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Mozambique's fossil fuel drive is entrenching poverty and conflict

Joshua Kirshner, Matthew Cotton, Daniela Salite

Intro

Earlier this year, militants stormed the coastal town of Palma, Mozambique, which lies close to vast plants for extracting liquefied natural gas (LNG). Dozens of people were killed and thousands more displaced.

Nearly two weeks later, the army managed to secure the town. Yet the French oil and gas firm Total had already called off the planned resumption of construction at its US\$14.4 billion project near Palma on the Afungi peninsula and pulled all staff from the site.

Total then declared a state of "*force majeure*," relieving the company of its contractual obligations due to circumstances beyond its control -- leaving it unclear if construction will resume.

Other large-scale resource extraction projects in Mozambique are also facing challenges. In January 2021, Brazil's Vale SA, one of Latin America's largest mining companies, announced a deal to regain control of its unprofitable coal mining operations in Mozambique.

Vale won rights to operate the Moatize mine in Tete province in 2004, starting production in 2011. Despite initial optimism, the mines have faced difficult challenges including rising costs and labour shortages, conflicts over resettlement of local communities displaced by the mine, and declining global coal prices since 2014.

President Nyusi of Mozambique has said that the government expects to make over US\$100 billion from natural gas projects. The income will provide tax revenue and create 70,000 high-paid jobs over 20 years from 2022. Meanwhile, the government is trying to reduce aid dependence from the USA, UK Sweden, Norway, among others.

That means the government's current strategy is to prioritise supporting fossil fuel extraction for internal financial benefit over meeting the immediate needs of the hundreds of thousands of people displaced by intensifying conflict.

While using mining revenues to support domestic employment in productive sectors, such as agriculture and small-scale industry.]

Land rights

Scholar-activist David Matsinhe argues that the politics of Mozambican land use tends to prioritize economic development at the expense of human rights, community compensation or informed consent.

This land injustice tends to be concentrated in the central and northern regions of Mozambique, which are also political strongholds for the two main opposition political parties, Renamo and MDM. By contrast, most economic and political resources are concentrated in the southern region: especially in the capital, Maputo, where Frelimo holds the most support. Power, investment, and wealth from central and northern regions disproportionately benefits the small, politically-connected elite in Maputo.

Oil, gas and coal extraction is driven by multinational corporations, with the government clearing the way for gas and coal export to countries across the world. Yet conditions of energy poverty continue to plague rural and peri-urban communities across the country: around 32% of the population has reliable access to electricity, but that figure drops to 7% in rural areas.

Large hydro-power plants in Tete province supply power to Mozambique, as well as to South Africa and Zimbabwe, and Tete, Mozambique exports coal globally. Yet Tete has one of the country's lowest energy access rates, with just 18% of its citizens connected to the electricity grid in 2019. Government promises of poverty action and improved development in the region have yet to come true.

Such thwarted expectations and widespread unemployment, particularly among youth, have heightened social tensions and socio-political divisions and conflict within the country.

Mozambique's widespread reliance on extractivism--the process of extracting natural resources from the earth - is embedded in its social and political history

The colonialism, exploitation and state-sponsored violence that litter its past (and echo in its present) have locked Mozambique into a political-economic model that requires ongoing external financial support

Mozambican authorities are forced to respond to the market demands set by wealthy industrialized countries, reducing their policy autonomy. —and making it difficult to transition away from “dirty energy” provided by coal and gas.

Change is coming

What can break this impasse? Recent conflicts, political turmoil, and the growing threat of climate-induced disasters could push Mozambique to re-envision its energy and development strategies.

Meanwhile, its own citizens continue to lose out. Mozambique is, like many other developing nations, locked into large-scale energy production, supported by a central grid, to which the majority of citizens don't have access. The Mozambican government claims it is pursuing its country's development and climate resilience by paying for more off-grid energy projects that mostly support rural public services, like banks, rather than households. Yet even these limited efforts are dwarfed by its overwhelming support for exporting energy and keeping the revenue.

The problems created by these patterns aren't the only cause of local violent conflict: but they are certainly contributing to it by increasing the vulnerability and exclusion of Mozambique's poorest citizens.

Next steps

President Nyusi has said his country wants to avoid the negative experiences of other resource-rich nations that failed to use the wealth from energy and mineral resources to create prosperity for their citizens. If this is to happen, it's vital for the government to place citizen needs and environmental sustainability at the heart of its approach to energy.

The government must work to involve local communities, not just international energy giants, in developing sustainable energy for the country. This could be achieved by helping communities

develop off-grid, low-carbon energy projects that are subsidised -- allowing lower-income, marginalised and vulnerable populations to share in their benefits.

It should also begin urging fossil fuel companies setting up shop in Mozambique to support community-based renewable energy projects in exchange for their right to operate oil and gas power plants. Overall, Mozambique's economy deserves to be re-centred around its citizens, and its energy projects geared towards the local communities they serve.