

## AFRICA RISK CONSULTING

### Mozambique Monthly Briefing March 2024

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#### Mozambique Summary 8 March 2024

*The Ahlu Sunnah wa Jama'ah (ASWJ) Islamist militant group continues to rebound in Cabo Delgado province notably returning in force to the more southerly districts of Chiure and Quissanga. In addition, the group is continuing to stage attacks in its strongholds in Macomia and Mocimboa da Praia districts, notably, carrying out its deadliest attack on Mozambican soldiers in over two years on 9 February. The leadership contest in Mozambique's Renamo opposition party is intensifying as leadership candidate Venancio Mondlane files papers with a Maputo court attempting to force the party to hold its party congress. United Kingdom-headquartered Oxford Economics predicts Mozambique's economic growth will slow slightly to 4.5% in 2024.*

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#### Surging militant activity fuels renewed displacement crisis in Cabo Delgado province

The resurgence of the **Ahlu Sunnah wa Jama'ah (ASWJ)** Islamist militant group in recent weeks has led to a surge in internally displaced persons (IDPs) in **Cabo Delgado** and its neighbouring provinces.<sup>1</sup> The **United Nations (UN) International Organisation for Migration (IOM)** reported on 4 March that 100,000 people were displaced by militant attacks between 8 February and 4 March.<sup>2</sup> The majority of these displacements occurred in the **Chiure, Macomia, and Mecufi** districts. This surge in IDPs has placed extreme pressure on humanitarian aid resources in Cabo Delgado and threatens to exacerbate the ongoing food insecurity crisis in the province.

The overwhelming majority of these new IDPs are from Chiure district; in total, the IOM estimates that 91, 239 people have fled the district in the past month. This follows a surge in attacks by ASWJ in the district in recent weeks. The insurgent group had previously been confined to the northeastern districts of Cabo Delgado province, however, the group has managed to expand to more southerly districts in recent weeks amid a wider resurgence in its activities

ASWJ's strong new presence in Chiure district will be of serious concern to **Mozambique's** security officials as the district is located along Cabo Delgado's southern provincial border with **Nampula** province. As such, the insurgent group's capacity to carry out a series of deadly attacks in Chiure indicates that it will also be able to strike targets in Nampula province, thus expanding the area of the conflict. Furthermore, by establishing a presence in more southerly districts like Chiure, ASWJ will force Mozambique's counterinsurgency to spread out its resources and combat the group on multiple fronts. This will, in turn, enable the insurgent group to manoeuvre with greater ease. Notably, this expansion of the conflict is occurring while the **Southern African Development Community (SADC) Mission in Mozambique (SAMIM)** is winding down its operations in Cabo Delgado. SAMIM is expected to complete its withdrawal by the end of July.

The insurgent group has also established a significant presence in **Quissanga** district – which is located just northeast of the Cabo Delgado's capital **Pemba**. Notably, on 15 February, ASWJ fighters attacked and occupied the town of Quissanga itself.<sup>3</sup> This is the latest incident of ASWJ seeking to occupy towns for an extended period, and follows a similar development in **Mucojo, Macomia** district, in January.

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<sup>1</sup> Club of Mozambique, 5 Mar 2024

<sup>2</sup> IOM, 4 Mar 2024

<sup>3</sup> Club of Mozambique, 16 Feb 2024

ASWJ's renewed presence in Quissanga and Chiure and recent reports of insurgents increasing their presence in the Mecufi and **Ancuabe** districts are concerning.<sup>4</sup> Not only does this indicate that ASWJ has rapidly returned to Cabo Delgado's more southerly districts but that there are several active insurgent cells within striking distance of the provincial capital Pemba. At present, ASWJ is assessed as being too weak to stage a direct assault on Pemba; however, the possibility of low-level attacks on the city's outskirts, or even a terrorist attack cannot be discounted.

Illustrative of ASWJ's renewed strength and clear evidence that its recent recruiting efforts have been successful, its expanded southerly presence has not undermined its strength in its strongholds in the Macomia and **Mocimboa da Praia** districts. In fact, the insurgent group carried out its deadliest attack on Mozambican security forces in over two years on 9 February, killing 25 soldiers in an attack on a Mozambican security force deployment in Mucojo, Macomia.<sup>5</sup> The soldiers had re-entered Mucojo – which was initially captured by ASWJ on 21 January – when the insurgents vacated the town to embark on a supply raid. However, the insurgents returned a few days later and routed the security forces in the town. Not only does this incident underscore the militant group's capacity to directly confront Mozambique's military forces but also confirms ASWJ's intent to once again capture and retain the territory.

The last two months have witnessed a reversal of the security situation in Cabo Delgado. This deterioration in the security environment indicates that Mozambique is ill-prepared to assume SAMIM's responsibilities despite the claims made by government officials. The increase in attacks and surging IDP numbers will deepen the ongoing humanitarian crisis in the province.

Furthermore, the deterioration in the security environment in the province is occurring when **French** energy giant, **TotalEnergies**, is planning on resuming the development of its \$20 billion liquified natural gas (LNG) project in Cabo Delgado's **Palma** district. TotalEnergies released a statement on 1 March claiming that it is still proceeding with the planned restart of its project and that it believes that the security environment around its site has been secured.<sup>6</sup> However, the French energy giant is monitoring the situation and could still suspend its planned restart if the situation worsens further rather than risk a repeat of the 2021 ASWJ attack on Palma.

In the meantime, the ongoing IDP crisis will continue to worsen the humanitarian crisis in northern Mozambique. The government, on 22 February, issued a call for assistance stating it does not have the resources to respond to the crisis.<sup>7</sup> However, humanitarian aid agencies are facing global funding shortfalls and are unlikely to be able to commit meaningful more resources to their Mozambique operations especially given the numerous other global humanitarian crises such as those in **Palestine** and **Sudan**.

The worsening IDP crisis will place further strain on the social fabric in Cabo Delgado and neighbouring provinces such as Nampula which will increase the likelihood of intercommunal strife and, in turn, worsen the security situation further. This destabilising impact is among the key motivators behind ASWJ's intentional displacement of communities.

### Renamo leadership battle intensifies

The contest to lead Mozambique's largest opposition party, **Renamo**, escalated on 23 February when Renamo's former **Maputo** mayor candidate **Venancio Mondlane** filed an application with the Maputo judicial court seeking to compel the party to hold its elective conference.<sup>8</sup> Mondlane argued that incumbent leader **Ossufo Momade**'s failure to call a party conference violates Renamo's party constitution. Renamo's statute requires the party to hold a party congress at least once every five

<sup>4</sup> Club of Mozambique, 6 Mar 2024

<sup>5</sup> AIM, 12 Feb 2024

<sup>6</sup> TotalEnergies, 1 Mar 2024

<sup>7</sup> AIM, 23 Feb, 2024

<sup>8</sup> AIM, 23 Feb 2024

years, and the last congress took place in January 2019 when Momade was elected leader. Momade's official mandate expired on 17 January but, as yet the party has not called for a new congress.

Mondlane is arguably Momade's most serious challenger as Renamo's leader as he is popular within the party and is widely viewed as the legitimate winner of the October 2023 Maputo municipal election, which was marred by widespread irregularities and allegations of voter fraud. Momade by contrast is unpopular among Renamo's rank-and-file members - he is generally viewed as uncharismatic and has been blamed for Renamo's failure to hold the government to account and secure electoral victories. Momade does, however, have a strong influence on Renamo's leadership. Prior to succeeding the late long-time party leader **Afonso Dhlakama** in 2018, Momade was the party's secretary-general. He has used his years as the party's leader to entrench his control over Renamo's structures.

Momade appears to be attempting to either avoid having a party congress or delay the congress until after the party is forced to nominate him as its presidential candidate ahead of the upcoming 9 October general election. The **Comissão Nacional de Eleições (CNE)** (national election commission) has indicated parties must present their candidate lists on or before 10 June.<sup>9</sup> As such, Renamo will need to conclude its congress well before then if it is to change its presidential candidate.

Further delays to holding a party congress risk causing a split within the opposition party. Mondlane and Momade's other challenger, **Elias Dhlakama** – brother of Afonso Dhlakama, could break away to form their own party. Any such divide or internal rupture will also undermine Renamo at the election as the party's supporters become disillusioned with it.

### Analysts forecast a slight economic slowdown

**United Kingdom**-headquartered global forecasting and analysis firm, **Oxford Economics**, released a statement on 25 February forecasting Mozambique's 2024 economic growth at 4.5% of GDP, a slight slowdown compared to the 5% of GDP growth recorded in 2023, citing slower growth in the LNG and manufacturing sectors.<sup>10</sup>

The slower economic growth is also a side effect of the government's own fiscal and monetary policies. **Banco de Moçambique (BoM)** (central bank) has maintained interest rates at a high of 16.50% despite a rapid slowdown in inflation rates.<sup>11</sup> **Instituto Nacional de Estatística** (national statistics institute) reported on 23 February that year-on-year inflation fell to 4.19% in January from 5.3% in December.<sup>12</sup> Mozambique's disproportionately high-interest rates are constraining credit in the market and hampering consumer spending and investment. These high rates were effective at reducing inflation which fell from 12.01% in August 2022 to its current rate. However, inflation is now well within the BoM's target of below 6% and the high-interest rates are suppressing economic growth. As such, the BoM will be under pressure to implement aggressive interest rate cuts in the coming months.

Such pro-growth monetary policy measures are also needed given Mozambique's other economic headwinds. ASWJ's resurgence will hamper investment and growth in Mozambique's LNG sector and could even negatively impact other major economic sectors in Cabo Delgado such as precious gems and graphite. The country is also continuing to struggle with its substantial debt burden which is estimated to be approximately 71.1% of GDP.<sup>13</sup> Efforts to pay down the debt have been hampered by the country's high public sector wage bill. Mozambique is also unlikely to implement any austerity measures in the coming year due to the political exigencies of the October general election. As such, Oxford Economics' forecast of 4.5% may potentially even be an optimistic one as any further

<sup>9</sup> Club of Mozambique, 8 Feb 2024

<sup>10</sup> 360 Mozambique, 26 Feb 2024

<sup>11</sup> 360 Mozambique, 31 Jan 2024

<sup>12</sup> Club of Mozambique, 23 Feb 2024

<sup>13</sup> IMF, 13 Jul 2023

economic shocks such as a natural disaster or further deterioration in the ongoing insurgency could cause measurable economic harm.

## Planner

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

## Chronology

5 Mar 2024 **Maputo (Mozambique)** *BBC*. Authorities confirm that more than 70 children are missing following attacks in **Cabo Delgado** province;

3 Mar 2024 **Maputo (Mozambique)** *Bloomberg*. Lenders to **France**-headquartered **TotalEnergies** LNG project, including the **United States Export-Import Bank**, say they are conducting assessments on reactivating the funding for the project;

3 Mar 2024 **Maputo (Mozambique)** *AIM*. Authorities impose a curfew in **Cabo Delgado's Ibo** district after **Ahlu Sunnah wa Jama'ah (ASWJ)** militants staged a raid on Ibo island killing two people;

3 Mar 2024 **Maputo (Mozambique)** *AIM*. The **Algerian** government announces plans to provide \$30m to construct a multi-purpose sports pavilion in Mozambique;

1 Mar 2024 **Maputo (Mozambique)** *AIM*. Transport minister **Mateus Magala** reveals that the government needs around \$100m to implement his department's planned rail electrification project;

1 Mar 2024 **Maputo (Mozambique)** *AIM*. Health officials confirm a new cholera outbreak in the **Moamba** district of Maputo province;

29 Feb 2024 **Maputo (Mozambique)** *AIM*. The **Assembly of the Republic** ratifies the mutual assistance agreement on combatting crime signed between Mozambique and **Rwanda**;

29 Feb 2024 **Maputo (Mozambique)** *Atalyar*. President **Filipe Nyusi** arrives in **Algeria** for a working visit at the invitation of his counterpart, **Abdelmadjid Tebboune**;

27 Feb 2024 **Maputo (Mozambique)** *Club of Mozambique*. The board of directors of national energy fund, **Fundo de Energia (FUNAE)**, appoints **Isália Deolinda Munguambe Dimene** as the organisation's new chairperson;

26 Feb 2024 **Maputo (Mozambique)** *AIM*. The **Maputo Port Development Company (MPDC)** signs an addendum to its contract with the government in order to enable it to proceed with its planned \$2 billion long-term investment plans at **Maputo Port**;

24 Feb 2024 **Windhoek (Namibia)** *AIM*. President **Filipe Nyusi** travels to **Windhoek** to attend the funeral of the late Namibian president **Hage Geingob** who died on 4 February;

23 Feb 2024 **Maputo (Mozambique)** *AIM*. The **Comissão Nacional de Eleições (CNE)** (national election commission) reveals that it does not have sufficient funding to organise the upcoming 9 October general election and still needs to government to transfer nearly two-thirds of its required budget;

23 Feb 2024 **Maputo (Mozambique)** *AIM*. The **Confederação das Associações Económicas de Moçambique (CTA)** (confederation of economic associations of Mozambique) presents proposals to government officials on potential ways in which they can work together to address the rising threat of kidnapping in Mozambique;

22 Feb 2024 **Maputo (Mozambique)** *AIM*. The **South Korean** government pledges to donate \$4m to the **World Food Programme's (WFP)** operations in Mozambique;

20 Feb 2024 **Maputo (Mozambique)** *AIM*. Council of ministers ratifies defence cooperation agreements that were recently signed with **Turkey** and **Kenya** respectively;

20 Feb 2024 **Maputo (Mozambique)** *AIM*. State relief agency, the **Instituto Nacional de Gestão e Redução do Risco de Desastres (INGD)**, activates its advanced action plan to respond to an ongoing drought in **Sofala** province;

20 Feb 2024 **Maputo (Mozambique)** *AIM*. Journalist's union, **MISA Mozambique**, raises concerns over growing threats to journalists in **Cabo Delgado** including from provincial and security authorities;

20 Feb 2024 **Maputo (Mozambique)** *Club of Mozambique*. The **Instituto Nacional de Estatística** (national statistics institute) reveals that year-on-year inflation fell to 4.19% in January from 5.3% in December;

17 Feb 2024 **Maputo (Mozambique)** *AIM*. The ruling party **Frelimo** announces that the next meeting of its central committee will take place on 5 and 6 April during which it is expected to select the party's presidential candidate;

15 Feb 2024 **Maputo (Mozambique)** *AIM*. President **Filipe Nyusi** reveals that Mozambique's tourism industry brought in approximately \$7.3 billion in investment in 2023;

15 Feb 2024 **Paris (France)** *Club of Mozambique*. The **French** foreign ministry places **Cabo Delgado** on its red map of insecurity in response to resurgent militant activity in the province;

13 Feb 2024 **Maputo (Mozambique)** *Upstream Online*. **United States-**headquartered **ExxonMobil** says it is aiming to make a final investment decision on its 18 million tonnes per annum **Rovuma** LNG project by 2025;

12 Feb 2024 **Maputo (Mozambique)** *360 Mozambique*. Global ratings agency, **Fitch**, affirms Mozambique's **Long-Term Foreign-Currency Issuer Default Rating (IDR)** at 'CCC+'.

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

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