



Curse or cure? The political implications of Mozambique's natural resources

By James Gordon

■ Executive summary

In recent years Mozambique has experienced a resumption of armed conflict between the old civil war adversaries FRELIMO and RENAMO. The violence has been a source of concern for foreign investors that have flocked to the country's nascent resources boom and could undermine a bright economic future.

This report examines the root causes of the present violence in Mozambique, questioning the depth of the 1992 peace process and the lack of enduring political reconciliation. A conflict mindset prevails at the political level, framed by outdated characterisations. This has bred an uncompromising attitude to power and a system of elite capture for those in power. The prospect of resource riches has thus had a particularly destabilising effect; there is a great deal at stake for the eventual winners and losers.

For ordinary Mozambicans to reap the developmental rewards of the nation's resource endowment the conflict mindset must be addressed, starting with political reconciliation or, at the very least, some kind of political accommodation. Similarly, the means for conflict, still readily available in Mozambique, must be addressed. In both regards there is a role for external actors – including international investors – to contribute to long-term social stability.

Introduction

Mozambique enjoyed 20 years of relative political stability after the cessation of hostilities in 1992, despite the fact that both factions to the civil war remained central to the country's political scene.

FRELIMO,¹ an ex-communist liberation movement, has been the party of government since independence from Portugal in 1975. RENAMO,² a former guerrilla movement aligned to the minority regimes in Rhodesia³ and South Africa, has since the establishment of multi-party democracy in 1994 been the country's main opposition party.

However, from October 2012 relations between the two parties deteriorated considerably, leading to a resumption of low-level guerrilla activity and fears that the current economic boom could be nullified by the reopening of old wounds.

Although most commentators seriously doubt RENAMO's ability to resume all-out hostilities, the reality of renewed armed conflict and the potential for its continuation despite a September 2014 peace agreement and October 2014 elections poses a threat to the country's development prospects.

The conundrum of natural resources

Huge reserves of natural resources, primarily coal and natural gas, have been discovered in Mozambique in recent years. The development of the coal and gas sectors represents an unprecedented opportunity to accelerate sustainable and inclusive growth and reduce poverty. Mozambique has been cited as "the next Qatar" (Matthews, 2014);⁴ by 2032 resource revenues could provide as much as 21% of total government revenue (World Bank, 2014: 8). However, foreign investors – so vital to the development and extraction of these resources – have understandably been

1 Frente de Libertação de Moçambique.

2 Resistência Nacional Moçambicana.

3 Present-day Zimbabwe.

4 Quoting Simon Ashby-Rudd, head of the Oil and Gas Division, Standard Bank.

concerned about the resumption of armed conflict in the country (England, 2014).

So they should be: even a low level of guerrilla activity can have a paralysing effect on the already inadequate infrastructure network in Mozambique and the supply chains of major commercial groups. For instance, the attacks along the EN1 freeway and the Sena railway line in 2013 inflicted a relatively small number of casualties, but had a crippling effect on the mining activities of multinationals in Tete province in the north of the country (England, 2013a).

There is a causal link between the discovery of natural resources and the resumption of armed conflict. Given the potentially transformative effect of the nation's natural resources, it is ironic that far from creating social harmony, the expectations of dizzying wealth creation have had a destabilising effect on the political elite and the country in general.

To understand why this seeming paradox exists, one must look closely at the post-war political dispensation in Mozambique.

The end of armed warfare, but the continuation of political conflict

In the eyes of many Mozambicans, in 1992 the two foes – FRELIMO and RENAMO – merely put down their weapons and picked up the ballet box; i.e. the means changed, but not the mentality, which remained intensely conflictual. In hindsight one can argue that justice and public reconciliation were abandoned as inexpedient, in favour of an end to the immediate armed conflict.

Ten days after the signing of the General Peace Agreement (GPA) in October 1992, the FRELIMO-controlled Popular Assembly ratified law no. 15/92 that granted amnesty for all crimes committed between 1979 and 1992. The rationale for a total amnesty came out of the complications inherent in the mediation process. In the words of one of the key mediators,⁵ “we emphasized that both sides should leave aside the bad things they had done ... to have reconciliation means to forget the past” (Igreja, 2008).

However, “to forget the past” can mean quite different things, with markedly different outcomes. Arguably, institutionalising silence by way of an amnesty is to disregard the past, which is quite different from coming to terms with it.

True reconciliation requires warring parties to come to terms with the past so that future interactions are not framed by past injustices. That this was lacking in post-war Mozambique became swiftly apparent: during the sitting of the first democratically elected parliament, one member of

parliament⁶ remarked openly that FRELIMO and RENAMO had “transferred their confrontations from the bush of our huge country to this room” (Igreja, 2008). Over the years parliament would become the new battleground where past grievances would be aired in support of present differences.

Igreja (2008) notes a strong tendency among FRELIMO cadres to use the present rather than the past tense to describe RENAMO – “RENAMO is a terrorist party”, “RENAMO belongs to the racists” – demonstrating FRELIMO's ongoing political project of perpetuating an image of a nation divided into revolutionaries and sell-outs.

Winner takes all

According to Adriano Nuvunga of the Centre for Public Integrity, “Mozambique remains a war-torn society ... there are elements of violence that have not been dealt with properly”.⁷ Further, the maintenance of a conflict mindset at the political level has been apparent in FRELIMO's unwillingness to accommodate others in the overarching system of political power, where the victor not only assumes total control of the state, but also control of all economic access to the state.

The election result of 2009, a catastrophic defeat for RENAMO, was thus more than just a political defeat; it also meant that the burgeoning financial rewards available from servicing the rapidly expanding natural resource sector would be cornered by the FRELIMO elite. The 2009 election can therefore be seen as a turning point in Mozambique; even so, the return to armed conflict was not a foregone conclusion. According to civil society and political party interviewees that the author met with in Mozambique, it could have been avoided had the FRELIMO government sought to accommodate Afonso Dhlakama, RENAMO's long-serving, mercurial leader.

This was the fourth straight electoral defeat for RENAMO, leading both parties to conclude that it was becoming increasingly unlikely that RENAMO would ever win power through democratic means. Given the culture of the victor's primacy, it became almost inevitable that RENAMO would eventually look to violent tactics to force FRELIMO to some kind of accommodation.

Thus, one can see the lack of fundamental reconciliation and the perpetuation of a conflict mentality as contributing substantially to the reigniting of conflict; the discovery of resources (and its implications) acted as an accelerant upon an already smouldering fire.

⁵ Don Jaime Gonçalves, archbishop of Beira.

⁶ Antonio Palange, Democratic Union Party.

⁷ Personal interview, Maputo.

The means for renewed conflict

Just as the mentality of conflict remains within Mozambique, so do the means. In the words of Dr Tomas Salomao, a FRELIMO political grandee and former executive secretary of the Southern African Development Community, “looking back, we should have insisted upon the complete disarmament of RENAMO. At the time it was easier to overlook certain things.”⁸

The men

In 1992 Salomao was a FRELIMO government minister and a FRELIMO member of the UN-appointed Supervisory and Monitoring Commission, so his rueful comment would seem to acknowledge that there was an understanding at the highest levels that RENAMO was deliberately holding back a small force of combatants in its stronghold deep in the Gorongosa mountains as an ace up its sleeve. It was this group of combatants that, some 20 years later, would re-emerge to renew guerrilla activities after Dhlakama’s precipitous decision in October 2012 to break off attempted negotiations and return to RENAMO’s former civil war base in the face of FRELIMO’s seeming lack of interest in the process.

The problem, however, is not just limited to a small hardcore of unreconstructed combatants. “The peace process catered for the short-term reinsertion of recently demobilised combatants” said Albino Forquilha of FOMICRES, a weapons collection NGO, who was himself once a RENAMO child soldier, “but there were no proper demobilization and reintegration programmes”.⁹ Natalio Nhamuche, former director of combatants in the Mozambique government, supported this view:

only in the last few years has the government taken seriously the plight of ex-combatants; it is the biggest threat to stability we face in Mozambique, and more needs to be done to ensure that former fighters and their families are properly reintegrated within society.¹⁰

The arms

It has been estimated that FRELIMO and RENAMO distributed some 1.5 million small arms to the civilian population during the civil war (Leaõ, 2004: 98). There have been successful attempts at weapons decommissioning such as Operation Rachel, a joint Mozambican-South African initiative, but Mozambican society remains awash with weapons, mostly hidden in caches.

In Mozambique, civil society organisations have played a major role in developing weapons collection programmes, e.g. the TAE (“weapons for tools”) programme, of which FOMICRES was a founder organisation. One cannot overemphasise the importance of their contribution,

particularly in areas where RENAMO support is strongest and trust in the police and state at its weakest.

The present situation

The political future of Mozambique is far from clear at present. Although a peace agreement was signed between the parties in September 2014 as a precursor to October’s general election, RENAMO is disputing the outcome of the election, claiming (not for the first time) that it was won by fraud.

These claims have the support of sections of civil society, while the European Union Election Observation Mission also noted “a series of irregularities” (EUEOM, 2014). However, no one – not even RENAMO – is expecting the result to be nullified. Instead, Dhlakama is attempting to negotiate a personal role as “leader of the opposition”, as well as RENAMO’s inclusion in a coalition government. This latter demand is unlikely to bear fruit. According to Jesús Romero Trillo of the Comunità di Sant’ Egidio (the Rome-based religious organisation that facilitated the peace agreement of 1992), “FRELIMO will not accept any other form of government but the one resulting from the electoral process”.¹¹

RENAMO: perverse incentives

Irrespective of the question of fraud, RENAMO actually fared considerably better in the 2014 election than in the 2009 poll (CNE, 2009; IFES, 2014). On the face of it this seems surprising, given the violence and destruction it had meted out during the preceding 18 months.

However, FRELIMO’s winner-takes-all approach has bred a strong sense of exclusion among a substantial portion of the population, supported by visible evidence of widening inequality between those who are politically connected and the rest of the population (England, 2013b; Mutch, 2013). It was this sense of exclusion that RENAMO was able to successfully tap. Dhlakama’s verbal attack on the “systematic concentration of power in the hands of those in power” (AFP, 2014), delivered at a press conference in Maputo immediately after his return from hiding in Gorongosa, resonated widely with the general population.

Indeed, in the view of Erik Charas, proprietor of *Verdade*, Mozambique’s largest circulation newspaper, it is perhaps the fact that RENAMO has weapons and that it is willing and able to stand up to FRELIMO – to make the government back down – that saw RENAMO increase its share of the vote at the expense of other opposition political parties. “People see Dhlakama as a strong man, for all his faults. They [FRELIMO] cannot push him around.”¹² Thus,

⁸ Personal interviews, Johannesburg and Maputo.

⁹ Personal interview, Maputo.

¹⁰ Personal interview, Maputo.

¹¹ Personal correspondence with the author.

¹² Personal interview, Maputo.

RENAMO could easily conclude that its decision to take up arms again – derided at the time as a self-defeating gesture (Mambondiyani, 2012) – was in fact a very successful strategy.

RENAMO has learned in the past that it pays – quite literally – to hold the country to ransom. Not only did it extort money from foreign and domestic organisations during the civil war, but it was paid many millions of dollars by “Tiny” Rowland, the chief executive of the UK-based conglomerate Lonrho, whose interests in Mozambique ranged from commercial farming to power generation, as a pre-condition for RENAMO participating in and then signing the GPA. The Italian government also spent some \$20 million during the course of the peace process of 1991-92 to keep the parties at the table. In the immediate aftermath of the GPA it paid some \$15 million to RENAMO to assist its transformation into a political party (Vines, 1998). Unsurprisingly, therefore, it has become RENAMO’s practice to demand payment in return for peace.

According to the terms of the September peace agreement RENAMO is obliged to complete the process of full disarmament and demobilisation in return for greater representation in the security services and electoral oversight bodies. But can one really expect it to forego its ability to exert armed force, given its successful experience – past and present – of extorting leverage through threats and the practice of violence?

The way forward?

The persistent demands of RENAMO for electoral reform, greater representation in the security forces and a share of the nation’s resources have not been so much a call for the reform of the system of power as a plea to be accommodated in it. Although the September 2014 agreement does offer important concessions to RENAMO, it does not offer it access to the system of power; thus, the concessions are unlikely to prove sufficient to placate Dhlakama and his allies.

As Adriano Nuvunga, Mozambique’s foremost anti-corruption campaigner, sees it,

Dhlakama must be accommodated and acknowledged, as Mandela accommodated Buthelezi,¹³ just so that we can move on from the old narrative. It is only once we move beyond the polarisation of a nation divided along outdated lines that we can judge the political class in its entirety on the issues that matter – leadership and integrity.

The system of power, which so evidently links political appointment with economic opportunity, is in urgent need

of change. “Corruption is endemic within Mozambique from the top to the very bottom of society”,¹⁴ said one international financier with long experience of Mozambique. Further, according to Erik Charas, the discovery of mineral resources over the last few years has led to a complete moral collapse among the political class: “we are heading the way of Angola and Nigeria”, he lamented. Nuvunga aptly described the system open to natural resources investors as “pay to play”.

Recommendations

1. Addressing the mentality of conflict

Political accommodation

For immediate political stability there has to be an accommodation with Dhlakama. In the words of Jesús Romero Trillo, “authoritative political influence” is necessary to avoid a fall-out and RENAMO’s return to the bush.

The political risks for investors in Mozambique remain significant: natural resources investments are on a huge scale, often requiring significant infrastructure development, with long-term returns. Stability is therefore critical. It is therefore absolutely in the interests of those countries with significant commercial interests in Mozambique – e.g. Italy and the U.S., through ENI and Anadarko, respectively – to exercise their influence.

Further, any accommodation must be transparent, respectful and non-pecuniary – a position, not a payoff. In treating with RENAMO, the government and the international community must desist from offering perverse financial incentives: paying someone to stop attacking you merely encourages the future threat of violence from the same person when the money runs out.

Reform of the winner-takes-all system of power

In the longer term there must be a concerted effort to reform the system of power, which of itself is a root source of conflict – a goad to the have-nots.

On one level, this may already be occurring. The political duopoly of FRELIMO and RENAMO is being challenged by the rise of a new party, the Movimento Democrático de Moçambique (MDM), an offshoot of RENAMO that has steadfastly refused to engage in wartime rhetoric and which appeals to the younger generation. The new parliament will be evenly balanced between FRELIMO and a combined opposition of RENAMO and MDM, which can only be good for democracy.

However, it is important that determined steps be taken to decouple the link between politics and business.

13 Nelson Mandela and Mangosuthu Buthelezi were respectively leaders of the rival African National Congress and Inkatha Freedom Party in South Africa; Buthelezi was invited to join the Government of National Unity after the first democratic elections in 1994.

14 Skype interview. The interviewee preferred to remain anonymous

Adriano Nuvunga and Erik Charas are in no doubt that there is such a corrupting link. Indeed, President Guebuza is known in Mozambique as “Mr Guebusiness” for his many business interests involving multiple members of his extended family (Nhachote, 2012). Perhaps the fact that Mozambique’s Confederation of Business Associations felt the need to recently donate a \$200,000 Mercedes S350 to President Guebuza speaks loudest on this point (*O País*, 2014).

In the opinion of most authoritative commentators this is an issue right across the political class, irrespective of party. So, who other than domestic civil society might encourage reform?

One source of influence would be the donor governments whose aid packages Mozambique is still reliant on. However, even though the Dutch government stopped funding the country’s general budget in 2012, due to poor governance (*The Economist*, 2012), Western governments in general have a poor record of turning a blind eye to state corruption (Hanlon, 2004). But donors – particularly those with domestic business groups invested in the country – have a clear strategic interest in promoting good governance.

A role for the private sector?

Multinationals operating in Mozambique should, in turn, be pushing their home governments to encourage good governance. That is not all, however: “the private sector itself could do more”, says Adriano Nuvunga.

Research group NCCR North-South and the Swiss Peace Foundation (“swisspeace”) have identified three ways in which businesses working in post-conflict environments can operate to promote social stability: compliance, risk minimisation and value creation (Iff et al., 2012).

As a bare minimum, businesses should be compliant with local and international laws and practices. Beyond this, businesses should engage in conflict-sensitive practices that minimise the risks of conflict, because in fragile environments it is easy to unknowingly or indirectly exacerbate underlying tensions. As Erik Charas puts it, “in Africa, it is tempting to do business the ‘easy’ way”.

Doing business with political figures or their families, colluding to keep contract terms confidential and cutting corners in sensitive activities such as resettlement programmes (Kabemba & Nhancale, 2012) are examples of the “easy” way. Such activities are extraordinarily short sighted and in fact perpetuate social and political conflict.

Investors should look carefully at the situation and ask themselves whether their activities make the situation worse or better. For example, the enormous sum of \$850 million was raised last year in government-backed bonds,

apparently to fund a tuna fishing venture. Given that the venture came into being only a few weeks before the money was raised (*The Economist*, 2013), one must surely question whether the funds will be used for that exclusive purpose. It is the Mozambican people who will ultimately pay the bill; investors should therefore be at least as mindful of the use of funds as they are of the return.

2. Addressing the means for conflict

In the view of Jesús Romero Trillo, the presence of an external military force is necessary to guarantee the demobilisation of RENAMO. This may be so; however, the private sector could engage in “value-creating” activities that could materially assist the vital process of removing the physical means for conflict.

As previously mentioned, NGOs will continue to play a vital role in weapons collection programmes, in a way that the state or international bodies are unlikely to be able to match. “We are trusted”, says Albino Forquilha; “we can go where the police and army cannot. People know they can give weapons to us, without fear of people knowing – even their own commanders.” Funding organisations such as FOMICRES would be a direct and meaningful way in which the private sector could engage in peacebuilding.

The private sector could also substantially – and in some cases uniquely – contribute to the reintegration of ex-combatants. Since 2011 the Mozambican government has started the process of developing formalised social reintegration programmes and some 91,000 veterans have been registered as participants so far. It is evident from government statistics¹⁵ that the private sector has not so far contributed to this process. Yet it is probably best able to provide sustainable and broad opportunities for employment integration, and undoubtedly best able to provide the desired technical and professional training programmes.

Just as foreign investment is flooding into the country, so are foreign skills. The government should consider making use of this expanding skills base to support these programmes. For instance, a special company-funded scholarship programme could be started for the children of ex-combatants. Many other government programmes might also benefit from partnering with private investment partners, such as the government’s housing programmes, physical and psychiatric rehabilitation programmes, and the seed funding of artisanal projects.

By acting to address the means for conflict, private sector companies would be actively managing their political risk exposure in their areas of operation. Thus, such activities should be seen as having real strategic value and would be of greater significance than simply engaging in standard corporate social responsibility activities.

¹⁵ Provided by Geneveva Garoupa, national director for social reintegration, Ministry of Combatants.

Conclusion

Despite the 2014 peace agreement and the conclusion of largely peaceable elections, Mozambique remains enmeshed in a culture of political conflict. The men and arms also remain available to allow for the violent escalation of conflict.

It is clear that the peace process in Mozambique remains incomplete. The structure of political contestation needs to be addressed and some form of public reconciliation achieved. Further, the hard work – designing and implementing to their conclusion proper disarmament, demobilisation and reintegration processes – remains to be done. To leave this work undone will not only encourage further conflict, but also inevitably result in increasing inequality and exclusion as the proceeds of mineral wealth become available – the resource curse that has blighted other parts of Africa.

Foreign investors face an interesting decision: take the “easy” way and face years of uncertainty and heightened political risk, or create genuine shared value by working to deepen good governance and social stability. The latter option requires effort and imagination, but the results could be long lasting and the basis for a fresh chapter in the world’s dealings not just with Mozambique, but with Africa as a whole.

References

AFP (Agence France-Presse). 2014. September 5th. <<http://www.afp.com/en/node/2801898>>

CNE (National Electoral Commission). 2009. “Results of the election of deputies to the Assembly of the Republic.” <[http://www.stae.org.mz/legislativas2009/Resultado%20-%20Legislativo%20\(resultados%20elei%C3%A7oes%20gerais%20de%202009\).pdf](http://www.stae.org.mz/legislativas2009/Resultado%20-%20Legislativo%20(resultados%20elei%C3%A7oes%20gerais%20de%202009).pdf)>

England, A. 2013a. “Rio Tinto suspends use of Mozambique railway line.” *Financial Times*, June 26th.

England, A. 2013b. “Maputo’s boom comes with growing pains.” *Financial Times*, July 4th. <<http://www.ft.com/intl/cms/s/0/c3782fa8-df00-11e2-a9f4-00144feab7de.html#axzz3K08Jz97r>>

England, A. 2014. “Mozambique investors worry about stability as elections loom.” *Financial Times*, June 15th. <<http://www.ft.com/intl/cms/s/0/d4792a3e-f2ee-11e3-a3f8-00144feabdc0.html#axzz3K08Jz97r>>

EUEOM (European Union Election Observation Mission). 2014. Press release. November 6th.

Hanlon, J. 2004. “Do donors promote corruption? The case of Mozambique.” *Third World Quarterly*, 25(4): 747-63.

IFES (International Foundation for Electoral Systems). 2014. “Republic of Mozambique – Assembly of the Republic.” *Election Guide*. October 15th. <<http://www.electionguide.org/elections/id/2410/>>

Iff, U. et al. 2012. “The pyramid of business and peace.” *Evidence for Policy*, 9, August. NCCR North-South.

Igreja, V. 2008. “Memories as weapons: the politics of peace and silence in post-civil war Mozambique.” *Journal of Southern African Studies*, 34(3), September: 539-50.

Kabemba, C. & C. Nhancale. 2012. “Coal versus communities: exposing poor practices by Vale & Rio Tinto in Mozambique.” *Southern Africa Resource Watch*, January.

Leaõ, A. 2004. “Hide and seek: taking account of small arms in Southern Africa.” In Institute for Security Studies. *Country Study – Mozambique*. Pretoria: ISS.

Mambondiyani, A. 2012. “Mozambique: RENAMO’s leader returns to the bush.” *Think Africa Press*, October 30th.

Matthews, C. 2014. “Investing in Mozambique: gas-fired economy.” *Financial Mail*, May 29th. <<http://www.financial-mail.co.za/coverstory/2014/05/29/investing-in-mozambique-gas-fired-economy>>

Mutch, T. 2013. “Mozambique’s elite, development and mass poverty.” *Think Africa Press*, June 4th. <<http://thinkafricapress.com/mozambique/elite-development-mass-poverty>>

Nhachote, L. 2012. “Mozambique’s Mr. Guebusiness.” *Mail & Guardian*, January 6th. <<http://mg.co.za/article/2012-01-06-mozambiques-mr-guebusiness>>

O País. 2014. “Guebuza returns luxurious S350 Mercedes.” October 1st. <<http://opais.sapo.mz/index.php/sociedade/45-sociedade/31098-guebuza-recua-e-devolve-luxuoso-mercedes-s-350.html>>

The Economist. 2012. “Mozambique’s riches: all fired up.” September 29th.

The Economist. 2013. “Investing in frontier markets: a fishy tale.” November 23rd.

Vines, A. 1998. “The business of peace: ‘Tiny’ Rowland, financial incentives and the Mozambican settlement.” In Conciliation Resources. *The Mozambican Peace Process in Perspective*. Accord series, no. 3.

World Bank. 2014. “Generating sustainable wealth from Mozambique’s natural resources boom.” Mozambique Policy Note. January.

■ THE AUTHOR

James Gordon is the executive director of Concentric Alliance, a conflict solutions consultancy based in South Africa specialising in investment-driven socio-political conflict. Using conflict management and resolution methodologies, Concentric Alliance works with companies operating in Africa to help them manage their key relationships with government, community and civil society stakeholders. A lawyer and mediator by background, Gordon also works as an adviser to political groups in peace negotiations.

Disclaimer

The content of this publication is presented as is. The stated points of view are those of the author and do not reflect those of the organisation for which he works or NOREF. NOREF does not give any warranties, either expressed or implied, concerning the content.



- **The Norwegian Peacebuilding Resource Centre**
- **Norsk ressurscenter for fredsbygging**

The Norwegian Peacebuilding Resource Centre (NOREF) is a resource centre integrating knowledge and experience to strengthen peacebuilding policy and practice. Established in 2008, it collaborates and promotes collaboration with a wide network of researchers, policymakers and practitioners in Norway and abroad.

Read NOREF's publications on www.peacebuilding.no and sign up for notifications.

Connect with NOREF on Facebook or @PeacebuildingNO on Twitter

Email: info@peacebuilding.no - Phone: +47 22 08 79 32