

AFRICA RISK CONSULTING

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United Kingdom-based human rights organisation Amnesty International accuses all sides in the conflict in Mozambique's northern Cabo Delgado province of human rights abuses, including the insurgent group known as Al-Shabaab, the Forças Armadas de Defesa de Moçambique (FADM) (Mozambican armed defence forces), and South Africa-based private military company Dyck Advisory Group (DAG), hired by the Mozambican government. FADM claims Amnesty's report has some "untruths", while DAG says it will hire an independent legal team to investigate the allegations. Access to Cabo Delgado remains limited. United Nations (UN) humanitarian experts claim they have waited over four months to receive visas to gain access to the area. The government is considering the introduction of a restrictive press law. United States (US)-based oil major ExxonMobil postpones its final investment decision for the liquefied natural gas (LNG) project in Cabo Delgado "indefinitely". Mozambique launches its Covid-19 vaccine programme. The World Bank reports that Mozambique's economy will remain in recession in 2021 but will recover in 2022 with 4% growth.

Amnesty International highlights human rights abuses in Cabo Delgado conflict...

United Kingdom (UK)-based human rights organisation **Amnesty International** has accused all sides involved in the conflict in **Cabo Delgado** province of violations of international humanitarian law, including war crimes.¹ Reporting on the attacks against the villages of **Chai Sede** and **Litamanda**, as well as the towns of **Macomia**, **Mocímboa da Praia** and **Quissanga** between March and June 2020, Amnesty is calling on the Mozambique government to investigate the crimes outlined in its report, published on 2 March.²

Amnesty claims that the insurgent group known locally as **Al-Shabaab** has deliberately and horrifically killed civilians, burned villages and abducted young girls and boys.³ It accuses the **Forças Armadas de Defesa de Moçambique (FADM)** (Mozambican armed defence forces), as well as other parts of the military and police, of targeting civilians thought to be supporting Al-Shabaab, carrying out executions and acts of torture and mutilating the bodies of their victims.⁴ The report further accuses **South Africa**-based private military company **Dyck Advisory Group (DAG)**, hired by the Mozambican government, of dropping hand grenades and shooting with machine guns from helicopters, failing to differentiate between military targets and civilians:

*"The civilian residents of Cabo Delgado are caught between three fighting forces, none of which respect their protected status under international humanitarian law (the laws of war)."*⁵

FADM deputy chief of general staff **Bertolino Capitine**, speaking to the press during a trip to Cabo Delgado on 7 March, denied Amnesty's allegations saying that the report has some "untruths".⁶ Capitine claimed FADM's mission is to defend "territorial integrity" and not to hurt the community. Capitine noted that the report was written by people who have never been in Cabo Delgado.⁷ The

¹ Amnesty International, 2 Mar 2021

² Amnesty International, 2 Mar 2021

³ Amnesty International, 2 Mar 2021

⁴ Amnesty International, 2 Mar 2021

⁵ Amnesty International, 2 Mar 2021

⁶ Club of Mozambique, 8 Mar 2021

⁷ Club of Mozambique, 8 Mar 2021

Amnesty report states that due to **Covid-19** pandemic restrictions, its researchers did not travel to the region, but conducted remote interviews through secure voice and video calls.⁸ DAG founder **Lionel Dyck** told UK-based news organisation **Reuters** on 2 March that the company will hire an independent legal team to investigate Amnesty's allegations of its contractors opening fire on civilians.⁹

According to the **United States (US)**-based **Armed Conflict Location & Event Data Group (ACLED)**, which tracks the conflict weekly, more than 1,300 civilians have lost their lives in the conflict. The total death toll is approximately 2,600 since the attacks escalated in October 2017.¹⁰ Although the source of the conflict is disputed, it has been connected to **Islamic State (IS)**-affiliated terrorism, local grievances and access to resources in the resource-rich province of Cabo Delgado.

... as humanitarian and journalist access denied ...

As the humanitarian and security crisis escalates, the **United Nations (UN)** claims that the Mozambique government appears to be deliberately stalling efforts by international agencies to deliver assistance to Cabo Delgado residents. UN resident coordinator in Mozambique **Myrta Kaulard** told **Portugal**-based news agency **Lusa** on 5 March that 57 UN humanitarian experts have waited over four months to receive visas to visit Cabo Delgado.¹¹ The delay has affected the UN's capacity to distribute humanitarian aid in the area. The visas allow experts to train local people in humanitarian assistance and establish well-coordinated systems on the ground. Lusa reports that non-UN agencies and NGOs have reported similar delays.¹² By the end of January, the average delay in visa approvals was three and a half months. Kaulard said the delay in issuing humanitarian visas "*will also have implications on the willingness of partners to contribute resources*".¹³

The government appears to be attempting to keep outside observers out of the conflict zones. Interior minister **Amade Miquidade** expelled UK-registered news agency **Zitamar** editor **Tom Bowker** and his partner and journalist, **Leigh Elston**, from Mozambique on 16 February.¹⁴ Miquidade said Zitamar is registered in the UK as a "*news agency*" without a UK press registration number,¹⁵ while in fact there is no system of press registration in the UK. Speaking to South Africa-based news agency **Sunday Times**, Bowker claimed the government expelled him and Elston for reporting the truth about the conflict in Cabo Delgado:

*"Expelling me at this particular moment shines a spotlight on the fact that they are bringing in more oppressive media laws... it's important that local media and news outlets in Mozambique continue to campaign to keep the worst elements of this new media law from happening, because it is now being debated in parliament."*¹⁶

The interior ministry is proposing to introduce a restrictive press law that will tighten control on journalistic freedom. The law requires all publications to be formally registered by submitting the source of their funding and 16 supporting documents to avoid being defined as "*clandestine*".¹⁷

UK **Open University**-based political commentator **Joseph Hanlon** argues that the "*press crackdown*" is the Mozambican government's attempt to silence the narrative that the Cabo Delgado war stems from local grievances instead of Islamic State-related terrorists from outside, which would require international support.¹⁸ **Pemba's** outspoken bishop, **Luis Fernando Lisboa**, has highlighted that the

⁸ Amnesty International, 2 Mar 2021

⁹ Reuters, 2 Mar 2021

¹⁰ ACLED, 8 Mar 2021

¹¹ Lusa, 5 Mar 2021

¹² Lusa, 5 Mar 2021

¹³ Lusa, 5 Mar 2021

¹⁴ Sunday Times, 28 Feb 2021

¹⁵ Sunday Times, 28 Feb 2021

¹⁶ Sunday Times, 28 Feb 2021

¹⁷ Joseph Hanlon, 16 Feb 2021

¹⁸ Joseph Hanlon, 16 Feb 2021

conflict in Cabo Delgado is internal and not foreign, as the Mozambican government claims. The Pope withdrew Lisboa from Cabo Delgado on 11 February.¹⁹

... and Exxon postpones investment decision indefinitely

The violent attacks in Cabo Delgado are having a significant impact on Mozambique's liquefied natural gas (LNG) project. Following two postponements of its final investment decision (FID) on the LNG projects in Cabo Delgado, US-based oil major **ExxonMobil** has now postponed its FID "indefinitely".²⁰ The postponement is likely to delay 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 December 2020*).

During a conversation with US-based media company **Bloomberg** on 4 March, senior Exxon vice president **Neil Chapman** said there is no forecast on investment in the the **Area 4** consortium LNG projects, worth an estimated \$30 billion.²¹ The future of the Area 4 consortium, known as the **Rovuma** LNG projects, now depends on the evolution of the security situation, lowering costs and a potential resource agreement with **France**-based oil major **Total SA**.²²

The longer the project is delayed, the less likely its eventual development appears. With Exxon's latest postponement, the only LNG projects that go ahead may be those of the Total-led **Area 1** consortium, expected to start up in 2024, and **Italy**-based oil major **ENI**'s floating LNG plant, which forms part of the Area 4 consortium, scheduled to start up in 2022.²³ Area 1 is valued at \$20-25 billion, and aims to produce 13.12 million tonnes per year (mtpa), while the floating platform of Area 4 is expected to produce 3.4 mtpa. The onshore plan for Area 4 led by Exxon was expected to produce 15 mtpa.²⁴

Covid-19 vaccine programme launches...

Deputy national health director **Benigna Matsinhe** launched Mozambique's national Covid-19 vaccination plan on 5 March, outlining the health ministry's plans to vaccinate 16 million of Mozambique's approximately 31.5 million inhabitants by 2022.²⁵ The target population excludes children under the age of 15 and pregnant women, as the available vaccines have not been tested on these population groups.²⁶ Mozambique received 200,000 doses of the **Verocell** vaccine from **China** in February,²⁷ and is also relying on bilateral or multilateral mechanisms and programmes such as the **Covax** initiative, coordinated by the **World Health Organisation (WHO)** to support the distribution of vaccines to poorer countries.²⁸

*"The national vaccination roll-out programme is a step in the right direction in the government's handling of the Covid-19 pandemic. What the country needs now is some good news and the thorough management of the vaccination process might contribute to this."*²⁹

Mozambique recorded 183 new cases and five deaths on 8 March, bringing the cumulative total of confirmed Covid-19 cases to 62,703, with 46,598 recoveries and 698 deaths.³⁰ There are currently 15,407 active cases, with 63% of the cases (9,772) having been detected in capital city **Maputo**.³¹

¹⁹ Joseph Hanlon, 16 Feb 2021

²⁰ Lusa, 4 Mar 2021

²¹ Lusa, 4 Mar 2021

²² Lusa, 4 Mar 2021

²³ Lusa, 4 Mar 2021

²⁴ Lusa, 4 Mar 2021

²⁵ Lusa, 5 Mar 2021

²⁶ Lusa, 5 Mar 2021

²⁷ Lusa, 5 Mar 2021

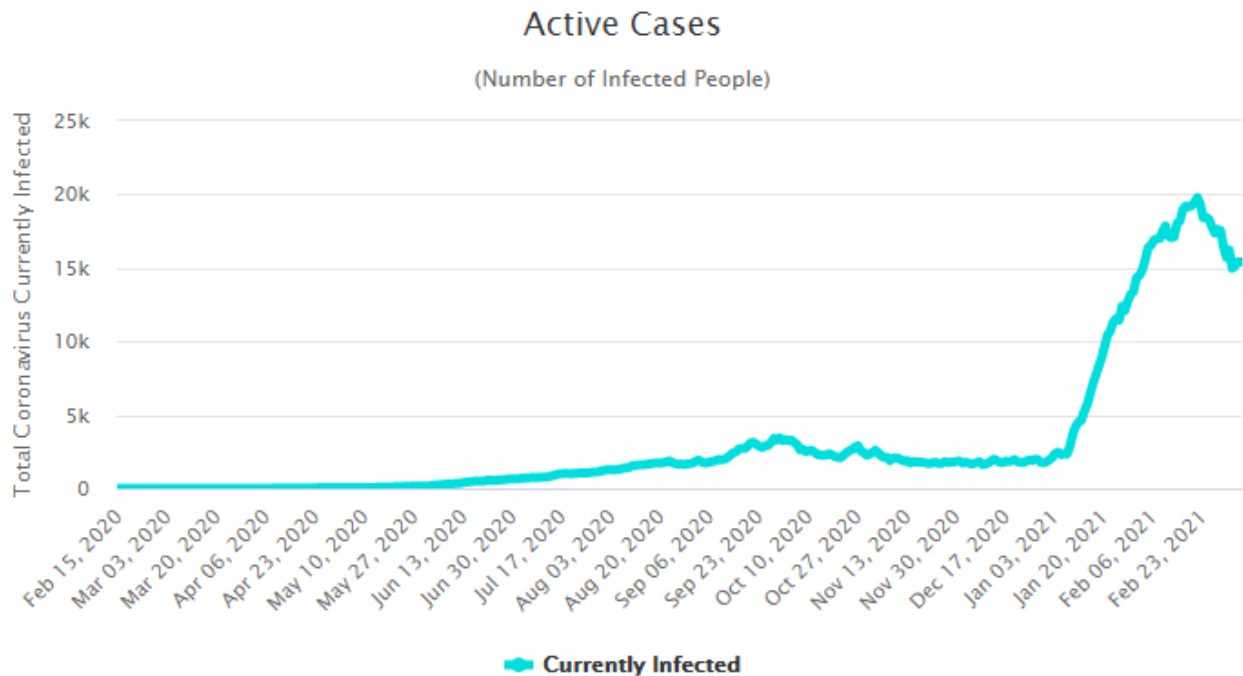
²⁸ Lusa, 5 Mar 2021

²⁹ ARC source, diplomatic Maputo

³⁰ Lusa, 8 Mar 2021

³¹ Lusa, 8 Mar 2021

After a peak in active cases in January and February, the rate of confirmed Covid-19 infections has been decreasing since 21 February (see below).³²



Source: Worldometer, accessed 9 Mar 2021

Addressing the nation on 4 March, President **Filipe Nyusi** (2019-present) extended most of the Covid-19 restrictions for a further 30 days, starting 7 March.³³ These include the mandatory wearing of masks, restrictions on the sale of alcoholic drinks, and curfew in the **Greater Maputo Metropolitan Area**. The curfew runs from 9pm to 4am and affects the cities of Maputo and **Matola**, and the districts of **Boane** and **Marracuene**. Nyusi, however, announced the resumption of face-to-face classes at all educational institutions starting on 8 March.³⁴ President Nyusi called for a collaborative approach to implementing the measures:

“There are still a lot of people who think this disease is somebody else’s problem. But we must all act as a single army. If we do not all win, then we will all be defeated.”³⁵

... as economic outlook improves slightly

The **World Bank** reported on 5 March that Mozambique’s economy is expected to remain in recession, falling by 0.8% of gross domestic product (GDP), and only recover in 2022 with an expected 4% growth.³⁶ The report praised the Mozambican government’s rapid health, economic and monetary response to the Covid-19 pandemic but advocated advancement in structural reforms to support economic transformation and job creation during the current second wave.³⁷

“Mozambique’s economy is expected to gradually recover from 2021 but substantial downside risks remain due to uncertainty surrounding the path of the COVID-19 (coronavirus) pandemic.”³⁸

³² Worldometer Covid-19, 9 Mar 2021

³³ Club of Mozambique, 4 Mar 2021

³⁴ Club of Mozambique, 4 Mar 2021

³⁵ Club of Mozambique, 5 Mar 2021

³⁶ World Bank, 5 Mar 2021

³⁷ World Bank, 5 Mar 2021

³⁸ World Bank, 5 Mar 2021

The latest **Purchasing Managers Index (PMI)** from **Standard Bank Mozambique** published on 3 March, estimating the business outlook amongst the private sector in Mozambique, recorded the strongest expectations of growth in February since May last year.³⁹ The PMI rose from 47.5 in January to 49.1 in February, signaling a more modest deterioration in the private sector economy health.⁴⁰ Although Covid-related restrictions have limited market confidence, this is beginning to improve:

“While several firms continued to report lower levels of new business due to the impact of coronavirus, others saw a rise in demand as market confidence strengthened.”⁴¹

The importance of increased confidence in the private sector economy cannot be underestimated, as the uncertainty of the LNG projects will have a strong impact on the country’s economic outlook. The conflict in Cabo Delgado is also destabilising the investment environment. The government’s response to both the conflict and the second wave of the Covid-19 pandemic will significantly impact economic developments in Mozambique in 2021.

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

3 Mar 2021 **(Africa)** *Africa Global Funds*. **Pan-African** infrastructure developer and operator **ARISE Industrial Services** acquires 35% stake in trader of environmental certificates in **Africa**, **Aera Group**, based on a valuation of €28.5m (\$34m);

2 Mar 2021 **(Africa)** *Irish Times*. **London Stock Exchange**-listed **Tullow Oil** to ask shareholders to vote on 18 March over the \$180m sale of its two **African** reservoirs, in **Gabon** and **Equatorial Guinea**, which will cut spending by around \$10m;

2 Mar 2021 **Maputo (Mozambique)** *SABC*. **South African** private military firm **Dyck Advisory Group** says it will hire outside lawyers to look into its activities in **Mozambique**, after global rights organisation **Amnesty International** accuses it of firing indiscriminately on civilians while helping the government fight an insurgency;

1 Mar 2021 **(Africa)** *Creamer Media’s Engineering News*. **Africa Energy Indaba** panel, moderated by **Standard Bank** renewable energy head **Rentia van Tonder**, highlights that a lack of financing remains a major prohibitor for power generation project development in **Africa**.

23 Feb 2021 **Maputo (Mozambique)** *Energy Voice*. **Scotland**-headquartered energy industry services provider **EnerMech** opens office in Maputo and appoints **Celestino Maússe** to act as country manager;

22 Feb 2021 **Maputo (Mozambique)** *Club de Mocambique*. Opposition **MDM** party leader and mayor of port city **Beira**, **Daviz Simango**, dies of **Covid-19** in a hospital in **South Africa**;

18 Feb 2021 **(Africa)** *Africa Global Funds*. **South Africa**-based **African Alliance Asset Management** partners with social investment manager and advisor **Tshikululu Social Investments** to offer global investors **Thrive Africa** an impact investment offering for **Africa**;

³⁹ Standard Bank Mozambique, 3 Mar 2021

⁴⁰ Standard Bank Mozambique, 3 Mar 2021

⁴¹ Standard Bank Mozambique, 3 Mar 2021

9 Feb 2021 (Africa) *EMPEA*. Sector-specific African private equity fund **Phatisa** reaches a \$143m final close for **Phatisa Food Fund 2** following a \$82m joint commitment from **CDC Group, Norfund, Finfund, FinDev Canada** and **BIO**; the vehicle will invest in the food value chain across **sub-Saharan Africa**.

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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