

AFRICA RISK CONSULTING

Mozambique Monthly Briefing April 2021

Mozambique Summary 7 April 2021

Mozambique's Forças de Defesa e Segurança (FDS) (defence and security forces) claim to have retaken the city of Palma (Cabo Delgado Province) after insurgent groups attacked it on 24 March, killing dozens of people. The United Nations High Commissioner for Refugees (UNHCR) estimates that more than 11,000 people have fled the city. United States (US) Army Special Forces soldiers, known as the "Green Berets", arrive in Mozambique to train Mozambican marines. Portugal confirms that 60 soldiers from its special forces will arrive in early April to train Mozambican forces to respond to the violent insurgencies. France-based oil major Total SA, leading the Area 1 liquefied natural gas project, has abandoned the Afungi construction site with no details of when it plans to return. Covid-19 cases continue to decrease, but President Filipe Nyusi (2015-present) renews regulations to curb its spread and extends the curfew to additional provincial cities.

Cabo Delgado conflict sees its first international victims...

Armed groups killed an estimated 55 people in an attack on the city of **Palma in Cabo Delgado Province** on 24 March. The attack, involving more than 150 insurgents, took place just 6 km from the **Afungi** liquefied natural gas (LNG) construction site and specifically targeted foreigners, increasing concerns about the security of **Mozambique's** LNG projects in the area. Citizens of the **United Kingdom (UK)** and **South Africa** were amongst those killed.¹ Although **Islamic State (IS)** claimed responsibility for the attack in a statement on its **Telegram** channel, **AMAQ** news agency, on 29 March,² the claim appears to be fake, as IS published pictures from the wrong city and date, and major IS publications have not mentioned operations in Mozambique in over than six months.³

The attacks on Palma were reportedly highly coordinated, similar to those on the town of **Mocimboa da Praia** in August (see *ARC Briefing Mozambique September 2020*), hitting the city's suburbs and nearby villages and closing off roads to attack Mozambican soldiers trying to reach the city, which was reportedly deserted by 30 March.⁴ The Mozambican government, supported by the **United Nations Humanitarian Air Service (UNHAS)**, has evacuated local residents, contract workers and aid staff by sea and air. Mozambique's **Forças de Defesa e Segurança (FDS)** (defence and security forces) fought to retake the city with the help of South Africa-based private military contractor **Dyck Advisory Group (DAG)** and **Canada-based** private security company **GardaWorld**.⁵ Spokesperson Brigadier **Chongo Vidigal** claimed on 4 April that the FDS had "*completely retaken*" the city.⁶ However, sources close to ARC paint a different picture:

*"The government does not have control over the situation, and unless the underlying causes of this conflict is dealt with, the violence seems to be continuing."*⁷

The **UN High Commissioner for Refugees (UNHCR)** estimates that more than 11,000 people have fled the city of Palma since the beginning of the attacks on 24 March, and that thousands more are

¹ TVM, 6 Apr 2021

² AFP, 30 Mar 2021

³ NY Times, 15 Mar 2021

⁴ AFP, 30 Mar 2021

⁵ Africa Intelligence, 31 Mar 2021

⁶ Club of Mozambique, 5 Apr 2021

⁷ ARC diplomatic source, Maputo

trapped in the city.⁸ The UNHCR claims that the conflict in Cabo Delgado province has displaced nearly 700,000 people since it began in October 2017 and that this figure may reach one million by June if the violence continues.⁹ The UN **Office for the Coordination of Humanitarian Affairs (OCHA)** is calling for humanitarian funding of \$254m to meet the urgent needs of 1.1 million people in the districts of Cabo Delgado, **Nampula** and **Niassa**.¹⁰

Main opposition party **Renamo** leader **Ossufo Momade** called on the **Frelimo**-led government on 6 April to ask the international community for support to combat the armed groups in Cabo Delgado.¹¹ UK-based news agency **BBC** security correspondent **Frank Gardner** suggests that foreign assistance is needed to defeat the insurgency whilst focusing on the underlying economic grievances of the population:

“It will initially take a properly equipped and co-ordinated campaign by Mozambique’s own forces, with foreign logistic assistance. But for it to succeed in the long term, it will take far more than that.”¹²

... as US and Portuguese troops arrive in Mozambique to train soldiers...

The international community is responding to Mozambique’s appeal for assistance to fight the insurgency. **United States (US) Army Special Forces** soldiers, popularly known as the “**Green Berets**”, arrived in Mozambique on 15 March to train Mozambican marines.¹³ UK-based newspaper **The Times** reported on 17 March that the **US Embassy** in capital city **Maputo** stated that the US forces are in Mozambique for a two-month programme to “*prevent the spread of terrorism and violent extremism*”.¹⁴ **Portugal** confirmed on 29 March that from the beginning of April it would send 60 soldiers from its special forces to train Mozambique’s forces to respond to the violent insurgencies and defend the local population.¹⁵ Speaking at a press conference in **Lisbon**, foreign affairs minister **Augusto Santos Silva** stated that Portugal has been working closely with the Mozambican government to increase its cooperation.¹⁶

It is still unclear whether South Africa will deploy its military to help combat the violent insurgencies, although South Africa’s President **Cyril Ramaphosa** (2018-present) said on 2 April that, as commander-in-chief of the **South African National Defence Forces (SANDF)**, he had sent SANDF troops to **Palma** and **Pemba** following the attacks to rescue approximately 50 South Africans, many of whom were contracted through the LNG projects.¹⁷ Ramaphosa extended on 18 March the deployment of 200 SANDF members in Mozambique until March 2022 to continue fighting piracy on the coast.¹⁸ Despite signalling their support for the Mozambique government, international and regional bodies such as the **African Union (AU)** and the **Southern African Development Community (SADC)** (see *ARC Briefing Mozambique January-March 2021*), have yet to follow through with action. However, SADC will meet on 8 April to discuss regional measures to resolve the insurgency.¹⁹

The US officially labelled **Al-Sunna wa Jama’a**, known locally as **al-Shabaab**, as a global terrorist organisation on 10 March.²⁰ At a press conference on 11 March, the special envoy for the **Global**

⁸ UNHCR, 6 Apr 2021

⁹ UNHCR, 6 Apr 2021

¹⁰ OCHA, 31 Mar 2021

¹¹ Lusa, 6 Apr 2021

¹² BBC, 31 Mar 2021

¹³ New York Times, 15 Mar 2021

¹⁴ The Times, 17 Mar 2021

¹⁵ Lusa, 30 Mar 2021

¹⁶ Noticias ao Minuto, 29 Mar 2021

¹⁷ News24, 2 Apr 2021

¹⁸ News24, 18 Mar 2021

¹⁹ SADC press release, 6 Apr 2021

²⁰ New York Times, 15 Mar 2021

Coalition to Defeat ISIS, John T Godfrey, stated that the US “*has to confront ISIS in Africa*”.²¹ This is despite the IS claim of the attack in Pemba having been found fake, and main IS publications have not mentioned operations in Mozambique in more than six months (see above).

... and Total withdraws from Mozambique

France-based oil major **Total SA** has postponed recommencement of work on the Afungi LNG construction site amid the continuing violence in Cabo Delgado. The latest attacks may jeopardise the entire LNG project. Total withdrew non-essential personnel to the city of Pemba on 27 March.²² The company had withdrawn all its staff from Afungi by 2 April and completely abandoned the construction site.²³ It is not known whether Total will resume work in Cabo Delgado, as the company has stated it will only return when the Mozambican government can provide security.²⁴ However, in a statement published on 27 March, Total noted:

*“Total trusts the Government of Mozambique whose public security forces are currently working to take back the control of the area.”*²⁵

The latest developments in the LNG projects come after the Mozambican government ratified a series of documents on the Total-led Area 1 LNG project on 16 March, formally approving Total as the main operator and concessionaire in place of US-based **Anadarko Petroleum Corporation**, which pulled out in September 2019.²⁶ Just hours before the attack on Palma on 24 March, Total had issued a statement that it would gradually resume construction, as security had increased enough for its workers to return.²⁷ Total withdrew most of its workforce in January over security concerns (see *ARC Briefing Mozambique January 2021*).

Total led the Area 1 consortium (26.5%), alongside Japan-based **Mitsui** (20%), Mozambique state-owned oil company **ENH** (15%), India-based **ONGC Videsh** (10%) and its subsidiary **Beas** (10%), Bharat-based **Petro Resources** (10%) and Thailand-based **PTTE** (8.5%).²⁸ Total initially denied reports in January that it might move its operations to the French **Indian Ocean** island of **Mayotte**, saying that while it might use infrastructure in Mayotte for some offshore operations to support its LNG project in Cabo Delgado, it would continue to base its operations in Pemba (see *ARC Briefing Mozambique February 2021*).²⁹ However, the recent attacks increase the likelihood of Total moving its operations from Pemba to Mayotte.³⁰ There is concern that even less of the anticipated LNG revenue will trickle down to the local population in Mozambique, further fuelling the socio-economic grievances in Cabo Delgado and other provinces.

In further bad news for Mozambique’s LNG project, US-based oil major **ExxonMobil** postponed its FID in the **Area 4** consortium “*indefinitely*” in early March.³¹ The postponement of both projects is likely to delay, if not limit completely, the expected revenue from the LNG projects, estimated at \$50 billion over the next 25 years, and delay planned spending of this revenue on public healthcare and infrastructure (see *ARC Briefing Mozambique March 2021*). With both Total and Exxon pulling out of Cabo Delgado, the offshore LNG project led by Italy-based **ENI** may be the only project moving forward.

²¹ Hanlon

²² Reuters, 27 Mar 2021

²³ AFP, 2 Apr 2021

²⁴ AFP, 2 Apr 2021

²⁵ Reuters, 27 Mar 2021

²⁶ Lusa, 16 Mar 2021

²⁷ Business Day, 24 Mar 2021

²⁸ Lusa 16 Mar 2021

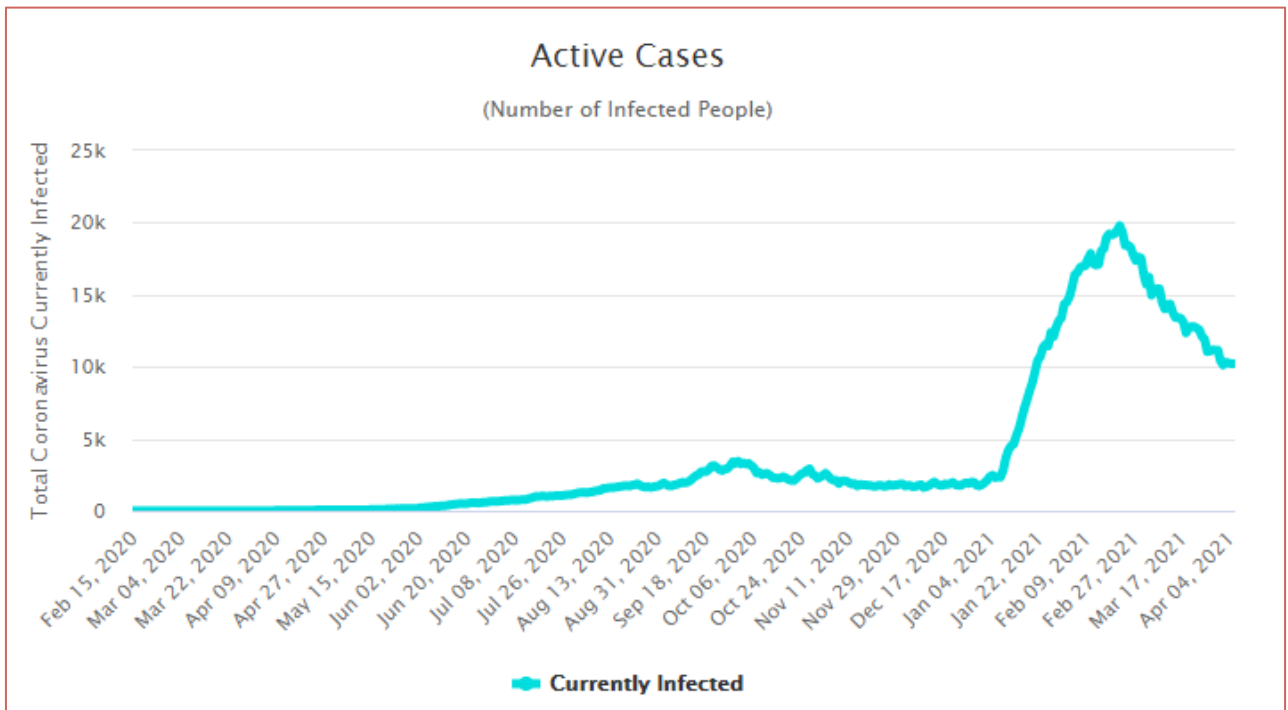
²⁹ Club of Mozambique, 31 Jan 2021

³⁰ Source, ARC Mozambique analyst

³¹ Lusa, 4 Mar 2021

Covid-19 regulations renewed despite decreasing cases

After a peak in active cases in January and February, the number of active cases of confirmed **Covid-19** infections in Mozambique has decreased by almost half from 19,781 on 21 February to 10,207 on 5 April.³² Mozambique recorded 108 new cases of Covid-19 on 5 April, bringing the cumulative total of confirmed cases in its population of approximately 31.5 million to 68,227, with 57,234 recoveries and 782 deaths, and 65% of the cases (7,973) having been detected in Maputo.³³ This marked the second consecutive day without registered Covid-19-related deaths in the country.³⁴



Source: Worldometer, accessed 6 Apr 2021

Addressing the nation on 5 April, President **Filipe Nyusi** (2015-present) announced that the government was extending curfew regulations to six additional capital cities of provinces that have experienced an increase in Covid-19 cases, starting 6 April.³⁵ The mandatory 10pm to 4am curfew will affect the cities of **Manica (Manica Province)**, **Tete (Tete Province)**, **Xai-Xai (Gaza Province)**, **Pemba (Cabo Delgado province)**, and **Lichinga (Niassa Province)** in addition to the metropolitan area of **Greater Maputo**.³⁶ Most other Covid-19 restrictions remain in place. Places of worship remain closed, while religious events, conferences and private social events remain prohibited and wearing of masks in public spaces is mandatory.³⁷

Nyusi warned of the risk of Mozambique importing the new Covid-19 variant from migration flows from South Africa over the Easter weekend, and cautioned residents to follow the restrictions:

“As a result of the implementation of restrictive measures, we have observed a reduction in the number of cases, hospitalisation and deaths. This reduction has been progressive, but it is happening at a slow pace.”³⁸

³² Worldometer Covid-19, accessed 6 Apr 2021

³³ Lusa, 5 Apr 2021

³⁴ Lusa, 5 Apr 2021

³⁵ Lusa, 5 Apr 2021

³⁶ Lusa, 5 Apr 2021

³⁷ Lusa, 5 Apr 2021

³⁸ Lusa, 5 Apr 2021

Covid-19-related developments have significantly impacted Mozambique's economic outlook, with 1,075 companies declaring bankruptcy in 2020.³⁹ In its **African Economic Outlook** published on 12 March, the **African Development Bank (AfDB)** reports that the contraction of Mozambique's economy brought 850,000 people below the poverty line, which now represents 63.7% of the population.⁴⁰ The report predicts that Mozambique's economy will grow by 2.3% in 2021 and 4.5% in 2022.⁴¹ However, the AfDB's prediction came before the Palma attacks and Total's withdrawal from its LNG operations in Cabo Delgado (see above).

Planner

21-22 Apr 2021 **Maputo (Mozambique)** 7th edition of the Mining, Oil, Gas & Energy Conference and Exhibition (MMEC) organised by **AME Trade Ltd**, attendance on site or online;

2023 **(Mozambique)** Local elections;

2024 **(Mozambique)** Area 1 LNG production expected to commence;

2024 **(Mozambique)** Provincial and presidential elections;

Chronology

6 Apr 2021 **(Africa)** *EMPEA*. Global investor and asset manager **Meridiam Infrastructure Africa Fund** agrees to invest \$48m in **pan-African** data centre developer **Raxio Group** as part of a partnership that will help develop a network of data centres in **Africa**;

6 Apr 2021 **(Southern Africa)** *AFP*. Leaders of the 16-country **Southern African Development Community** are set to hold emergency talks on 8 April over an **Islamic State**-linked militant insurgency in northern **Mozambique**;

2 Apr 2021 **(Africa)** *Sunday Times*. Public health agency of the **African Union Africa CDC**'s director, **John Nkengasong**, says **Africa** has secured 400 million doses of **J&J Covid-19** vaccines, enough to vaccinate more than half its target of 750m people, as it edges towards the third wave of infections;

30 Mar 2021 **(Africa)** *Bloomberg*. Sources familiar with the matter say **Coca-Cola Co** is speaking with potential advisers about exit options – a sale or an IPO – for its 66.5% stake in **Coca-Cola Beverages Africa**, which is valued at about \$6 billion;

29 Mar 2021 **(Africa)** *Financial Times*. **China-Africa Research Initiative** research shows **Chinese** lending to **African** public sector borrowers fell to \$7 billion in 2019, from \$9.9 billion in 2018 and \$28 billion in 2016, suggesting lenders became concerned about the sustainability of rising debt levels on the continent;

28 Mar 2021 **Palma (Mozambique)** *eNCA*. Private security companies evacuate more than 1,000 people from **Palma**, northern **Mozambique**, after it was violently overrun by jihadist insurgents linked to **Islamic State**;

25 Mar 2021 **Maputo (Mozambique)** *Business Day*. **Mozambique** military launches offensive after **Islamic State**-aligned rebels invade town of **Palma** in the **Cabo Delgado** region

24 Mar 2021 **Maputo (Mozambique)** *Business Day*. **France**-based energy major **Total** to resume construction at its \$20 billion LNG development in **Cabo Delgado** as security is increased, after it withdrew most of its workforce in January due to an insurgency;

24 Mar 2021 **Maputo (Mozambique)** *Deutsche Welle*. **Germany**-based news outlet **Deutsche Welle** issues concern over a proposed media law in **Mozambican** parliament, which they say

³⁹ Carta de Moçambique, 15 Mar 2021

⁴⁰ AfDB, 12 Mar 2021

⁴¹ AfDB, 12 Mar 2021

would make Mozambique one of the most closed media markets in **Africa**;

23 Mar 2021 **(Africa)** *EMPEA*. **United States**-based **TPG's The Rise Fund** agrees to invest \$200m in **Airtel Africa** subsidiary and holding company for several of Airtel Africa's mobile money operations across 14 **African** countries, **Airtel Mobile Commerce BV (AMC BV)**, bringing AMC BV's valuation to \$2.65 billion;

22 Mar 2021 **(Africa)** *Moneyweb*. **Moody's Investors Service** estimates that the 49 banks it rates across 14 **African** countries have extended almost \$218 billion in credit to environmentally sensitive sectors, an amount equivalent to nearly 29% of their total loans, which threatens their credit quality and profitability;

20 Mar 2021 **Maputo (Mozambique)** *Reuters*. **United Nations** warns that **Mozambicans** fleeing **jihadi** insurgency risk become radicalised;

18 Mar 2021 **Johannesburg (South Africa)** *News24*. President **Cyril Ramaphosa** extends the deployment of the **South African National Defence Force** in **Mozambique** until March 2022;

12 Mar 2021 **(Africa)** *AfDB*. Multinational financial institution **African Development Bank Group** forecasts **African** economies to rebound by 3.4% on an average in 2021, following an average contraction of 2.1% last year;

11 Mar 2021 **(Africa)** *Times*. Group of 40 charities in **Africa**, including, **Amnesty International** and **Christian Aid**, slam a move by richer members of the **World Trade Organisation** to block a push by some 80 developing countries – led by **India** and **South Africa** – to waive its **Trade-Related Aspects of Intellectual Property** agreement rules on patents;

11 Mar 2021 **Maputo (Mozambique)** *Politico*. **Portugal's** defence minister, **João Gomes Cravinho**, says the **European Union** should consider sending a military training mission to **Mozambique** to battle **Islamist** terrorists;

10 Mar 2021 **Washington (United States)** *Reuters*. **United States** government blacklists two Islamist extremist groups, the **Allied Democratic Forces** in the **Democratic Republic of the Congo** and **Ahlu Sunnah Wa-Jam** in **Mozambique**, as specially designated global terrorists over accusations of links to **Islamic State**.

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