



IN TRANSFORMATION
INITIATIVE

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MONTHLY UPDATE

MOZAMBIQUE



MAIN STORIES

**Why Mozambique
Invited Foreign Troops**

**Mozambique is
Walking an LNG
Tightrope**

**Manuel Chang's
Extradition**

HIGHLIGHTS

- A narrow, foreign-driven counter-insurgency focus on the liquid natural gas (LNG) project which does not address the root causes of the conflict, may not succeed to bring stability.
- Communication channels exist that could be exploited by the government to begin talks with the insurgents, despite official views to the contrary.
- Operational successes by the Rwanda Defence Force (RDF) in Cabo Delgado are likely to be moderated by the insurgents dispersing into other areas and provinces.
- Amidst the start of the “hidden debt” scandal trial, South Africa is to extradite former finance minister Manuel Chang to Mozambique, but possible legal action may prevent the extradition.
- Economic growth is expected to be 4.4% in 2022, with a forecasted 27.1% increase in gas production.
- Recent amendments in Mozambique’s Investment Law Regulation align with investment-friendly policies, and should encourage national and foreign investment.
- The state is losing US\$5.6 million annually as a result of illegal trafficking and smuggling of mineral products, especially gold.
- The International Monetary Fund (IMF) approved US\$305.9 million in Special Drawing Rights (SDR) to increase Mozambique’s foreign exchange reserves.
- The government said on 18 August that in the first half of 2021 it had collected 127.4 billion meticaais in revenue, equivalent to 48% of the annual forecast. This amount was far from covering all government expenditure, which reached 165.8 billion meticaais, still only 45% of the annual budget.

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- The US's second Joint Combined Exchange Training (JCET) military programme commenced with the training of local Army commandos and rangers to fight the insurgency.
- Relations between the United Arab Emirates (UAE) and Mozambique are strengthening albeit in the shadow of trade-based money laundering possibilities.

