

# MONTHLY UPDATE

IN TRANSFORMATION  
INITIATIVE

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## MOZAMBIQUE



### MAIN STORIES

Mozambique Plans  
Sovereign Wealth  
Fund from Gas  
Bonanza: What Could  
Go Wrong?

Proximity Alone  
Insufficient to Assure  
South African Firms a  
Share of 'Gas Action'

Legality of SADC  
Intervention in  
Cabo Delgado  
in the Absence of  
Mozambican Consent

COVID-19

### HIGHLIGHTS

- Mozambique is looking for a military solution to the insurgency in the northern parts of the country. It already has foreign mercenaries flying helicopters, and it is talking to South Africa, France, the United States (US) and other countries about possible military support – including naval patrols. But that does not solve the problem of impoverished young people with no hope. Without redressing the local grievances and creating many jobs, the war will continue – and so will the profits flowing out of the country.
- The Cabo Delgado insurgency became regional as an attack in Tanzania demonstrated the insurgency's reach.
- The Defence and Security Forces (FDS) acknowledged that the district of Mocímboa da Praia was under insurgent control.
- The World Bank approved a US\$100 million grant from the International Development Association (IDA) to support the government's COVID-19 response programme.
- The European Commission is to provide €100 million to mitigate the COVID-19 socio-economic impact on Mozambique.
- Mozambique's Sovereign Wealth Fund could either go the "Norwegian or Angolan way".
- Total pledged to share business opportunities for 2021 and train companies for the LNG projects.
- Exxon Mobil cannot give a final investment date to exploit Area 4 in the Mamba reserves of natural gas in the Rovuma basin.
- The OPEC Fund for International Development approved a US\$50 million loan to boost energy access in Mozambique.

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- Standard & Poor's maintained Mozambique's rating at CCC+, below investment recommendation, with a Stable Evolution Outlook.
- Standard Bank believes that the Mozambican economy will recover from recession during the second quarter of 2021.
- South Africa is slow to benefit from Mozambique's liquefied natural gas (LNG) projects.
- UN Secretary General has called for an investigation over the mass beheadings of people in Cabo Delgado.
- The Southern African Development Community (SADC) Mutual Defence Pact adopted in 2003 expanded on the Protocol on Politics, Defence and Security Cooperation of 2001. Article 6(1) of the Pact states that "an armed attack against a State Party shall be considered a threat to regional peace and security and such attack shall be met with immediate collective action." Collective action in this context is mandated by the Summit on the recommendation of the Organ for Politics, Defence and Security (Article 6(2)). Further, each state party may participate in collective action as it deems appropriate (Article 6(3)) and any armed attack and corresponding response must be reported to the African Union's Peace and Security Council (AU PSC) and the United Nations Security Council (UNSC) (Article 6(4)). At the moment, SADC can only become involved militarily in Mozambique under two circumstances. First, it would have to negotiate the terms of any SADC assistance with the Mozambican government. Any subsequent military deployment must be taken with Mozambique's full consent, or alternatively, would have to be undertaken subsequent to a request for such assistance from Mozambique.

