

# MOZAMBIQUE News reports & clippings

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This is a personal project by Dr Joseph Hanlon, with no outside funding, therefore publication is irregular as time allows.

**J Hanlon's new book "Moçambique recolonizado através da corrupção"**

free on <https://bit.ly/MozRecol> (Portuguese only)

## In this issue

+ Gas bonanza myth

+ Kaya Kwanga head arrested, dies

+ Complex gas revenue details

## Gas bonanza is a myth, detailed CIP study shows

Gas will generate billions of dollars in state revenue, but much less than predicted and not for a decade. Other investments in agriculture and mineral processing would generate more money - and more development - sooner. This is the conclusion of the what is probably the first detailed study of gas contracts and state revenue, done by Rui Mate of CIP (Public Integrity Centre) and presented Tuesday (12 May). [What does Rovuma Gas actually bring to Mozambique?](#)

Mate looked only at one of the four Cabo Delgado gas projects, Coral Sul, which is the only unit actually producing gas in Cabo Delgado. It is in deep water and uses a floating gas liquification plant (FLNG). It has a projected 27 year lifespan, and has been producing for three years. .

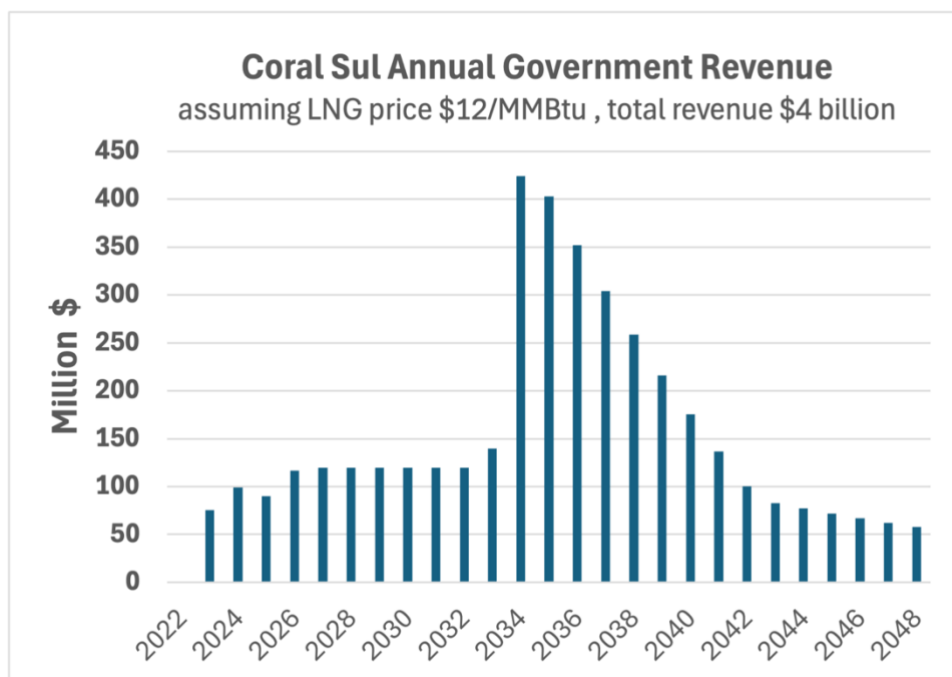


Chart from Mate, CIP. 2022-6 are actual figures, later ones are projections.

The graph on the previous page by Rui Mate for Coral Sul shows a plateau of tax revenue of just over \$100 mn per year until 2033 when the construction costs have been paid off. In 2034 tax and profit income jumps to \$424 mn. But then production starts to decline, which causes the steady drop in revenue. Mate's best projection of total state revenue is \$4 billion, with his projections ranging from \$1 bn to \$11 bn depending on gas prices.

The second FLNG boat, Coral Norte, is expected to start producing LNG in 2028-9. It would have an identical chart but shifted six years later, with the plateau 2029-2039 and the peak in 2040. There will be two much larger onshore LNG projects, which will have the same shaped charts with plateau, peak and decline, but the actual numbers will be harder to guess because of contract differences (see annex at the end of this newsletter).

### **'Gas is a resources, not an end in itself'**

The \$4 billion (\$149 million per year) state revenue from Coral Sul is useful. But it is not Eldorado or a bonanza. "This study does not argue against LNG", writes Mate. "It advocates for realistic expectations, fairer contracts, and a development model that does not sacrifice sectors with the greatest potential for job creation and economic diversification in favour of a single sector whose substantial revenues will not materialise until the 2030s."

Mate cites Bank of Mozambique data showing that 85% of foreign direct investment (FDI) during the 2018–2025 period was absorbed by the extractive sector, compared with just 1.4% for agriculture and 2.5% for manufacturing. "Alternative sectors such as local cashew processing (an additional \$100–150 million in annual exports) or the processing of graphite into battery products (an additional \$200 million) offer systematically more favourable timing in terms of revenue, job creation, and risk compared to offshore LNG. The World Bank model published in March 2026, which is independent of ours, reaches the same conclusions."

He adds: "Alternative sectors do not replace LNG, but they deserve the same institutional attention that has been systematically directed toward LNG, while cashews, graphite, and renewables have remained underinvested."

Rue Mate did a proper estimate tested by real numbers and good projections only with Coral Sul, although this applies to Coral Norte as well. But the promised bonanza is supposed to come from Area 4 Rovuma LNG (RLNG, ExxonMobil) and Area 1 Mozambique LNG (MLNG, TotalEnergies) with shallow wells and onshore processing. These two will produce four to five times as much LNG as the two FLNG plants; they have contracts have a similar structure but the contract numbers are different.

An annex at the end of this newsletter looks at the contract numbers in more detail, as well as unknowns. ExxonMobil Mozambique general manager Arne Gibbs told the Mozambique mining and energy conference on 8 May that Rovuma LNG "could" generate government revenue of \$150 billion over 30 years. But the two big words are "could" and "when". The big revenue will only start around 2040, and the "could" assumes high gas prices that we think are unlikely.

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## **Kaya Kwanga head dies in jail after arrest for drug trading, money laundering**

The Italian head of the Kaya Kwanga tourist and residential complex on the Marginal (coast road) in Maputo, Umberto Sartori, died Friday (15 May) in the top security prison (known as BO). He had been arrested on 21 April accused of drug trafficking, money laundering and forgery, and had refused to eat. The criminal investigation police SERNIC said he had links with the Sinaloa drug cartel in Mexico, which seems to have a presence in Mozambique.

*Savana* (1 May) did a detailed investigation of Sartori who has been in Maputo for 40 years. *Savana* reported that Sartori, had "close ties to political elites linked to Frelimo, is said to have transformed the Complex into a strategic hub of Mozambican decision-making. Senior figures from the state and the party, including members of the Defence and Security Forces, representatives of the judiciary, ministers, members of the boards of directors of major public companies, civil servants, journalists and successful businesspeople have come to regard the Kaya Kwanga Residential Complex as a hub for business and the signing of major contracts. In practice, Umberto Sartori is said to have acted as a bridge or link between up-and-coming businessmen and the public decision-making authorities. The Kaya Kwanga Residential Complex also served as a 'hideaway' for high-ranking state officials during their leisure time. It was also in this space that many senior officers of the Mozambican Defence and Security Forces stayed and socialised. Kaya Kwanga was also used to host Frelimo party meetings, often free of charge."

Satori's arrest was linked to the arrest in the United States of Mozambican businessman Nurolamin Gulamo, part of what had been a major Nampula and Nacala trading family. Linked to various illegal activities, he and family members fled to Portugal owing \$50mn to Mozambican banks. *Savana* reports that he and a former Mozambican bank executive João Jorge were arrested in New York in an FBI sting. They were tricked into flying to New York for a prospective real estate investment and were arrested there in April 2024 for money laundering, drug trafficking, and other offenses.

Nurolamin Gulamo has made a deal with US authorities and is providing them evidence against 29 Mozambican businesspeople, leading to the arrest of Umberto Sartori and several other people in Mozambique, *Savana* reports.

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## More detailed explanation of gas revenue calculation

Rui Mate analysed only Coral Sul because it is the only Cabo Delgado gas project in operation and thus the only one with published data to check his projections for the first three years - and his projections agree with public data. Coral Norte, now under construction, will look very much like Coral Sul. Both are in deep water in Area 4.

The government has three sources of income - a **2% gas royalty** on all gas production, corporate income tax on investor profits, and income from the state company Empresa Nacional de Hidrocarbonetos (ENH) which has 15% participation in Area 4 projects.

Rui Mate had to wade through four sets of contracts to discover the changing rules. Here we present numbers only for Coral Sul; the other three gas projects have differences discussed below. The start is that the investing companies can recoup their costs. Exploration and development costs for Coral Sul are \$13.2 billion. Companies take 75% of the value of produced gas to pay off the exploration and development costs, which takes until 2032 for Coral Sul. Next they take \$638 mn per year for operating costs. What is left is profit, which is not large until the costs are paid off in 2032. During the cost-recovery period, the state takes a **15% profit tax**, estimated by Mate at \$120 mn per year during 2027-2032; the profit tax rises to **25%** in 2035.

During the early period, there is no corporate income tax, but from 2034 **corporate income tax is 32%**.

Finally there is the issue of the state company ENH which has a 15% share of the Coral Sul consortium, so that the state owns a small piece of the gas. ENH does not have the money pay its 15% share of exploration and development costs, which is \$1.3 billion. This is treated as a cost "carried" by the other investors so that it is not counted as part of Mozambique's national debt. But ENH pays 6% interest and all of its share of profits goes to repaying this debt, which is fully repaid in 2033.

In the 2033-5 period ENH suddenly has profits and capital costs have been paid. ENH profits and gas and corporate income tax jump, resulting in a \$300 mn per year jump in state income, shown in the chart above. That is followed by falling production so income drops each year after the peak.

### **Contracts of the two onshore project**

Area 4 Rovuma LNG (RLNG, Exxon) and Area 1 Mozambique LNG (MLNG, TotalEnergies) have shallow wells and onshore processing on the Afungi peninsula, so the contracts have a similar structure but the numbers are different. Thus Coral Sul and Exxon takes 75% of initial production to pay capital costs, but TotalEnergies takes only 65% (which means more gas can be taxed initially but it takes longer to pay off the debt). Corporate income tax payments only start once capital costs have been paid. ENH owns 15% of the Area 4 projects but only 10% of Area 1. And during the cost recovery period the state takes a 15% profit tax of the area 4 but 10% of area 1, plus the 2% royalty on all gas.

This can only be guess, but this suggests that income in the first plateau period for the two onshore projects is perhaps \$400 to \$500 mn per project per year. So \$1 billion per year income for the state from all four Cabo Delgado gas projects could be possible from the early to mid 2030s. Although \$1 billion seems like a lot of money, that \$1 billion would be only 10% of government revenue in the mid-2030s.

Dreams of Eldorado are postponed to the 2040s. And there are too many unknowns including climate change, gas prices and the war to predict if the dreams will be realised. But Mate is surely right that more investments now in family commercial farming and resource processing would have more long term impact than the gas.

### **Two unknowns - gas price and war costs**

Rui Mate's projections range between \$1 billion and \$11 billion total state income 2022 through 2048 because they are highly dependent on gas price. Gas companies assume high gas prices which is why they predict bonanzas. For most of the past two decades LNG prices have been between \$10 and \$20 per MMBtu (Million Metric British Thermal Units). Mate's base case and the graph assume \$12/MMBtu, giving the \$4 billion profit. But if gas consumption was cut enough to reach global heating targets of just 1.5°C increase, there would be an oversupply and prices would fall. Also the current push to open new gas fields could cause a glut on the market. A market surplus would cause the price to drop to \$8/MMBtu and Mozambique's income falls to just over \$1 billion. But if gas prices go up to \$16/MMBtu, as the gas companies hope, Mozambique's government would earn \$11 billion.

The other unknown is TotalEnergies claim that the cost of the shut down due to the war was \$4.5 billion, and its demand that this be included in recoverable costs. This is now subject to a government audit. This would raise the total Area 1 debt from \$20 billion to \$24.5 billion. This would be recovered over a longer period, and move the income peak to 2039 or 2040 for Area 1.

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## **Elections**

**CIP Mozambique Elections Bulletin** is published by Centro de Integridade Pública (CIP) <https://www.cipmoz.org>; <https://cipeleicoes.org/eng/cip@cipmoz.org>.

To subscribe or unsubscribe: <https://bit.ly/MozBul-sub> Past election newsletters are on <https://bit.ly/CIP-EI>

**Election study collaboration:** We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozEIData>

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## Important external links

Books by Joseph Hanlon can be downloaded, free: <https://bit.ly/HanlonBooks>

**Flood, cyclone and weather:** weather <https://www.inam.gov.mz/>

rainfall [https://www.inam.gov.mz/images/DAPT\\_Previsoes/Manha/Previsao\\_Manha.pdf](https://www.inam.gov.mz/images/DAPT_Previsoes/Manha/Previsao_Manha.pdf)

**Cyclone trackers,** <https://bit.ly/Reunion-cyclone>, <https://www.metoc.navy.mil/jtwc/jtwc.html>

(which uses z time which is UCT - Coordinated Universal Time) and <https://www.cyclocane.com/>

**Two LSE working papers - World Bank questions its Mozambique 'success'** where oligarchs brought high inequality, poverty and corruption - <https://bit.ly/Moz-LSE-208c> and **How the IMF and World Bank caused a resource curse and civil war in Mozambique** - <https://bit.ly/Moz-LSE-209>

**Minimum wage & exchange rate charts, tables 1996-2022** <https://bit.ly/MozMinWage2022>

Previous editions of this newsletter: <https://bit.ly/MozNews2023> and <https://bit.ly/MozNews2022>

My Mozambique archive: <http://bit.ly/Mozamb>

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## Cabo Delgado

**Cabo Ligado** weekly report on civil war <https://www.caboliqado.com/>

Archive with reports, detailed maps, and census data <https://bit.ly/Moz-CDg>

### Special reports on the war

Evolution of the war: global vs local. 27 Feb 2020 <http://bit.ly/CDelgadoOrigins>

Religion is shaping Cabo Delgado civil war. 30 April 2020 <https://bit.ly/CDelgadoReligion>

Intensifying argument over roots of war. 28 June 2020 <https://bit.ly/Moz-492>

Are the drums of war silencing any hope of peace? 26 July 2020 <http://bit.ly/Moz-496>

A history of violence presages the insurgency. 13 August 2020 <http://bit.ly/Moz-498>

Military & economic intervention. 3 Sept 2020 <https://bit.ly/CDelgadoIntervene>

Cabo-Delgado-Free-for-all. 20 Apr 2022. <http://bit.ly/Moz-593>

### Mozambique heroin transit trade

English - LSE - 2018 - <http://bit.ly/Moz-heroin>

Portuguese - CIP- 2018 - <http://bit.ly/HeroinaPT>

2001 first article- *Metical* - English and Portuguese <https://bit.ly/MozHeroin2001>

### Gas for development?

Gas\_for\_development\_or\_just\_for\_money?\_2015 <bit.ly/MozGasEng>

Gás\_para\_desenvolvimento\_ou\_apenas\_dinheiro?\_2015 <bit.ly/MozGasPt>

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## Background reading

### Special reports

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

Special report on four poverty surveys: <bit.ly/MozPoverty>

### \$2bn secret debt - in English

Secret debt trial (Aug-Oct 2021) press reports <https://bit.ly/Moz-secret-debt>

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

### In Portuguese:

Parliamentary Report on the Secret Debt (complete) <bit.ly/MozAR-debt>

**2018 Constitution** - <http://bit.ly/2KF588T>

**Twelve books by Joseph Hanlon can be downloaded, free:** <https://bit.ly/HanlonBooks>

**"Moçambique recolonizado através da corrupção"** (2025) <https://bit.ly/MozRecol> (Portuguese only)

Zimbabwe takes back its land (2013) <https://bit.ly/Zim-takes-land>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014) is on <https://bit.ly/Chickens-Beer>

Há Mais Bicicletas – mas há desenvolvimento? (2008)

Civil War Civil Peace (2006): <https://bit.ly/Civil-War-Civil-Peace>

Moçambique e as grandes cheias de 2000 (2001)

Mozambique and the Great Flood of 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996) <https://bit.ly/Peace-wo-Profit>

Mozambique: Who Calls the Shots (1991) <https://bit.ly/Shots-Moz>

Mozambique: The Revolution Under Fire (1984)

**These are still available for sale:**

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)

Just Give Money to the Poor: The Development Revolution from the Global South (2010)

Do bicycles equal development in Mozambique? (2008) (free in Portuguese)

Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

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**Mozambique media websites, English:**

Club of Mozambique (free): <http://clubofmozambique.com/>

Zitamar (paywall): <http://zitamar.com/>

**Mozambique media websites, Portuguese** (all with partial paywall):

Notícias: [www.jornalnoticias.co.mz](http://www.jornalnoticias.co.mz)

O País: [www.opais.co.mz](http://www.opais.co.mz)

@Verdade: <http://www.verdade.co.mz>

Carta de Moçambique <https://cartamz.com>

**Mozambique think tanks and pressure groups, Portuguese:**

Centro de Integridade Pública: CIP <https://cipmoz.org/>

Observatório do Meio Rural: OMR <https://omrmz.org/>

Instituto de Estudos Sociais e Económicos: IESE <https://www.iese.ac.mz/>

Centro Para Democracia e Desenvolvimento CDD <https://cddmoz.org/> (some CDD in English)

Also CDD now controls Fórum de Monitoria do Orçamento - FMO (main debt group) <http://www.fmo.org.mz>  
and RMDDH - Rede Moçambicana dos Defensores dos Direitos Humanos (a human rights group).

To subscribe to all CDD publications: <http://eepurl.com/gO9l6v> (English or Portuguese).

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