

EIC COUNTRY REPORT MOZAMBIQUE

Executive summary

Eni and Anadarko's recent gas discoveries have positioned Mozambique as an exciting investment opportunity in Africa. The gas finds, which amount to approximately 150Tcf, are enough to supply Britain, France, Germany and Italy for over three decades. Through these discoveries the country is attracting major investment and a skilled supply chain is required, although the large majority of Mozambique's workforce does not possess the necessary experience. This provides a significant opportunity for foreign supply chains such as the UK who already have extensive oil and gas experience.

Regardless of its impressive economic growth performance since the end of its civil war, Mozambique remains a low-income economy. Despite the country's current debt conundrum, the development of its gas discoveries is expected to have multiple positive repercussions for the rest of the economy. To rationalise public operations, promote good governance, improve transparency and reduce fiscal risks, the government has approved an independent external audit of public funds and legislation to reform public enterprises. Given public sector mismanagement and

increased private sector competition, privatisation and closure of public companies are anticipated over the short-term. This is a progressive move for the economy in general, and provides numerous opportunities for firms looking to expand into Mozambique.

Aside from agriculture, the energy sector is a key aspect of the country's economy and energy exports make up a large share of total foreign exchange earnings. The total market size for power in Mozambique is around 3.8GW with only around 20% of the population having access to electricity. Mozambique has traditionally drawn its power from hydroelectric projects and is expected to continue to grow its hydro-based generation. Coal and gas as well as renewable energy sources are changing the power sector in Mozambique and these sources of energy are expected to play a significant role in the country's future energy mix.

In 2014 the Mozambique government published the Renewable Energy Atlas which indicates that the country has energy potential outside of hydroelectricity and gas power plants. According to the document, solar energy is the most abundant renewable resource in Mozambique,

with a potential of approximately 23,000GW. However, due to their economic competitiveness, the government will continue to prioritise hydropower projects over other renewable sources. Following the study, the Sustainable Energy Fund for Africa approved a US\$740,000 technical assistance grant for the Mozambican government to encourage private investments into the country's renewable sector.

Despite certain financial problems, the perception of Mozambique as a good place to invest will be influenced by final investment decisions for its multiple LNG schemes and the recent entry of top-drawer investor ExxonMobil into the country. The supermajor, renowned for planning decades into the future, views Mozambique as the new Qatar.



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Email: neil.golding@the-eic.com



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Other recommended EIC events and activities

To compliment this report, we've suggested a related EIC event that will give you a complete picture of the Mozambican energy industry.

This delegation will provide you with the latest market updates, connect you with key players in the country and give you an insight in how to do business in Mozambique.

Overseas Delegation to Mozambique

2018 – date TBC

EIC overseas delegations are the perfect way to learn about a new market in a supportive environment or strengthen existing business relationships.

During your time in Mozambique with the EIC you'll meet lots of senior decision makers from the country's major players and potential local partners, as well as learning about procurement processes and local content requirements.

This delegation is the perfect way to find out about the Mozambican market and decide if it's a good fit for your company.

As Mozambique opens up to foreign investment, this delegation is your fast track to the front of the queue.

For more information and to register your interest please visit:
www.the-eic.com/Events/FullEventsDiary.aspx

