2025 **Maputo (Mozambique)** *360 Mozambique*. **United States (US)** energy giant **ExxonMobil** reaffirms its commitment to its projects in Mozambique;
- 21 Feb 2025 **Maputo (Mozambique)** *AIM*. The **European Union (EU)** reiterates its support for Mozambique in the country's fight against terrorism in **Cabo Delgado Province**;
- 21 Feb 2025 **Maputo (Mozambique)** *AIM*. The **Italian** government commits \$100m via the **United Nations (UN) Development Programme (UNDP)** for digital transformation initiatives;
- 20 Feb 2025 **Maputo (Mozambique)** *Club of Mozambique*. The **German** development bank, **KfW**, announces EUR 17m (\$18.47m) in funding for renewable energy developments in **Niassa Province**;
- 20 Feb 2025 **Maputo (Mozambique)** *Zitamar*. Two soldiers are killed during an insurgent attack on a military outpost in the **Quissanga** district (**Cabo Delgado Province**);
- 20 Feb 2025 **Maputo (Mozambique)** *AIM*. The **Confederação das Associações Económicas de Moçambique (CTA)** (confederation of economic associations of Mozambique) claims that the post-election unrest caused at least \$500m in economic damage and resulted in the loss of over 17,000 jobs;
- 20 Feb 2025 **Chokwe (Mozambique)** *AIM*. Anti-government protestors in Chokwe (**Gaza Province**) set fire to the local office of the ruling party **Frelimo**;
- 16 Feb 2025 **Addis Ababa (Ethiopia)** *AIM*. President **Daniel Chapo** attends the **African Union (AU) Heads of State and Government Summit**;
- 16 Feb 2025 **Addis Ababa (Ethiopia)** *AIM*. President **Daniel Chapo** meets with his **Angolan** counterpart, **Joao Lourenco**, on the sidelines of the **African Union (AU)** summit;
- 14 Feb 2025 **Maputo (Mozambique)** *AIM*. The **Instituto Nacional de Estatística (INE)** (national statistics institute) reveals that consumer price inflation averaged 4.15% in 2024;
- 13 Feb 2025 **Maputo (Mozambique)** *AIM*. Mozambique retains its position as 146th out of 180 countries on **Transparency International's** annual **Corruption Perceptions Index**.

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