Mozambique: Japan's strategic partner in Africa

Japan has deepened its ties with southeast Africa's rising power through landmark investments in liquefied natural gas and the Nacala Corridor, as Mozambique's reforming government strives to attract more international investors

Mozambique is entering a new era of economic advance, with the African Development Bank forecasting that its gross domestic product will grow by 2.1% in 2026 and 3.5% in 2027, driven by new natural gas initiatives, increasing consumption due to rising wages and foreign direct investment.

Hydrocarbon giants are leading four liquefied natural gas projects after the discovery of offshore gas reserves estimated at over 160 trillion cubic feet in the north of the country. These include Eni, which launched a floating facility in 2022 and has approval for a second. Onshore, a consortium headed by TotalEnergies is constructing a substantial plant and Exxon Mobil is expected to make a final investment decision on another this year.

President Daniel Chapo said: "Mozambique is already among the world's top 10 gas producers. With these projects, it could rise to the top five. The investments are estimated at $50 billion to $60 billion and we are committed to ensuring they materialize as quickly as possible."

Japan's Mitsui & Co. has a 20% stake in TotalEnergies' project. "We are particularly pleased that Japan is participating as a shareholder," Chapo said. "Japan is one of Mozambique's most important development partners. We want to continue working together to strengthen friendship and cooperation, and we are confident that this project will further solidify our economic relations."

Cooperation between the two countries began in 1977 and expanded considerably after the Japan International Cooperation Agency opened an office in Mozambique in 2003. Since then, the agency has channeled $1.9 billion into the nation, with investments focused on transport and logistics infrastructure, energy, education and training, health, agriculture and climate change.

At the ninth Tokyo International Conference on African Development last year, then-Prime Minister Shigeru Ishiba announced Japan's biggest investment in the country to date: the Strengthening the Global Supply Chain through Nacala Corridor Development initiative, which involves $7 billion in funding across Mozambique, Malawi and Zambia.



Daniel Chapo
President of Mozambique

The project aims to strengthen multimodal transport connectivity and increase industrial activity along a corridor that is rich in mineral and agricultural resources. It runs through Mozambique's two landlocked neighbors to its port of Nacala on the Indian Ocean and close to its LNG projects. Goals include increasing trade both within the region and with Japan.

Nacala, southern Africa's deepest natural port, was recently modernized with around $400 million in Japanese financing. "Japan is well aware of the enormous potential of the port and corridor," Chapo said. "With JICA, we are now setting up an office to finalize the integrated project's design."

Two more ports along a 1,600-mile-long coastline are key nodes in other logistics corridors: Beira serves Zimbabwe and Maputo is the closest port for a significant part of South Africa. Investments worth $3.1 billion are underway to expand those facilities, and the government wants to develop rail, road and energy infrastructure along their corridors. Chapo explained: "Mozambique can position itself as a true logistics hub thanks to its development corridors and strategic location on the Indian Ocean. Japan shares this vision."

Unlocking the country's wider potential

Infrastructure development offers numerous opportunities for Japanese companies. It is also unlocking possibilities in other sectors, including tourism and mining, as the country is rich in coal, gold, lithium and rare earth metals. Another is agribusiness. Mozambique has a vast amount of arable land and can farm a wide range of crops and livestock, often organically.

"Agriculture is central for us, especially in partnership with Japan. For example, we want to revive a project in the Nacala Corridor to boost production of cereals, soybeans, beans, cashews and other crops. This strategy aims to strengthen food security and expand export capacity," he said. "We also aim to become a regional energy hub. Many neighboring countries face electricity shortages, but Mozambique has gas reserves, year-round solar potential, favorable conditions for wind energy and abundant hydropower resources."

> "Mozambique can position itself as a true logistics hub thanks to its development corridors and strategic location."
>
> President Daniel Chapo

The target is to have 9.5 gigawatts of power generation capacity in the country by 2032. Today, there are 3 GW, with 78% coming from renewables. A new 1.5-GW hydroelectric project in Mphanda Nkuwa is already under development. This is located near the country's biggest existing hydropower facility, Cahora Bassa, which supplies electricity to the region.

The government wants to leverage green energy to attract data center operators. "Our vision is for Mozambique to become the Silicon Valley of southern Africa," Chapo said. "We have created a ministry of communications and digital transformation to accelerate digitalization, promote digital education and expand digital banking. We are also digitizing public administration."

Since he was elected president in January 2025, Chapo has also created an office for reforms and strategic projects within his own department. This office is now responsible for attracting investment and promoting business, operating as a single point of contact for investors.

"This is just one of many reforms transforming perceptions of the country. Mozambique is gradually regaining the confidence of international financial markets and both domestic and foreign investors," he said. "Mozambique offers legal security, stable investment conditions and the ability to repatriate profits. With these reforms, it is becoming more accessible and competitive, and investors are finding it easier to do business here. The country is entering a new phase and those who hesitate may not find the same opportunities. Now is the time to participate in Mozambique's growth and future."

Mozambique's next great leap in hydropower

Mozambique is positioning itself as a front-runner in Africa's energy race with a multibillion-dollar development on the Zambezi River full of social and environmental opportunities

The Mphanda Nkuwa hydropower project is the Mozambique government's latest catalyst for long-term economic transformation. The project's scale is striking: a new hydropower plant downstream from Cahora Bassa, paired with a major transmission corridor designed to support industrialization, electrification and regional energy exports.

Total investment is projected at roughly $6.4 billion, making it one of the largest infrastructure efforts in the country's history. "It is the most strategic and structurally transformative investment project within Mozambique's national energy ecosystem," said Carlos Yum, managing director of the Mphanda Nkuwa Hydropower Project Implementation Office.

However, the Mozambican government is committed to ensuring that the country's energy progress is accompanied by human progress, social inclusion and environmental sustainability.

Through the Ministry of Mineral Resources and Energy, the government wants to make Mphanda Nkuwa a model project that combines clean energy generation with social and economic transformation at the national level. As such, the Social Development Program of the Mphanda Nkuwa Project focuses on the social and economic transformation of communities affected by the construction of the Mphanda Nkuwa hydroelectric dam. It also marks the provincial government's commitment to ensuring that this energy project generates a lasting legacy for the region. Part of this involves the provision of off-grid energy to communities located within the project area, in the districts of Chiuta, Marara and Cahora Bassa.

The program's work has had an immediate impact on increasing access to energy, water, healthcare, agriculture, livestock and education. Broadly speaking, it aims to bring communities investments that will strengthen local infrastructure, youth employability and community resilience, thereby ensuring that energy development is accompanied by social inclusion and improved living conditions for local communities.

From the outset of the hydropower project, the government engaged with local communities, bringing community interests and concerns into the development process at the most granular level possible. These were analyzed in a highly structured and analytical way.

"We commissioned a study that took between six and eight months to complete, aiming to understand, from an anthropological and social perspective, the five most critical concerns within the community," Yum said. "The community is diverse, comprising younger and older people, and as many women as men. Through extensive interviews conducted by specialists, we were able to establish a clear footprint of the five main issues raised. During this process, our office was not allowed to be present, as the consultants wanted to avoid any interference in identifying the key socioeconomic issues at the micro level."



Carlos Yum
Managing Director
Mphanda Nkuwa Hydropower
Project Implementation Office

Yum explained that this analysis enabled the construction of a social development plan, built by using the analytical footprint identified in the study and then engaging, at a later stage, with local and central government authorities. The result was the creation of a three-year investment plan, which will be revised over time as the impact generated creates new needs.

Technical studies for the project's feasibility, including assessments on the potential environmental and social impact, strictly follow the compliance standards of the International Finance Corporation — a World Bank Group member investing in private sector growth in developing countries — as well as the wider World Bank and the African Development Bank.

These bodies are not only considered financing partners, but also support vessels during the preparation of terms of reference for social planning and environmental and social impact studies. Their involvement ensures that terms of reference comply with international standards, which helps prevent contractual issues from arising during the implementation phase. These processes are rigorous because the quality of the studies directly affects project timelines and financing. Poor-quality studies lead to significant delays.

Another major cog in the social and environmental efforts of the Mozambique government is the Professional Internship Program. It aims to provide young Mozambicans who have recently graduated from various public and private universities with opportunities to develop technical skills in the management and development of major projects.

Through the program, young recent graduates can participate in all phases of the design and implementation of the Mphanda Nkuwa Project, equipping them with technical and practical knowledge. They work alongside experienced national and international consultants involved in the process, creating technical added value for the country for other similar projects in the near future. The program covers various fields of study, such as engineering, mechanics, electrical engineering, electronics, civil engineering, social sciences, the environment, economics and finance.



A key component of the project is skills training.

It is open to young people from across the country who, once selected, may become integrated into the Mphanda Nkuwa Hydropower Project Implementation Office in Mozambique under the supervision of the company's managers. Applicants undergo a competitive and rigorous selection process, with the program aiming to achieve 50% female participation.

Elsewhere, under the Social Development Program, 36 young people from local communities have already completed vocational programs and received professional tool kits. Their names have been forwarded to organizations such as Electricidade de Mocambique and the national energy fund so they can be considered for upcoming work. "Our objective is to enable these young people to be trained and capitalize on the job opportunities arising from the activities of the project implementation," Yum said.

The broader Zambezi basin presents complexity because multiple hydropower sites are planned. Yum said future projects in the basin must be developed under a coordinated cascade system to ensure that "no project becomes an obstacle to another" and that water resources are optimized with minimal environmental impact.

The project looks likely to shape the country's economic trajectory for decades. And with Cahora Bassa having recently marked its 50th anniversary, there is a good track record for such projects to endure.

MphandaNkuwa Hidroeléctrica
GABINETE DE IMPLEMENTAÇÃO DO PROJECTO HIDROELÉCTRICO DE MPHANDA NKUWA

Diverse possibilities for collaboration

The potential for high-value partnerships between Japanese and Mozambican entities runs the gamut from stock exchange digitalization to dredging technologies

Diverse Mozambican industries consider Japan to be a key partner. One is financial services, in particular the Mozambique Stock Exchange (BVM). This has grown significantly over the past decade, reaching a market capitalization of $3.5 billion at the end of 2025, a 6.6% year-over-year increase.

According to CEO Pedro Cossa, more businesses are turning to BVM. "There is rising awareness of the attractiveness of short-term financing issuances, while medium- and long-term corporate bonds have been growing too," he said. In addition, more individuals are investing in an exchange that offers a well-defined, transparent regulatory framework.

"Our risk management, compliance and internal audit offices ensure we comply with established standards. We want to go further by digitalizing these practices. Later this year, we will launch a more modern risk management and compliance system," Cossa said, adding that international investors benefit from Mozambique's lack of restrictions on buying, selling and repatriating money from shares.

A priority for BVM is making it easier for Mozambicans and global investors to access the exchange. As a result, it is developing new digitalized trading, clearing and settlement systems, as well as a platform for mobile phones. One goal is to provide instantaneous information to the market, an area in which Japanese expertise could help.

"We visited Japan Exchange Group (JPX) in 2025 and were impressed," he said. "We also participated in the ninth Tokyo International Conference on African Development, where we raised digitalization: how we can digitalize, use artificial intelligence and ensure that our staff adapt to the modern market."

As well as attracting investors, BVM is expanding listings. "For example, we are encouraging firms that already have structures allowing them to be listed, such as ones in banking, telecommunications and insurance," the CEO said. Another focus is large-scale public-private partnerships and concessions. "By law, these are obliged to open 5% to 20% of their capital, selling shares preferably to Mozambicans, but also to foreign investors," he explained. "Around 200 of those companies are in the energy and mineral resources sector."

BVM is strengthening its ability to respond to that sector's needs but recognizes it does not have sufficient resources to cater to all demands. "JPX could help support the financing of some of our energy projects," Cossa said. The exchange would also welcome assistance with frameworks for green and blue bonds and other new financing solutions. "I believe that, if we continue to manage the exchange well, it could be among the largest on the African continent within 10 years," he said.

Keeping the country open for trade

Businesses in other industries have been collaborating with Japan for years. Empresa Mocambicana de Dragagens (Emodraga), the state-owned company responsible for dredging ports and waterways, is a prime example. "One of our greatest strengths is our partnership with Japan," its CEO Domingos Bie said. "For instance, the Japanese government donated two dredgers to us two decades ago. Thanks to this support, we were able to build Emodraga into a reference for dredging."

Emodraga is a vital part of Mozambique's economy, as most trade passes through its ports, two of which — Maputo and Beira — require constant dredging due to the accumulation of sediment from rivers. "These ports have never closed," Bie said. "Port of Beira, for example, is considered one of the best in Africa for container handling as a result of our dredging and widening of its access channel."

Emodraga is expanding its activities by providing dredging services to Mozambique's offshore natural gas projects. It also aims to clean more rivers and dams to improve navigation and reduce flooding, with recovered sand being used in construction. "These are important projects for the country and to carry them out we need more equipment and an expanded fleet," he said.

To meet its goals, Emodraga is seeking partnerships related to dredging, gas, hydrography, buoyage and infrastructure. "Japanese partners are always welcome," the CEO said. "Japan is an essential and highly strategic partner for our company."



The Mozambique Stock Exchange launched a new corporate identity in 2025.

Empresa Moçambicana de Dragagens - Empresa Pública

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