

AFRICA RISK CONSULTING

Mozambique Monthly Briefing January 2022

Mozambique Summary 13 January 2022

The Southern African Development Community (SADC) Military Mission in Mozambique (SAMIM) is extended by six months and the Rwanda National Defence Force (RDF) expands its security cooperation with Mozambique. The Instituto Nacional de Estatística (INE) (national institute of statistics) reports an improvement of the Indicador de Clima Económico (ICE) (economic climate indicator), from 80.9 in the third quarter of 2020 to 81.6 in the last quarter of 2021. The African Energy Chamber (AEC) praises the European Union (EU) draft plan to label natural gas investments as “green”, which would benefit African producers such as Mozambique. The country is likely past a fourth wave of Covid-19 infections, and as of 10 January 23.6% of the population has been fully vaccinated.

Military operations in Mozambique continue ...

The Southern African Development Community (SADC) decided at its extraordinary summit of heads of state and government in Lilongwe (Malawi) on 12 January to extend the mandate of its Mission in Mozambique (SAMIM) by six months.¹ SAMIM troops have been present in Mozambique since 15 July, fighting the insurgent group **Al Sunna wa Jama'a** known locally as **al-Shabaab**, in Northern Mozambique (see *ARC Briefing Mozambique Aug 2021*). Their mandate was due to expire on 15 January.² SADC chair and Malawi's president, **Lazarus Chakwera** (2020-present), noted that the decision to extend the mission will allow consolidation of gains made thusfar:

“Until victory and peace are secured, we will not relent, we will not regress, and we will not retreat.”³

Prior to the SADC summit, the **Rwanda National Defence Force (RDF)** signed an agreement with the **Forças Armadas de Defesa de Moçambique (FADM)** (Mozambican armed defence forces) on 10 January to expand its security cooperation with Mozambique.⁴ Since the deployment of 1,000 RDF and **Rwanda National Police (RNP)** forces in Mozambique on 9 July (see *ARC Briefing Mozambique July 2021*), the number of Rwandan troops in Mozambique has doubled.⁵

Although the joint forces against the insurgent groups in **Cabo Delgado** province have made advances and secured important bases and the port town of **Mocimboa da Praia**, al-Shabaab insurgents have moved to **Niassa Province** further west in the country (see *ARC Briefing Mozambique Dec 2021*). Niassa Province government spokesperson **Felismino Patricio** released a statement on 31 December claiming that 3,803 people had been displaced following attacks in **Mecula** district.⁶ During a speech to FADM members at the **Mueda** barracks in Cabo Delgado on 29 December, President **Filipe Nyusi** (2019-present) urged soldiers to remove or capture leaders of the insurgent groups to conclude the conflict, underlining that “2022 must be decisive in this fight”.⁷

¹ Daily Maverick, 12 Jan 2022

² Daily Maverick, 12 Jan 2022

³ Daily Maverick, 12 Jan 2022

⁴ Business Live, 12 Jan 2022

⁵ Business Live, 12 Jan 2022

⁶ The Guardian, 31 Dec 2021

⁷ VOA Portugues, 30 Dec 2021

... as economic climate indicators improve

The **Instituto Nacional de Estatística (INE)** (national institute of statistics) reported on 10 January that there has been an improvement in the **Indicador de Clima Económico (ICE)** (economic climate indicator), which rose from 80.9 in the third quarter of 2020 to 81.6 in the last quarter of 2021.⁸ Earlier in 2021 the ICE had exhibited a downward trend due to the impacts of the **Covid-19** pandemic and the conflict in Cabo Delgado. The improved trend is good news for Mozambique's economic outlook and prospects for new investment.

Despite these positive indicators, the latest **World Bank** economic forecast for 2021 and 2022 is more pessimistic. In a report published on 11 January, the World Bank claims that global growth will decelerate “markedly” to 4.1% in 2022 from 5.5% in 2021, forecasting that growth in emerging and developing economies will drop from 6.3% in 2021 to 4.6% in 2022, and even further down to 4.4% in 2023.

Forecasts of higher rates of inflation are also a concern. **United Kingdom (UK)**-based consultancy **Oxford Economics Africa**, in a report published by on 12 January, forecast that inflation in Mozambique will rise to 7.3% in 2022 and that the **Banco de Moçambique** (central bank) will raise the interest rate to 14%.⁹ According to the INE, Mozambique ended 2021 with accumulated inflation of 6.74% while the 2022 State Budget forecasted 5.3% inflation.¹⁰ The central bank notes that Mozambique's inflation rate will be influenced by Covid-19-related impacts on increased prices of food products and liquid fuels as well as the constrained supply of goods on the international market.¹¹

... and EU proposes natural gas as green investment

The **African Energy Chamber (AEC)** has lauded a draft **European Union (EU)** plan to label natural gas and nuclear investments as green investment. In a statement released on 10 January, the AEC claims this will benefit producer countries on the continent such as Mozambique.¹² The **European Commission (EC)** is expected to present a proposal later in January that will define what energy projects are viewed as “green” investments and can be included in the EU “*sustainable finance taxonomy*”.¹³ If the proposal is successful, this would benefit Mozambique, which is expected to become one of the world's largest producers of natural gas.¹⁴

Although planned oil and gas production in northern Mozambique has been delayed or suspended due to the violent conflict in the region and the impacts of Covid-19, mineral resources and energy minister **Max Tonela** stated in November that the **France**-based **TotalEnergies**-led project in **Afungi** in **Area 4** is likely to resume in 2022 (see *ARC Briefing Mozambique December 2021*). The **Instituto Nacional de Petróleo (INP)** (national institute of petroleum) announced on 3 January the arrival of the floating liquefied natural gas (FLNG) platform from **Goeje (South Korea)**, which is to be installed in Area 4 of the **Rovuma Basin** in Cabo Delgado.¹⁵ The FLNG facility is the first on the **African** continent and forms part of the **Coral South Project** in Area 4, operated by joint venture **Mozambique Rovuma Venture S.p.A (MRV)**, owned by **Italy**-based oil company **Eni**, **US**-based **ExxonMobil** and **China**-based **CNPC** (see *ARC Briefing Mozambique November 2021*). AEC president **NJ Ayuk** noted in a statement on 10 January:

*“To develop sustainably, Africa must first industrialise itself. It must have the same opportunities as Europe and other western countries”.*¹⁶

⁸ Lusa, 10 Jan 2022

⁹ Lusa, 12 Jan 2022

¹⁰ Lusa, 12 Jan 2022

¹¹ Lusa, 12 Jan 2022

¹² Club of Mozambique, 10 Jan 2022

¹³ Reuters, 3 Jan 2022

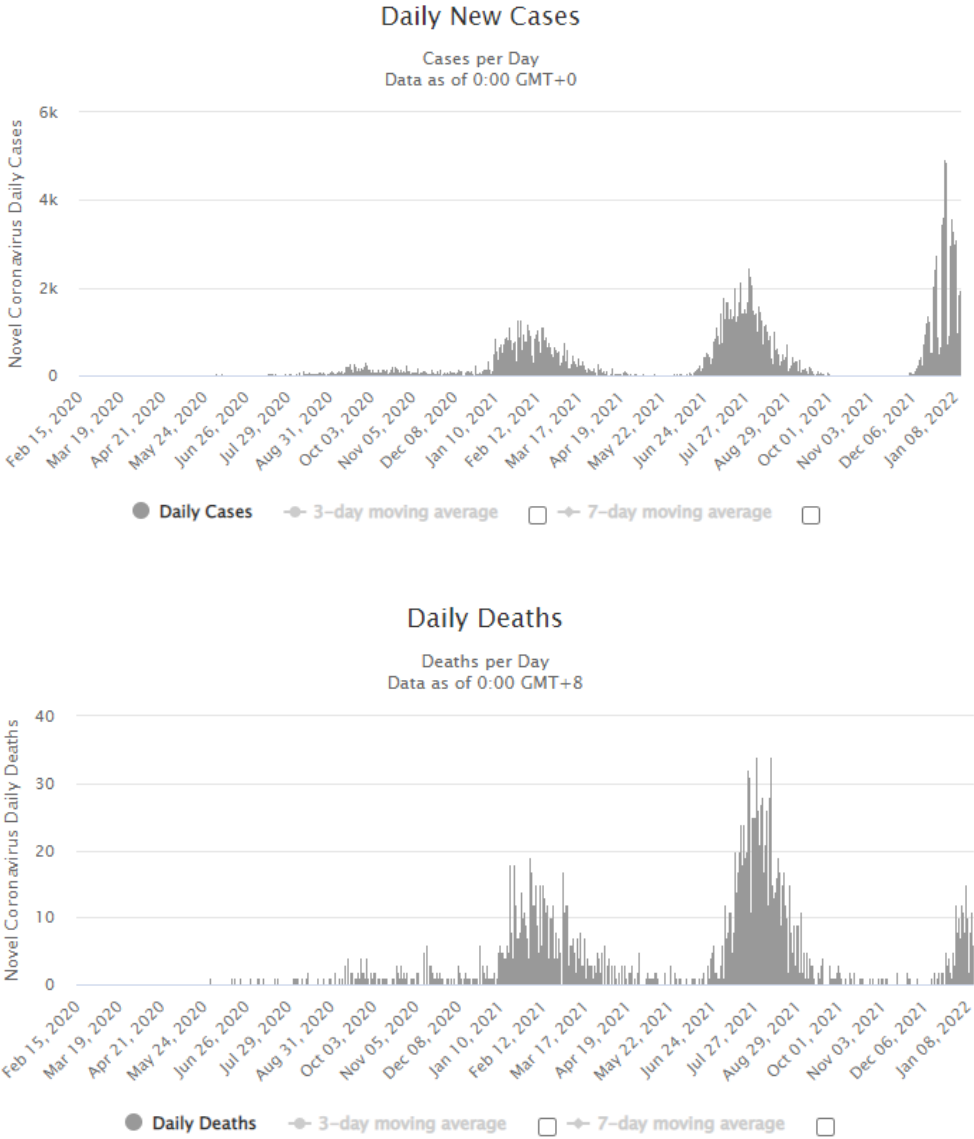
¹⁴ Lusa, 3 Jan 2022

¹⁵ Macau Business, 3 Jan 2022

¹⁶ Club of Mozambique, 10 Jan 2022

Mozambique passes fourth wave of Covid-19

A fourth wave of Covid-19 infections appears to have come and gone in Mozambique. Health authorities recorded the highest number of positive tests for Covid-19 on 30 December, at 4,947, while the number dropped to 1,948 on 12 January (see below).¹⁷ Despite the high number of positive tests, the number of deaths has decreased significantly from the third wave in July 2021 (see below), supporting statements that the **Omicron** variant (strain B.1.1.529) is less deadly than other strains of the coronavirus.¹⁸ As of 12 January, Mozambique had recorded 214,807 cases of Covid-19 in its population of approximately 31.5 million, with 2,105 Covid-19-related deaths and 175,561 recoveries.¹⁹



Source: Worldometer Coronavirus, accessed 13 Jan 2022

Although the Omicron coronavirus variant is causing less severe disease than other strains, the **World Health Organization (WHO)** warns that it is particularly dangerous for unvaccinated people and that the high transmission rate poses greater risk of another variant emerging that is more deadly than

¹⁷ Worldometer Coronavirus, accessed 13 Jan 2022
¹⁸ Daily Mail, 7 Jan 2022
¹⁹ Worldometer Coronavirus, accessed 13 Jan 2022

Omicron.²⁰ UK-based data access project **Our World in Data**, run by non-profit organisation **Global Change Data Lab** and the **University of Oxford**, estimates that Mozambique's health authorities had administered 17 million doses of Covid-19 vaccines by 10 January, with 23.6% of the population fully vaccinated and 30.9% having received at least one dose.²¹ Compared to neighbouring countries, only **Eswatini** (26.9%) and South Africa (27.3%) have higher vaccination rates.

Covid-19 vaccination status ²²							
	Eswatini	Malawi	Mozambique	South Africa	Tanzania	Zambia	Zimbabwe
Percentage of population fully vaccinated	26.9%	3.9%	23.6%	27.3%	1.5%	7.5%	21.5%

Several countries have now removed Mozambique and other **Southern African** countries from their travel "*red lists*". The UK lifted its travel restrictions on 11 African countries including **Angola, Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Zambia and Zimbabwe** on 14 December,²³ while Angola lifted travel bans imposed on travellers from South Africa, Botswana, Eswatini, Malawi, Mozambique, Namibia and Zimbabwe on 15 December²⁴ and **Singapore** followed suit on 28 December.²⁵

Mozambique remains under a State of Public Calamity with restrictions on movement and limits on capacity of public venues and events.²⁶ In addition,

- All incoming travelers must present a negative test for COVID-19;
- All persons displaying respiratory symptoms or fever must stay home;
- Discos, bars and stalls selling alcoholic beverages remain closed, except from bars with ventilated areas, which can operate between 9am and 9pm on 20% capacity indoors and 50% capacity outdoors;
- Some beaches in highly populated areas remain closed;
- There is a mandatory curfew in provincial capitals, municipalities and towns between midnight and 4am.²⁷

²⁰ Reuters, 12 Jan 2022

²¹ Our World in Data, accessed 13 Jan 2022

²² Our World in Data, accessed 13 Jan 2022

²³ Gov.UK, 14 Dec 2021

²⁴ Agencia Angola Press, 15 Dec 2021

²⁵ Business Standard, 28 Dec 2021

²⁶ US Embassy, accessed 13 Jan 2022

²⁷ US Embassy, accessed 13 Jan 2022

Planner

2023 **(Mozambique)** Local elections;
 2024 **(Mozambique)** Provincial and presidential elections;
 2025 **(Mozambique)** Area 1 LNG production expected to commence;

Chronology

12 Jan 2022 **Maputo (Mozambique)** *News24*. **Southern African Development Community (SADC)** extends the mandate of troop deployment in **Mozambique's Cabo Delgado** province to help the country fight an armed uprising;

11 Jan 2022 **(sub-Saharan Africa)** *News24*. **Global Cost of Internet Shutdowns 2021** report says countries in **Sub-Saharan Africa** lost a combined \$1.93 billion from their economies because of widespread internet shutdowns by regimes, as demonstrations and crackdowns on opposition and civic society ensued last year;

11 Jan 2022 **Kigali (Rwanda)** *Business Day*. **Rwanda** agrees on "expanding" its security forces' co-operation with **Mozambique** against insurgents in **Cabo Delgado** province, a day before a meeting between **Southern African Development Community** leaders on the matter;

6 Jan 2022 **Maputo (Mozambique)** *Mercom*. State-owned energy company **Electricidade de Moçambique (EDM)** invites bids from consultancy firms to conduct a feasibility study for a floating solar project on the **Chicamba** dam in **Manica province**;

6 Jan 2022 **Maputo (Mozambique)** *Tanzania Daily News*. The **Southern African Development Community (SADC)** will hold an extraordinary summit of heads of state and government to review the progress and mandate of the military **SADC Mission in Mozambique (SAMIM)** on 7 January;

5 Jan 2022 **Luanda (Angola)** *Prensa Latina*. Foreign minister **Tete Antonio** leads the Angolan delegation at an extraordinary meeting of **Southern African Development Community (SADC)** members to discuss politics, defence, security and developments in the ongoing **Cabo Delgado (Mozambique)** conflict;

5 Jan 2022 **Maputo (Mozambique)** *TSF*. President **Filipe Nyusi** tests negative for Covid-19 in two PCR tests conducted by the **Instituto Nacional de Saúde (INS)** (national health institute) after testing positive in a rapid antigen test on 3 January;

5 Jan 2022 **Maputo (Mozambique)** *Busiweek*. Multilateral development finance institution **African Development Bank (AfDB)** grants \$47.09m to begin the first phase of the **Pemba-Lichinga** development corridor, an agro-industrial processing zone;

3 Jan 2022 **Rovuma Basin (Mozambique)** *Macau Business*. The **Instituto Nacional de Petroleo (INP)** (national institute of petroleum) announces the arrival of a 432-metre floating platform from **Goeje (South Korea)**, which will be installed in Area 4 of the **Rovuma Basin** and used for gas exploration;

3 Jan 2022 **Maputo (Mozambique)** *Reuters*. President **Filipe Nyusi** and his wife, **Isaura Nyusi**, test positive for **Covid-19** and are currently isolating;

31 Dec 2021 **Niassa (Mozambique)** *The Guardian*. **Niassa province** government spokesperson **Felismino Patricio** releases a statement confirming the displacement of 3,803 people in Niassa province due to attacks in **Mecula district** carried out by Jihadist insurgents from **Cabo Delgado Province**;

30 Dec 2021 **Maputo (Mozambique)** *VOA*. President **Filipe Nyusi** delivers a speech at **Mueda** barracks in **Cabo Delgado** urging soldiers to capture or remove leaders of the region's insurgent group to conclude the fight against terrorism in 2022;

29 Dec 2021 **Maputo (Mozambique)** *Porto Canal*. The **Confederação das Associações Económicas de Moçambique (CTA)** (confederation of economic associations of Mozambique) reports that 38 companies subcontracted to work on multinational oil-major **Total**-led **Mozambique LNG Project** have outstanding invoices that remain unpaid by Total;

28 Dec 2021 **Maputo (Mozambique)** *CGTN Africa*. The **National Institute of Health (INS)** launches a clinical trial to examine the efficacy of combining two different Covid-19 vaccines, the **United States (US)**-manufactured **Johnson & Johnson** vaccine and the **China**-manufactured **Sinopharm Vero Cell** vaccine;

28 Dec 2021 **Singapore (Singapore)** *Business Standard*. The ministry of health lifts a travel ban on 10 **African** countries including **Botswana, Eswatini, Ghana, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa** and **Zimbabwe** imposed due to concerns about the **Covid-19 Omicron** variant;

27 Dec 2021 **Niassa (Mozambique)** *Africa Global Funds*. Public-private partnership, the **Emerging Africa Infrastructure Fund** to act as a sole lender and provide \$19m to **Central Electrica de Tete SA**, whose majority shareholder is **United Kingdom**-based energy company **Globeleq**, for the construction of the **Cuamba** 19MW solar electricity plant in **Niassa** province;

20 Dec 2021 **Maputo (Mozambique)** *Business Day*. **International Monetary Fund** and **Mozambique** agree to start discussions in January on an extended credit facility, the IMF's first potential programme with the country since suspending support in 2016;

16 Dec 2021 **Cabo Delgado (Mozambique)** *World Oil*. President **Filipe Nyusi** says security forces have made gains against **Islamic State**-linked insurgents in the northeastern **Cabo Delgado** province who disrupted Mozambique's multibillion-dollar gas project;

16 Dec 2021 **Cabo Delgado (Mozambique)** *Africa Intelligence*. **France**-based energy major **Total** and the **Mozambican** authorities indicate that investments may resume in **Cabo Delgado** province in 2022, but the nature of the operations there could change radically;

15 Dec 2021 **Luanda (Angola)** *Agência Angola Press*. **Angola** lifts **coronavirus**-induced travel bans imposed against **South Africa, Botswana, Eswatini, Malawi, Mozambique, Namibia** and **Zimbabwe**;

14 Dec 2021 **London (United Kingdom)** [gov.uk](https://www.gov.uk). **British** government lifts 'red list' travel restrictions on 11 **African** countries that included **Angola, Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Zambia** and **Zimbabwe**;

13 Dec 2021 **Maputo (Mozambique)** *News24*. Police commander general **Bernardino Rafael** claims **Forças de Defesa e Segurança (FDS)** (defence and security forces) recently killed a leader of a militia outfit operating in **Niassa** province known as **Cassimo**;

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Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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