

## AFRICA RISK CONSULTING

### Mozambique Monthly Briefing June 2024

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#### Mozambique Summary 10 June 2024

*Mozambique's largest opposition party, Renamo, re-elects Ossufo Momade as the party's leader on 16 May. In response, Venancio Mondlane, defects from Renamo and will contest the 9 October general election as the presidential candidate for the Coligação Aliança Democrática (CAD). This move could split Renamo's support in Maputo province. Militants on 10 May overrun security forces in Macomia town and loot food warehouses. Abu Dhabi National Oil Company (ADNOC) on 22 May reaches an agreement to buy Portugal-headquartered Galp's stake in the Area 4 concession off the coast of Cabo Delgado province.*

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#### Renamo re-elects Momade as party leader

Mozambique's largest opposition party, **Renamo**, re-elected **Ossufo Momade** as its leader at its national congress on 16 May.<sup>1</sup> Momade was elected by a commanding margin, securing 383 of the 674 available delegate votes. **Elias Dhlakama** – the brother of former Renamo leader, **Afonso Dhlakama**, came second with only 147 votes. Momade's victory had been widely anticipated given his firm control over the party, especially after his most serious challenger, **Venancio Mondlane** was barred from contesting the election (see *ARC Briefing Mozambique May 2024*).<sup>2</sup> Momade will now be Renamo's presidential candidate for the upcoming 9 October national general election

The national congress also reaffirmed Momade's control over the party's internal institutions, as seen by the party's national council's willingness to tweak the candidate criteria to exclude Mondlane and the absence of any real challenge during the national congress. Momade's dominant victory came even though he is considered to be generally unpopular with Renamo's base and has failed to lead the party to much success. Renamo did not win control of any provinces during the 2019 general election – the first in which provincial governments were being contested. Furthermore, the Renamo leader's failure to more effectively challenge the alleged widespread electoral malfeasance during last year's local government elections further weakened his reputation among Renamo activists.

Momade's dominance over the party was further highlighted on 22 May when the party revealed the members of the party's new national council, its national political commission and the jurisdictional council.<sup>3</sup> Momade himself will continue to chair the national political commission while the national council and jurisdictional council are stacked with his supporters. Notably, none of the figures who challenged Momade in the leadership race were appointed to senior party positions including Dhlakama and Mondlane.

The failure to elect or appoint Mondlane to a senior role within the party could potentially be a major strategic mistake over the long term. Mondlane is popular with Renamo's voter base, especially in **Maputo** and **Matola**, and is widely credited with the party's strong performance in these urban centres in the October 2023 local government elections. Including Mondlane in one of Renamo's senior committees could potentially have helped mend relations and indicated that Renamo's senior figures believe that the younger politician has a future within the party.

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<sup>1</sup> Club of Mozambique, 17 May 2024

<sup>2</sup> Club of Mozambique, 17 Apr 2024

<sup>3</sup> AIM, 22 May 2024

### ... as Mondlane defects to rival opposition party

It is clear that Mondlane, himself, interpreted the outcome of the national congress as a sign that he had limited career prospects within the main opposition party. Mondlane revealed on 6 June that he had left Renamo and defected to the **Coligação Aliança Democrática (CAD)** opposition party and would be that party's presidential candidate for the general election.<sup>4</sup> As a result, Mondlane has resigned from Renamo and from Mozambique's legislature, (the **Assembleia da República**), where he had represented his former political party

The CAD formally submitted Mondlane as its presidential candidate on 6 June and appears to have secured the necessary 10,000 nominating signatures.<sup>5</sup> If Mondlane successfully makes it onto the ballot his candidacy should be a real concern to Renamo. Mondlane will not win the presidential election, but he could split Renamo's support, especially in the southern provinces such as Maputo. The former mayoral candidate has proven a strong campaigner and capable of drawing strong support. As such, his candidacy would weaken Renamo and ensure that Momade has an even worse performance than expected. Highlighting Mondlane's support levels, dozens of Renamo members protested outside of the party's headquarters in Maputo on 23 May, condemning Momade's re-election and declaring their support for Mondlane.<sup>6</sup>

The upcoming election could be of existential importance to Renamo. The opposition party has failed to realise any meaningful gains ever since it agreed to end its insurgency and fully disarm under the 2019 peace accords. Momade lacks the charisma and popular appeal of his predecessor, Afonso Dhlakama, and if the party once again fails to secure electoral growth or control of a province in these elections its supporters will likely begin to lose hope in its viability as a political vehicle. Especially given Momade's control of the party and the apparent hostility to younger emerging leaders.

### Insurgents carry out deadly raid on Macomia

It should be noted that Mozambique's election preparations are taking place amid a continued resurgence of the **Ahlu Sunnah wa Jama'ah (ASWJ)** militant group in Cabo Delgado province. The **Islamic State (IS)**-affiliated insurgency has regained some strength since January and increased the rate and intensity of its attacks on towns and security forces.

Illustrative of this resurgence was the 10 May raid on the town of **Macomia**, located in the eponymous district of **Cabo Delgado** province, in which at least 10 people were killed.<sup>7</sup> This raid involved an estimated 100 insurgents who managed to overrun the Mozambican soldiers stationed in the town before they ransacked and looted houses, shops, and warehouses in Macomia. President **Filipe Nyusi** (2014-present) announced on 11 May that Mozambican security forces had recaptured Macomia in an effort to portray the event as a success for the Mozambican military. However, in reality, it does not appear as if ASWJ ever intended to hold the district headquarters and that the attack was intended as an aggressive supply raid.

This assault is a concerning development both due to the size of the raiding party and the boldness of the attack. ASWJ has not attacked in such high numbers in nearly three years. It is particularly concerning given that the death toll was substantially lower than it could have been because the insurgents did not target civilians – all the casualties were incurred by Mozambican security forces. If the militants had elected to attack civilians as they often do, this could have been a much deadlier attack.

However, the long-term consequences of the attack are yet to be felt. The insurgents' primary targets were the warehouses storing food and medical supplies for humanitarian organisations and the **World Food Programme (WFP)**. As such, this attack will have harmed humanitarian and food

<sup>4</sup> AIM, 6 Jun 2024

<sup>5</sup> Club of Mozambique, 7 Jun 2024

<sup>6</sup> AIM, 24 Jun 2024

<sup>7</sup> Zitamar, 13 May 2024

security programmes in Macomia. Northern Mozambique is in the midst of a humanitarian crisis created by the ongoing insurgency. This has resulted in over a million internally displaced persons which, in turn, has led to a food security crisis. The loss of food supplies will lead to shortages for hunger prevention efforts in Macomia but also means that ASWJ has bolstered food reserves for the coming months.

This attack also appears to have concerned international investors in the natural gas industry in Cabo Delgado province. Confirming this, **French** energy giant **TotalEnergies'** CEO **Patrick Pouyanne**, specifically raised the Macomia attack with Nyusi on the sidelines of the **Africa CEO Forum in Kigali (Rwanda)** on 16 May.<sup>8</sup> TotalEnergies suspended development on its \$20 billion onshore liquefied natural gas (LNG) project in Cabo Delgado following the March 2021 ASWJ attack on **Palma**. The French company has indicated its intention to resume development at this site this year but only if it believes that the security situation has substantively improved. ASWJ's resurgence and its ability to attack a district capital with around 100 fighters could potentially cause TotalEnergies to take a closer look at Mozambique's security guarantees.

### ... but investment in Cabo Delgado continues

ASWJ's resurgence does not appear to have dampened all investor interest in Cabo Delgado's liquefied natural gas (LNG) sector and it was revealed on 22 May that the **Abu Dhabi National Oil Company (ADNOC)** had reached an agreement with **Portugal's Galp Energia** to buy out its 10% stake in the **Area 4** concession in the **Rovuma Basin** for approximately \$650m.<sup>9</sup> This includes Galp's interest in the **Coral Sud Floating LNG (FLNG)** facility. The deal also indicates that ADNOC could make further contingent payments of \$100m and \$400m once the final investment decisions (FIDs) are made on the **Coral Norte FLNG** platform and the onshore **Rovuma LNG** project respectively.<sup>10</sup> These FIDs are expected to be announced within the coming year. In fact, preparations have already begun for the construction of the Coral Norte FLNG platform in **South Korea**.

The Area 4 concession is run by the **Mozambique Rovuma Venture (MRV)**; this is a joint venture co-owned by **United States (US)** energy giant **ExxonMobil**, **Italian** energy company **ENI** and the **China National Petroleum Corporation (CNPC)**. The MRV holds 70% of the concession while **South Korea's Kogas**, Mozambique's **Empresa Nacional de Hidrocarbonetos (ENH)**, and Galp (soon to be ADNOC), each hold a 10% stake.

ADNOC's investment in the concession is part of the group's efforts to diversify its assets but, more importantly, illustrates confidence in Mozambique's LNG sector. The Coral Sud FLNG platform was the first LNG project in Cabo Delgado to come online. The platform is offshore and as such is unaffected by the insurgency. However, ADNOC is also investing in the onshore Rovuma LNG project indicating that the Emirati company sees a long-term future in the sector.

### Planner

9 Oct 2024 (**Mozambique**) National general election;

### Chronology

7 Jun 2024 **Maputo (Mozambique) Club of Mozambique**. The **Maputo Port Development Company (MPDC)** reveals that it has attained an **ISO 9001:2015 certification** which reflects a high standard of services and customer relations at the port;

7 Jun 2024 **Maputo (Mozambique) Club of Mozambique**. **Denmark** commits \$500,000 towards forest recovery programmes in **Sofala** province;

<sup>8</sup> Zitamar, 17 May 2024

<sup>9</sup> Nasdaq, 24 May 2024

<sup>10</sup> AIM, 23 May 2024

7 Jun 2024 **Maputo (Mozambique)** *360 Mozambique*. **United States**-based ratings agency **Standard & Poor's (S&P) Global** warns that Mozambique's anticipated liquefied natural gas (LNG) revenue is not expected to offset Mozambique's liquidity pressure until 2029 at the earliest;

7 Jun 2024 **Maputo (Mozambique)** *360 Mozambique*. **Banco de Moçambique** (central bank) reveals that the country's sovereign risk remained at a severe level throughout 2023 due to its continued high debt burden;

6 Jun 2024 **Maputo (Mozambique)** *AIM*. Internally displaced persons (IDPs) in **Chiure (Cabo Delgado Province)** accuse local militia forces of human rights violations;

5 Jun 2024 **Maputo (Mozambique)** *AIM*. The anti-corruption NGO, **Centro de Integridade Pública (CIP)**, accuses the **Secretariado Técnico da Administração Eleitoral (STAE)** (technical secretariat for electoral administration) of registering 1.2 million 'ghost voters' ahead of the upcoming 9 October national general election;

5 Jun 2024 **Maputo (Mozambique)** *AIM*. **President Filipe Nyusi** refuses to sign two election laws and returns them to the **Assembleia da República** (assembly of the republic) to be amended;

5 Jun 2024 **Maputo (Mozambique)** *AIM*. The ruling **Frelimo** submits its presidential nomination forms nominating **Inhambane** governor **Daniel Chapo** as its presidential candidate for the 9 October general election;

5 Jun 2024 **Seoul (South Korea)** *AIM*. South Korea pledges \$1 billion to finance development projects in **Mozambique**;

4 Jun 2024 **Seoul (South Korea)** *AIM*. Executives at South Korea-based **Samsung Heavy Industries** reveal that the company will soon begin construction on the second floating LNG (FLNG) platform for the **Rovuma Basin** offshore **Mozambique**;

4 Jun 2024 **Maputo (Mozambique)** *AIM*. Police assault journalists covering a security force demonstration in Maputo controversially arresting one reporter and confiscating their camera;

3 Jun 2024 **Maputo (Mozambique)** *AIM*. Mozambique's third largest political party, the **Movimento Democrático de Moçambique (MDM)** submits its presidential nomination forms nominating MDM leader **Lutero Simango** as its candidate for president;

1 Jun 2024 **Maputo (Mozambique)** *AIM*. Opposition **Renamo** submits the necessary forms formally nominating party leader **Ossufo Momade** as its presidential candidate;

30 May 2024 **Maputo (Mozambique)** *AIM*. Officials reveal that the government allocates around 1.5% of Mozambique's annual budget to addressing the impact of natural disasters;

30 May 2024 **Maputo (Mozambique)** *AIM*. Opposition party, **Renamo**, announces plans to nominate **Quelimane** mayor, **Manuel de Araujo** as its gubernatorial candidate for **Zambezia** province in the 9 October election;

29 May 2024 **Maputo (Mozambique)** *AIM*. The **European Union (EU)** pledges \$37.9m towards maritime conservation in Mozambique;

29 May 2024 **Maputo (Mozambique)** *Zitamar*. **Rwandan** soldiers kill 13 insurgents in an operation in **Mocimboa da Praia** district;

28 May 2024 **Maputo (Mozambique)** *AIM*. The **Comissão Nacional de Eleições (CNE)** (national elections commission) acknowledges that the ongoing insurgency negatively impacted voter registration efforts in **Quissanga** district (**Cabo Delgado Province**);

- 27 May 2024 **Maputo (Mozambique) AIM**. An angry crowd attacks a police station during a riot in **Manhica**, Maputo province;
- 27 May 2024 **Maputo (Mozambique) AIM**. The **Association of United and Solidary Health Professionals of Mozambique (APSUSM)** extends its ongoing national strike for a further 30 days;
- 27 May 2024 **Maputo (Mozambique) AIM**. **Banco de Moçambique** (central bank) cuts the main monetary policy interest rate from 15.75% to 15%;
- 27 May 2024 **Maputo (Mozambique) AIM** President **Filipe Nyusi** claims that insurgents no longer have any bases left in **Cabo Delgado** province;
- 25 May 2024 **Maputo (Mozambique) AIM**, President **Filipe Nyusi** visits the **Union of Comoros** on a two-day official visit;
- 25 May 2024 **Maputo (Mozambique) AIM**. **European Union (EU)** commits EUR 89m (\$96.16m) of non-lethal equipment to Mozambique's security forces under the **EU Training Mission in Mozambique (EUTM)**;
- 24 May 2024 **Maputo (Mozambique) AIM**. The government signs five concession contracts for oil and gas exploration with the **China National Offshore Oil Company (CNOOC)**;
- 22 May 2024 **Maputo (Mozambique) AIM**. **Germany** pledges EUR 12m (\$12.96m) to support small and medium enterprises (SMEs) in Mozambique;
- 22 May 2024 **Maputo (Mozambique) AIM**. The government announces plans to invest approximately \$1 billion to upgrade the **Pemba Port and Logistics Terminal**;
- 21 May 2024 **Maputo (Mozambique) AIM**. Mozambican officials renew the invitation to the **European Union (EU)** to send an observer mission to the 9 October general election;
- 19 May 2024 **Maputo (Mozambique) AIM**. Hundreds of people march in Maputo to protest high communications costs;
- 15 May 2024 **Maputo (Mozambique) AIM**. The **European Union (EU)** extends the mandate of the **EU Training Mission in Mozambique (EUTM)** until 30 June 2026.

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