ECOFIN AGENCY · MOZAMBIQUE · LNG

Mozambique allocates $56M LNG revenue to 2026 reconstruction

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Mozambique's government is adding $56 million in carried-over LNG revenue from 2025 to its 2026 national budget, directing the funds toward reconstruction and infrastructure repair rather than new upstream investment. The allocation represents existing gas receipts rolled forward, not freshly generated revenue from expanded production or new licensing activity.

The bulk of the funds are earmarked for flood recovery operations, road and bridge repairs, and restoration of public buildings damaged during the post-election unrest that swept parts of the country. The Parliamentary City project is also listed as a recipient, signalling that infrastructure development tied to state institutional capacity remains a budget priority alongside emergency reconstruction.

The decision to ring-fence LNG revenue for domestic reconstruction reflects the dual pressure Mozambique's government faces: stabilising a country battered by both climate-driven flooding and political violence, while maintaining credibility with international energy investors whose upstream commitments underpin the country's long-term fiscal position. The $56 million figure is modest relative to the scale of Mozambique's LNG ambitions — TotalEnergies' Area 1 project alone was estimated to generate billions in government revenues over its lifetime — but the reallocation of carried-over funds signals that near-term gas income is being consumed by immediate sovereign needs.

For the broader LNG investment climate, the budget move is neutral in isolation but worth monitoring in context. Coral Sul FLNG, operated by Eni, continues to produce

and export LNG from offshore Mozambique, providing the government with a revenue stream even as the larger onshore Mozambique LNG project at Afungi remains suspended following the 2021 Cabo Delgado insurgency. Any sustained diversion of LNG revenues toward recurrent domestic expenditure rather than sovereign wealth accumulation or reinvestment in enabling infrastructure could become a signal investors and lenders watch closely as TotalEnergies evaluates conditions for restarting the onshore project.

The political and security context remains a material factor. Post-election violence and ongoing low-level instability in northern Mozambique have complicated both project timelines and community relations in the Cabo Delgado region. The government's use of LNG revenue for building restoration tied to that unrest underscores how tightly the country's hydrocarbon windfall is bound up with its political stabilisation agenda — a dynamic that Norwegian service companies and their clients should factor into any medium-term market entry or supply chain planning for the basin.

Why this matters to partners and clients of Saga

This is a government budget allocation of carried-over revenue — no contract, tender, or FID is involved — so procurement outreach is premature. Norwegian service companies with exposure to Mozambique LNG, particularly through Coral Sul FLNG or future Mozambique LNG restart scenarios, should monitor the fiscal and political environment as an indicator of host-government stability and reinvestment capacity. Relationship-building with operators already active in-country (Eni, TotalEnergies) remains the appropriate channel at this stage.

PARTNER ANGLES

- **LNG:** Track how Mozambique's fiscal priorities evolve relative to the Mozambique LNG restart decision — sustained revenue diversion to recurrent spending is a project-readiness indicator worth including in country risk assessments.
- **Subsea/FPSO:** Coral Sul FLNG remains the active revenue-generating asset; monitor Eni's operational announcements for any service or maintenance tender opportunities tied to the floating facility.

- **Drilling:** No new drilling activity is indicated by this article; maintain watching brief on Area 1 and Area 4 operator announcements for any resumption of appraisal or development drilling campaigns.
- **Pipeline:** Road and bridge repair spending signals active civil infrastructure procurement in-country, but gas pipeline scope is not referenced — monitor for any onshore enabling infrastructure tenders linked to an eventual LNG project restart.

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