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ATTACK ON MELUCO:

The Impact of Insecurity on the Resumption of Oil & Gas Projects in Cabo Delgado



Introduction

The northern province of Cabo Delgado in Mozambique remains in a state of insecurity, with attacks by violent extremists destabilizing the province and profoundly affecting the lives of local communities and economic operations. These attacks, currently focused

on the southern part of the province, specifically in the district of Meluco, have led to an escalation of violence, resulting in deaths, destruction and forced displacement of the population. In addition, the insecurity has directly impacted two of the most significant natural gas projects

in the region, led by the multinationals Exxon-Mobil and TotalEnergies, which seek to exploit the vast gas reserves in the Rovuma Basin. The relationship between violent extremism and the extractive industry in Cabo Delgado is complex. It has significant implications for the economy

of Mozambique, the security of the population and the future of gas projects. This paper seeks to address the security situation in Cabo Delgado, the impact of this violence on gas projects and the need for a comprehensive solution to ensure the stability of the province.

The Intensification of Attacks in Meluco and Their Direct Effects on Local Communities

Coordinated attacks by extremist groups in Cabo Delgado, especially in Meluco, have intensified in recent months. The Meluco district, which had already been the scene of violent attacks such as the killing of miners and the looting of villages in Ravia, was hit again by extremists who killed a civilian and set fire to around 70 huts in the town of Iba on Monday, 17 March 2025.¹ These attacks have targeted both Mozambican security forces and civilian populations, creating a climate of fear and uncertainty.

The escalation of violence has displaced thousands of people, who have been forced to abandon their homes and lands, compromising their economic activities, such as food cultivation. Insecurity has also led to the disruption of local trade and affected access to essential services, such as health and education, further worsening the living conditions of the population. The ongoing violence has hampered reconstruction and recovery efforts, and an effective response from the government, the international community and civil society is required to ensure the protection of the population and the restoration of order.

In recent months, violence has intensified with a significant increase in the number of coordinated attacks in different parts of the province, such as Pundanhar and Macomia. These attacks, in addition to generating a cycle of insecurity and panic among the population, have hindered the mobility of resources and goods, which has a direct impact on the local economy². The

growing insecurity has led, for example, to the interruption of operations by the company *TotalEnergies*, which leads the *Mozambique LNG project*. The continued violence has forced the company to postpone its operations again, reflecting how instability directly affects major investments in the oil and gas sector, with a long-lasting impact on the province's economy.

The presence of Mozambican and Rwandan security forces has been a response to these threats, but the operations have not yet been sufficient to effectively contain the violence. The local population lives under the constant threat of new attacks, which jeopardizes the carrying out of economic and administrative activities. In the first days of February 2025, other attacks in regions such as Nicocue and Mocímboa da Praia reflected the continuation of the extremists' offensive, with looting and destruction of property, without causing fatalities, but generating a climate of widespread tension³.

Although the government has tried to downplay the threat, with statements by former President Filipe Nyusi suggesting that the extremists were dismantled, the attacks indicate otherwise: extremist groups continue to operate with the capacity to mobilize and coordinate⁴. This puts at risk the lives of local populations, but also foreign investment, which faces a scenario of constant insecurity.

Belgium recently asked the European Union (EU) to impose sanctions on Rwanda over its

¹ <https://integritymagazine.co.mz/arquivos/40179>

² <https://cddmoz.org/wp-content/uploads/2025/02/A-Escalada-de-Ataques-em-Meluco-Montepuez-e-Mocimboa-da-Praia-e-Seus-Efeitos-na-Seguranca-e-Direitos-Humanos.pdf>

³ *Idem*.

⁴ <https://cddmoz.org/wp-content/uploads/2025/01/Recrudescimento-dos-Ataques-Aumenta-Incertezas-sobre-Retoma-do-Projecto-Mozambique-LNG-Liderado-pela-TotalEnergies.pdf>

alleged involvement in the conflict in the Democratic Republic of the Congo (DRC). These sanctions include restrictions on individuals linked to M23 and Rwandan military support for this rebel group. In retaliation, Rwanda expelled Belgian diplomats, accusing Belgium of taking sides in the conflict and of mobilizing against the country in various international forums⁵.

This diplomatic breakdown between Belgium and Rwanda could have repercussions in Mozambique, especially considering the presence of Rwandan forces in the country. Belgium is leading the initiative for EU sanctions against Rwanda, including the suspension of financial

aid to Rwandan military forces operating in Mozambique. Such a suspension could affect the ability of Rwandan forces to maintain security in Cabo Delgado, potentially impacting the stability needed for natural gas projects in the province⁶.

The situation continues to deteriorate, with increasingly violent attacks and a cycle of uncertainty that further exacerbates the humanitarian crisis in Cabo Delgado. The lack of an effective response from security forces and the continued presence of extremists creates an environment of fear and vulnerability, where the lives of thousands of people are at constant risk.

The Impact of Terrorist Attacks on the Resumption of Gas Projects in Cabo Delgado

The attacks in the northern Mozambique province of Cabo Delgado have had a direct and significant impact on the operations of major natural gas projects led by international companies such as TotalEnergies and ExxonMobil. The *Mozambique LNG* project, led by TotalEnergies, was suspended in 2021 following terrorist attacks near its facilities in Afungi, in the Palma district, which compromised the safety of workers and the integrity of infrastructure. As the violence escalated, TotalEnergies was forced to repeatedly postpone the resumption of activities, putting at risk not only the gas exploration schedule but also the future of Mozambique's economy, which relies heavily on this source of revenue.

In addition to ongoing security threats, the *Mozambique LNG project* has received a significant financial boost. On March 14, 2025, the Board of Directors of the Export-Import Bank of the United States (EXIM) approved nearly \$5 billion in financing for the project, providing a crucial green light for the resumption of operations⁷. This financing had initially been approved in 2019, during the Donald Trump administration, but with the disruption of activities due to insecurity, a new validation was required. The EXIM

approval is a significant milestone as it removes one of the financial obstacles that had been preventing the resumption of operations⁸. However, TotalEnergies is still awaiting confirmations from other international financiers, such as the United Kingdom and the Netherlands, which are essential for the project to move forward. The resumption of TotalEnergies' operations is therefore still conditional on these financial commitments and, more importantly, on ensuring security in the province of Cabo Delgado, where extreme violence persists⁹.

The instability in the province is not limited to the TotalEnergies project. ExxonMobil, which is responsible for the *Rovuma LNG project*, is facing similar challenges. The company has seen its operations affected by the insecurity that is jeopardizing the Final Investment Decision (FID). ExxonMobil, like TotalEnergies, has found it difficult to balance the need to ensure the safety of its workers and the local community with the pressure to resume operations, which are seen as crucial to Mozambique's economy. The impact of the violence is affecting the operations of energy giants, but it is also undermining the confidence of international investors, putting

⁵ https://www.rtp.pt/noticias/mundo/belgica-quer-sancoes-da-ue-ao-ruanda-e-forcas-do-pais-que-atuam-em-mocambique_v1641482

⁶ *Idem.*

⁷ <https://www.oeconomico.com/banco-de-exportacao-e-importacao-dos-eua-aprova-financiamento-de-5-mil-milhoes-de-dolares-para-o-projecto-mozambique-Ing/>

⁸ *Idem.*

⁹ *Idem.*

at risk major investments that could transform Mozambique into one of the largest natural gas exporters on the African continent.

ExxonMobil recently reinforced its commitment to the liquefied natural gas (LNG) extraction project in the Rovuma Basin, in Cabo Delgado. The commitment was expressed by Dan Ammann, ExxonMobil's president for Upstream, after a meeting with President Daniel Chapo. During the meeting, they discussed ways to strengthen the partnership between the government, ExxonMobil and other partners, to advance the project¹⁰.

ExxonMobil is leading the consortium responsible for exploration in Area 4 of the Rovuma Basin, comprising Mozambique Rovuma Venture (MRV) SpA, with participation from Eni, ExxonMobil, CNODC, Empresa Nacional de Hidrocarbonetos, EP, Galp Energia and KOGAS Moçambique. Although the LNG project has faced delays due to insecurity in Cabo Delgado, its progress depends on the signing of the FID.

The FID for the ExxonMobil-led Rovuma LNG project has been delayed to 2026, as announced by the company. Initially scheduled for late 2025, the new date represents a delay of about a quarter¹¹.

Furthermore, the postponement of gas projects has profound effects on Mozambique's economy. Before the increase in violence, the *Mozambique LNG project* was expected to generate billions in tax revenues, with estimates that the country would begin to receive significant revenues from 2024, peaking at up to US\$2.4

billion annually between 2036 and 2041.¹² These revenues would be essential to reduce public debt and increase the government's financial autonomy, in addition to boosting investments in areas such as health, education and infrastructure. However, with the interruption of exploration, these revenues are being postponed, putting additional pressure on Mozambique's public finances¹³. High security costs have also been a concern for companies, such as TotalEnergies, which face high costs for the protection of its facilities and workers. These costs are recoverable under the production sharing contract with the Mozambican government, but the delay in exploration and the additional costs of the shutdown could impact the project's profitability in the medium and long term.

This situation, in which expectations of job creation and increased tax revenues are being postponed, further aggravates the country's economic situation. Mozambique, with fragile public finances and dependent on gas revenues, urgently needs a solution to restore security and ensure the continuity of these strategic investments. The continued operations of these gas projects are crucial for Mozambique's economic future, but also for regional stability and the confidence of international investors. The Mozambican government, in collaboration with its international partners, needs to step up efforts to ensure stability and enable the resumption of these vital projects, which have the potential to transform Mozambique into a major *player* in the global natural gas market.

The Resumption of the Liquefied Natural Gas (LNG) Project in Cabo Delgado

In March 2024, the restart of the Mozambique LNG project in Cabo Delgado, northern Mozambique, received a significant boost with the approval of financing of up to US\$4.7 billion from the US Exim Bank¹⁴. This financing aims to support the construction and development of the integrated LNG project, which includes

the installation of plants and associated activities, both onshore and offshore. The support from the Exim Bank will be crucial to restarting the operations of TotalEnergies, which leads the consortium responsible for natural gas exploration in Area 1 of the Rovuma Basin, on the Afungi peninsula.

¹⁰ <https://aimnews.org/2025/02/20/exxonmobil-reafirma-compromisso-no-projecto-lng-na-bacia-do-rovuma/>

¹¹ <https://www.oeconomico.com/exxonmobil-adia-decisao-final-de-investimento/>

¹² <https://cddmoz.org/wp-content/uploads/2025/01/Recrudescimento-dos-Ataques-Aumenta-Incertezas-sobre-Retoma-do-Projecto-Mozambique-LNG-Liderado-pela-TotalEnergies.pdf>

¹³ Same.

¹⁴ <https://aimnews.org/2025/03/14/exim-bank-dos-eua-aprova-47-bilhoes-de-dolares-para-projecto-de-gnl-em-mocambique/>

The project, valued at US\$15 billion, has been suspended since 2021 due to the terrorist attacks in Cabo Delgado, which directly affected operations. Security in the area continues to be a challenge, and the success of the project's resumption is directly linked to the restoration of order and the continuity of support from the armed forces, including the Rwandan military presence. The approval of this financing by Exim Bank represents a significant milestone, being the largest deal in the institution's history, and will contribute to the generation of approximately 16,400 jobs, through the 68 North American companies involved in the ¹⁵project.

As a result, the President of Mozambique, Daniel Chapo, expressed his gratitude to the President of the United States, Donald Trump, for approving the financing. In his message, he hi-

ghlighted that the LNG project has the potential to generate 13 million tons of natural gas per year and contribute to global energy security, benefiting the local population in Mozambique and international partners ¹⁶.

Despite progress in financing, the resumption of the project is conditional on greater stability and security in the province. Full financing for the project, which also includes contributions from Asian and European banks, has already been largely confirmed, and final confirmation of financing is expected to enable the project to restart fully. TotalEnergies, which holds a 26.5% operating stake in the consortium, continues to be a key driver of this project, which, in addition to being the largest foreign investment in Africa, has the potential to profoundly transform Mozambique's economy.

The Need for an Integrated Solution: Security, the Right to Development and Dialogue with Local Communities

The insecurity situation in Cabo Delgado requires an integrated approach that goes beyond military action and the fight against extremist groups. Although Mozambican security forces, with the support of international contingents such as troops from Rwanda, have made progress in some areas, security is still precarious and may be insufficient to guarantee the continuity of major gas projects and the well-being of the local population. For gas projects to resume and succeed, it is necessary to ensure the protection of infrastructure and workers, but it is also essential to address the underlying causes of the conflict, such as the economic and social marginalization of local communities.

A lasting solution must include strengthening local security institutions, promoting dialogue between the government, companies

and affected communities, and implementing development programs that improve the living conditions of the population and offer alternatives to violence. In addition, it is essential that multinational companies involved in gas exploration, such as TotalEnergies and ExxonMobil, assume social responsibilities by investing in the well-being of local communities and working with the government and NGOs to mitigate the social and environmental impacts of their projects.

The path to stability in Cabo Delgado requires a long-term strategy that combines security, economic development and respect for human rights. Only a holistic approach will ensure lasting peace in the province and the realisation of the economic benefits that gas projects can bring to Mozambique.

¹⁵ <https://www.noticiasominuto.com/economia/2751643/megaprojeto-de-gas-em-mocambique-vai-apoiar-16400-empregos-nos-eua>

¹⁶ <https://www.dw.com/pt-002/chapo-agradece-a-trump-financiamento-a-projeto-de-g%C3%A1s-em-cabo-delgado/a-71981438>

Conclusion

The insecurity situation in Cabo Delgado, fueled by attacks by extremist groups, continues to challenge the stability of the province and deeply affect the lives of local communities. The attacks in Meluco are just one reflection of the escalation of violence across the province, and the impact on natural gas projects led by TotalEnergies and ExxonMobil has been significant, delaying the expected economic benefits. The resumption of these projects depends not only

on the protection of infrastructure and workers, but also on a political and social solution that involves dialogue with local communities and the strengthening of the communities' security and development capacities. The search for stability in Cabo Delgado must be a priority for the Mozambican government, the companies involved and the international community, so that the province and the country can achieve a prosperous and secure future.



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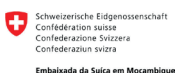
EDITORIAL INFORMATION

Property: CDD – Democracia e Direitos Humanos
Director: Prof. Adriano Nuvunga
Author: Abdul Tavares
Layout: CDD

Address:
Rua Dar-Es-Salaam Nº 279, Bairro da Sommerschild, Cidade de Maputo.
Telephone: +258 21 085 797

 CDD_moz
E-mail: info@cddmoz.org
Website: <http://www.cddmoz.org>

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