

# Is MOZAMBIQUE the Next Nigeria?

*Mozambique is poised to become the next big thing in liquefied natural gas. If it fails to settle its security situation in the Cabo Delgado province, it could also become the next big thing in African insurgencies.*

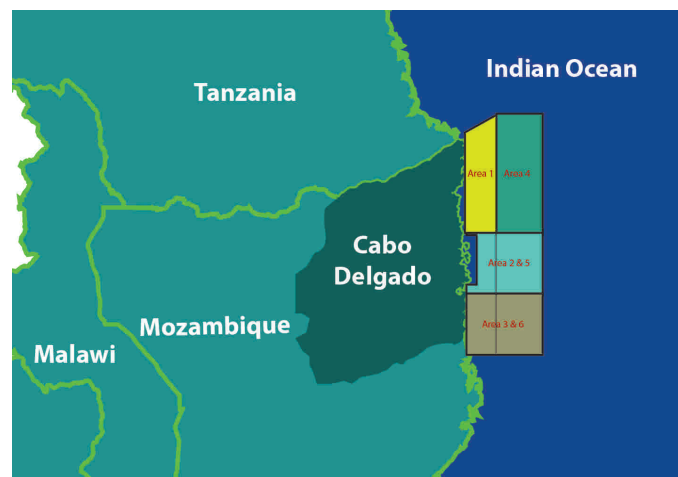
In a recent article about investment opportunities in upstream energy the financial website *Seeking Alpha* described Mozambique as “the next juggernaut on the global liquefied natural gas stage.” While the description may border on fawning, it is certainly not an exaggeration to say Mozambique has attracted big money and global players to its gas fields.

Last year ExxonMobil spent \$2.8 billion for a 35.7% stake in a field in Mozambique’s offshore Rovuma Basin. With its purchase the American supermajor joined Italy’s Eni and China National Petroleum Corporation (CNPC), among others, in one of East Africa’s most promising gas developments.

Eni has been poking around offshore Mozambique since the mid 2000s, and their hard work has certainly paid off. Eni was the firm that sold ExxonMobil the stake in Rovuma, meaning the Italians are already cashing in on their finds. But all the partners seem poised to profit handsomely in the long run. The Rovuma Basin holds an estimated 85 trillion cubic feet of natural gas, and the Mozambican government said it expects further exploration to double reserves by 2030.

While the government’s predictions might be dismissed by some as overly optimistic, the smart money seems to agree that Mozambique will soon emerge as a significant LNG exporter. Not only are additional fields being developed, but there appears to be no shortage of customers for Mozambican gas. Local markets are likely to show strong demand, but they will pale in comparison to the amount of gas shipped overseas as LNG. A report by the International Energy Agency predicts that global gas demand will grow 1.6% annually through 2022, and a strong economy in Asia could mean an even bigger growth in demand for Mozambican gas.

... global gas demand will grow 1.6% annually through 2022, and a strong economy in Asia could mean an even bigger growth in demand for Mozambican gas.



Of course, there is some concern that Mozambique may not be ready to handle the wealth created by gas revenue. Back in 2016 International Monetary Fund chief Christine Lagarde described Mozambique as “a country that is facing... a real hardship and a necessity to very promptly redesign its business model and realign its interests with a completely new reality.”

Lagarde was referring to the so-called “resource curse,” a term used to describe why countries with an abundance of natural resources like fossil fuels have less economic growth, less democracy, and worse development outcomes than countries with fewer natural resources.

Corruption, poor management of natural resources, and economic inefficiencies have plagued many resource rich countries, particularly in Africa, and Lagarde is not the only person to worry that Mozambique could fall victim to the

curse. During the same interview, she expressed concern about a few other resource rich African countries, including Nigeria.

But in recent months, Mozambique has developed more in common with Nigeria than just abundant resources and a need for economic reform. Since October Boko Haram-style violence has plagued the country's northern Cabo Delgado province, an area that borders both Tanzania and some of Mozambique's most promising offshore acreage.

While there are still many questions about the Mozambican Islamist militant group behind the violence, called *Ahlu Sunnah Wa-Jama*, its members appear to have links with Islamist militants across East Africa. In early July four farm workers were decapitated by the group, and the government said it believed the attackers had come from camps in Tanzania. Some of the Cabo Delgado locals have taken to calling the militants *Al Shabaab*, a reference to the Somali militant group of the same name.

However, despite international links, it appears *Ahlu Sunnah Wa-Jama* has deep roots in ethnic and religious tensions that are specific to Cabo Delgado. A little over half of the province's population is Muslim, with the remainder mostly Roman Catholic. Some of the main ethnic groups are divided along religious lines. The Makonde are mainly Christian and the group ranks among the most prosperous and influential in the region. It counts several army generals and Mozambique's President Filipe Nyusi among its members.

The poorer Kimwani are mainly Muslim, and many have expressed resentment as Makonde have begun moving into areas along the coast that were traditionally dominated by the Kimwani. Moreover, a poll by the United States-based Pew Research Center found that approximately two thirds of Mozambique's Muslims would prefer sharia law, something unlikely to be popular in a religiously diverse province like Cabo Delgado.


*Ahlu Sunnah Wa-Jama* kicked off its campaign of violence with attacks on police stations and government buildings, but quickly moved on to attacking villages and churches. While the militants have yet to strike

any foreigners working in the gas sector, one of the villages attacked was less than five kilometers away from a construction camp for employees of the Texas-based Anadarko.

The government responded with what President Nyusi himself described as a "ruthless" campaign that has included hundreds of arrests and, according to the human rights group Human Rights Watch, extrajudicial killings. Government forces now occupy many villages in the province, and while this has reduced the number of direct attacks on settlements, it has also resulted in the militants adopting new tactics. For example, the July beheadings occurred when farmers left the relative safety of their protected village to tend to their crops.

"Our forces are more in the villages to ensure the safety of homes, schools, (and) hospitals," one local police commander told *AFP* after the incident. "We advise people not to circulate outside the radius protected by the security forces, but because people have their crops they insist on going out."

The current situation sounds like the recipe for a long-term, low level insurgency. The government controls villages, but the militants are taking advantage of the province's heavily forested landscape and proximity to an international border to make hit and run attacks on soft targets. In addition, while the militants' tactics are rightly criticized as terrorism, they appear to have some sympathy, if not outright support, from a portion of the local population. The government's heavy-handed response could even increase sympathy for the militants among certain groups.

Finally, the country's newfound gas wealth has the potential to either improve the situation or make it much worse. The additional government revenue will help fund the security forces and the infrastructure they need to better police the area. However, how money from the gas boom is distributed in the province will also likely have a huge effect on the conflict. If one ethnic or religious group is perceived as prospering at the expense of another, the foreign companies producing the gas could be seen as part of the problem and become targets. And Cabo Delgado could be in for years of violence. 

“  
... a poll by the United States-based Pew Research Center found that approximately two thirds of Mozambique's Muslims would prefer sharia law, something unlikely to be popular in a religiously diverse province like Cabo Delgado.  
”

*As published in the July 2018 issue of Petroleum Africa. All rights to editorial matter are reserved by Petroleum Africa Magazine, Inc. and no article may be reproduced or transmitted by any means without the prior written permission of the publisher.*

Sign up for our **FREE** Best of the Week Newsletter and keep up to date with all the latest news delivered straight to your Inbox!

Write [info@petroleumafrika.com](mailto:info@petroleumafrika.com) with "Sign-Me Up NL" in the subject line

