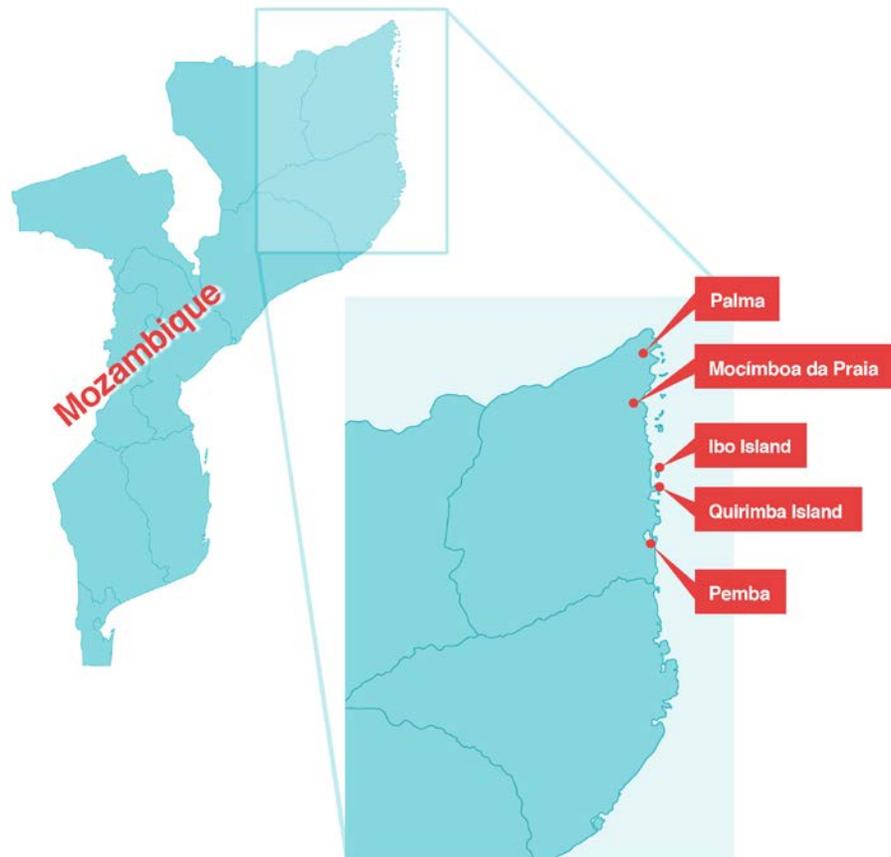


Report from the Field: Perspectives and Experiences of Mozambican Communities and Civil Society on Liquefied Natural Gas Exploitation

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From May 30 to June 16, 2016, Kate DeAngelis, International Policy Analyst at Friends of the Earth U.S., conducted a field study of communities and their lands impacted by the exploration, extraction, and processing of liquefied natural gas (LNG) in northern Mozambique, known as the Mozambique LNG project. With the help and support of three Mozambican organizations, she visited six villages near Pemba, Mocímboa da Praia, and Palma, as well as the islands of Ibo and Quirimba near the gas development, and participated in two workshops with Mozambican civil society. The following report-back provides an overview of the experiences and findings of her trip and documents impacts of gas development that communities claim they are already experiencing, as well as potential future challenges. It is based on discussions with these affected communities, over 20 Mozambican civil society organizations, and ten additional individuals working in the area.



Executive Summary

Interviews, meetings, and discussions conducted by Friends of the Earth U.S. (FOE U.S.) with local communities and Mozambican civil society organizations about the development of gas resources in northern Mozambique reveal devastating harms and a lack of benefits for local communities. Anadarko Petroleum Corp., a Texas-based company, is aiming to liquefy the recently discovered natural gas to export it abroad with financial support from a federal agency, the U.S. Export-Import Bank. Major findings from these meetings and discussions from the point of view of project-impacted communities and local civil society include:

- **Land grabs and inadequate resettlement plans.** Communities report having their land taken from them without consultation or adequate compensation; the rare times compensation is given, it is extremely low. Furthermore, resettlement plans have not taken into account cultural issues that could cause conflicts. For example, one community is to be resettled in another community of a different religion – one majority Catholic, the other majority Muslim. In addition, each of these communities has their own power hierarchy and community leadership, but it appears little, if any, consideration has been given to how these two systems will merge and what the consequences will be. Moreover, the relocating community has been promised new concrete houses, while the host community is not expected to get new homes.



Community that will be relocated for the Mozambique LNG project.

- **Corruption and malfeasance.** There are many layers of alleged corruption and malfeasance – by the government, companies, and con artists. Local villagers shared documents revealing paltry sums provided for land taken and stories of being lied to about what was being offered to them. They signed documents they could not read without any explanation of what they were agreeing to. Communities said that even where companies had provided money for land taken or destroyed, the government had pocketed portions of it. To make matters worse, villagers have allegedly become victim to scammers who take advantage of their desperation for jobs and Anadarko’s failure to provide adequate information about available employment.

- **Lack of local jobs.** The government and Anadarko have told communities that the Mozambique LNG project will provide many high paying jobs. Therefore, many people, especially males in their 20s, are supportive of this project, as they are desperate for employment. Unfortunately, local communities have already reported that the companies are hiring foreigners and urban Mozambicans, and that when they do hire local villagers, they are allegedly paid less even for equal positions. Some locals have asserted that they are hired at low salaries to fulfill local employment mandates without being given any actual work.
- **Harm from and displacement by supporting industry.** Villagers shared stories of their land being unjustly exploited by companies supporting the LNG project to extract materials to build infrastructure for the project, such as sand for construction. Villagers say they have been told they could no longer farm their land, or that they would be punished if they tried. Others reported going to their land only to find that a road or structure was being built without any consultation or warning. This displacement has left them unable to feed their families.



Structure that had been built on a local farmer's land.

Background

The U.S.-based company Anadarko and the Italian company Eni SpA discovered a large natural gas reserve off the coast of northern Mozambique near the town of Palma in 2010. In 2013, China National Petroleum Corporation, a Chinese state-owned oil and gas company, bought 20 percent of Eni's share.¹ Now, U.S.-based Exxon Mobil Corp. is considering buying stakes in the gas reserves as well.² Empresa Nacional de Hidrocarbonetos, E.P. (ENH), Mozambique's national oil company, and a few other companies also own shares of the reserves. The plan is for part of these reserves to be sent south via a pipeline to South Africa and the rest to be exported by large ships – most likely to markets in Asia. To be exported, the gas must be liquefied, which

¹ Leslie Hook & Michael Kavanagh, *CNPC and Eni Deal \$4.2bn Mozambique Deal*, Financial Times, May 14, 2013, <https://next.ft.com/content/f5b37248-8ca8-11e2-8ee0-00144feabdc0>.

² Oleg Vukmanovic & Stephen Jewkes, *Eni Reaches Deal with Exxon on Mozambique Gas Project-Sources*, Reuters, Aug. 5, 2016, <http://www.reuters.com/article/eni-exxon-mozambique-idUSL8N1AM34L>.

is an incredibly carbon intensive process, and then re-gasified once the gas reaches its destination.

The U.S. Export Import Bank (Ex-Im), the U.S.’s export credit agency, is currently considering financing Anadarko’s portion of the gas project, called Mozambique LNG.³ FOE U.S. is working with Justiça Ambiental (JA)/Friends of the Earth Mozambique and the Center for Biological Diversity (CBD) to discourage Ex-Im from supporting the Mozambique LNG project. FOE U.S. and CBD have met with Ex-Im and submitted comments on the project’s environmental and social impact assessment, which laid out the negative impacts that the assessment did not properly take into account. These concerns include:

- The likelihood that land would be taken from local communities without proper consultation or compensation;
- The lack of promised economic benefit for local people, such as employment;
- Diversion of much needed public resources away from health, education, electrification, and other public services in favor of the natural gas development;
- The detrimental impacts on local marine species, including loggerhead turtles and sei whales, as well as important ecosystems, such as mangroves; and
- Climate pollution from the lifecycle of the LNG plant, which can be worse for the climate than coal.



A woman telling how her land has been destroyed as a result of the gas development.

FOE U.S. then visited Mozambique in order to get a better understanding of the impacts that local communities and the environment were already experiencing as a result of the Mozambique LNG project. With the help of other civil society organizations working with local communities in

³ Export-Import Bank of the U.S., Pending and Approved Transactions <http://www.exim.gov/policies/ex-im-bank-and-the-environment/pending-and-approved-transactions> (last accessed Aug. 24, 2016).

northern Mozambique, FOE U.S. and JA were able to meet with project-impacted communities to discuss their reality on the ground and impacts on their lives and livelihoods.

What We Heard and Saw: Learning from Affected Communities and Civil Society

1. Misconceptions and Lack of Benefits

Project-impacted communities as well as many others throughout the country with whom we spoke believe that the natural gas development is going to result in great economic benefits for local people.⁴ Communities reported that Anadarko⁵ and government officials (who are often receiving a salary from Anadarko) are the main sources of information about the gas development. However, it appears that the company and the government fail to discuss the project's potential drawbacks or who will actually be receiving benefits. Despite being weary from the constant interaction with the companies and other groups involved with or concerned about the



Meeting with a project-impacted community.

development, members of the community with whom we spoke and who live closest to the natural gas project (i.e., just outside of Palma) are still in favor of the gas development. Members of these communities told us they believe that they will be receiving large sums of money for their lost land, new homes and hospitals, and a plethora of high paying jobs. For these reasons,

⁴ The communities were not expecting to get electricity from the project. Their excitement for the project mainly stemmed from the prospect for employment. Misconceptions related to the jobs stem from inaccurate information from the government and Anadarko, as well as their own misunderstanding about the project.

⁵ Currently, Anadarko seems to be the only project sponsor that is actually present and with which communities and NGOs are engaging. The other companies that were involved in the past, such as Eni, have stepped back. It is unclear if Eni will reemerge or if another company will take its place. This has resulted in a lot of rumors amongst communities. This uncertainty is part of the reason people are tired and no longer want to talk with outsiders about the project.

with the overall exception of the older generations who are reluctant to lose their land,⁶ the communities closest to the development are largely in favor of the natural gas project. In fact, the younger generations are generally upset that the gas development has stalled and is not moving faster. Their frustration was visible – the community leader of one relocating village with whom we met near Palma tried to stop a community meeting with us because he viewed a question we asked as incendiary. The community reacted by shouting at the leader and demanding that the conversation with us continue.

A major constraint for the communities is the lack of information and transparency about the project and the decision-making processes of the companies and government officials involved in the gas development.⁷ The government filters the information that Anadarko provides, so the communities receive even less information. Communities report that local crooks are taking advantage of the lack of



Overlooking land that companies supporting the gas project had taken from local villagers.

information and scamming desperate people. For example, a man from a community near

Mocímboa da Praia expressed frustration at his attempts to get a job with the companies involved in the gas development. He applied for jobs, such as cook and janitor positions, but was unsuccessful. He was then told that he had to pay to get on the list to even be considered, so finally he paid out of desperation, but he still was not chosen even for an interview. Then, he heard on the radio about classes teaching skills, such as cooking, that would help locals get hired by the gas and related companies. He paid to be a part of these classes, but then never heard back. It was only after payments were made in each case that he and others realized that these were scams.

⁶ Their hesitation was about the connection with the land, not the gas development itself.

⁷ One group, Ordem de Advogados, believes that communities need to use the Right to Information Act, which requires the government to release information upon request. CSOs are not using this legal mechanism even though it could potentially help local communities get greater information. Instead groups tend to focus on writing reports on the issues and impacts of the gas development and stop there. Ordem de Advogados advocated for CSOs to push the government to release more information and be more transparent.

Discrimination in job consideration has also occurred and is likely to get worse if the gas development continues. Community members expressed frustration that they were often passed over for even low-level job opportunities. They contend that companies often prefer to hire foreigners even when locals are capable of performing the duties. When they did get jobs, locals reported being paid less even in high-end positions than foreigners and people from Maputo and other cities in Mozambique. Local people also reported being hired, but never being put to work because they were only hired to provide the companies with a justification for the project (i.e., providing local jobs). Additionally, some people remain in a holding pattern, where they are not allowed to work their own land because they are expected to be relocated, but no project development has actually taken place. This has contributed to a breakdown of trust.

Neither Mozambican law, nor the contract with Anadarko appear to require that locals benefit from the gas development. Article 18 of the contract with Anadarko discusses jobs and training. This article has legal weight, but the contract is vague, simply stating the company should contract with locals as much as possible. It remains unclear as to what this article really requires and how companies must report on how many people have been trained and hired. The Mozambican NGO Centro Integridade Publica (CIP) looked at similar contract clauses for companies working in Indonesia and Afghanistan. Both have much stricter requirements with regards to minimum local employment. A contract in Liberia required that the company provide local energy access as a part of the project. Without the contract obliging Anadarko to meet local hiring requirements, locals will probably be left without the promised jobs.

Meanwhile, foreigners appear to be benefiting most from the gas development. The influx of these workers and others looking for jobs is also partially the cause of inflation, according to a local CSO. Encounters with people working for the gas companies, as well as related industries (e.g., companies providing equipment for the gas development and architecture firms working on related buildings) revealed they were owned and operated by foreigners – mostly from Portugal or South Africa. At one point, a Portuguese woman expressed her happiness that the project looked like it would go forward. When I asked about local communities, she said that they were bound to suffer and that it was for the greater good. Another man from South Africa working for a company involved in the LNG project was equally unconcerned about the plight of local communities; he was getting paid his full salary even though he was not working while the LNG project was on hold. When asked if that was unfair, he simply smiled and responded that he had a good life.



A local villager tells his story of how he has been impacted by the gas development during a meeting with a project-impacted community in northern Mozambique.

2. Land Grabs, Environmental Destruction, and Social Disruption⁸

According to Mozambican NGO Centro Terra Viva (CTV), communities are not being properly consulted about and compensated for their land. Two types of relocations are occurring - complete resettlement and economic resettlement. The government is said to be handling complete resettlement better because the government has been more closely following the legal requirements. Those who are economically displaced have a harder time receiving proper attention and compensation.

⁸ Centro Terra Viva (CTV) reported that so far there has not been a huge increase in crime associated with the gas development.

Serious concerns also exist about whether Anadarko and other companies are following local laws and international environmental and social standards in taking land from local communities. After speaking with these communities, it became evident that they did not fully understand what they were accepting and under what terms. In a village near Mocímboa da Praia, many people had signed forms in Portuguese accepting the equivalent of about 50 USD for the destruction of their land and agreed to not request any more compensation or complain. However, they did not realize that they had signed on to this until we explained it to them because they could not read Portuguese and no one from the company had provided an adequate explanation. We suspect Anadarko, if confronted about this, would claim that the documents had been explained in the local language as mandated by Mozambican law, even though that clearly was not the case.

Moreover, the needs of and impacts on host communities receiving relocating communities are often overlooked. For example, one receiving community we visited is majority Christian while the relocating community is majority Muslim, which raised the specter of potential conflict. It is unclear whether Anadarko or the government officials involved knew or took into account the fact that these differences existed. Furthermore, there appeared to be little consideration given to what would happen to the different power structures of the two villages. Each village had its own leader and hierarchy, and each one expected to keep that power structure in place. Maintaining the status quo, however, would not be possible; with the combination of these two villages, one would have to cede power or form some sort of power sharing agreement. Further creating tension is the fact that the community being relocated has been promised new houses, but it does not seem as though the receiving community will be given the same. Furthermore, the host community will need to give up land for both houses and crops for the relocated community to live and farm. It remains unclear how the receiving community will be compensated – if at all – for this lost land. Anadarko has also promised to build schools and a hospital for those people being relocated, but the timeline and exact plans are unclear.



A woman stands next to the land that she once farmed.

Additionally, the extraction of resources required for the gas development is hurting communities close to Pemba. These communities are allegedly not receiving compensation for their lost land because they are not seen as being directly impacted by the gas development. A large amount of sand and stone are needed for the gas development, which has resulted in multiple allegations of companies

stealing and destroying land in order to get to these resources. Sometimes families received a warning, while other times locals simply found their land taken over by an unknown company. Land has also allegedly been taken to make roads for these operations. One woman brought us down a series of bumpy dirt roads to what had been her plot of



Trekking through the bush to a villager's land that has been destroyed.

land. The crops that she had planted were now withering because she had been told she was forbidden from farming there. As a widow, she now has no way to feed her children. The day we spoke with her, she stood defiantly surrounded by the land she had called her own, but she did not dare harvest her crops. Another person took us



Mangroves near Ibo Island.

down another series of dirt roads and then through the bush to what had been his plot of land. On his land now stood a recently built structure where foreigners were living and working, but with whom none of us were able to communicate due to a language barrier. The man speculated that the foreigners worked for a Chinese company that was using the land to take sand and stone for the gas industry, but the exact details and purpose of the construction remained unclear.

In addition to community impacts, gas exploration and related infrastructure from the Mozambique LNG project are already damaging the local environment. Interviews with hotel owners and a local tour operator revealed concerns about the impacts of the gas development on wildlife and the environment. One hotel owner on Ibo Island said

that she has already seen the impacts on the island and in nearby Pemba, where wildlife and tourism have been almost completely destroyed. For instance, whales, which used to stop in the bay at Pemba on their journey south for the winter, no longer come into Pemba or are seen for much shorter times in the area. According to the hotel owner and other locals, Anadarko is trying to remove or downgrade the Quirimbas National Park⁹ designation to make it easier for Anadarko to conduct its business and harm surrounding animal life. Locals believe it is likely that Anadarko will be successful.



Quirimba Island: pollution from the natural gas exploration has already hurt the local wildlife.

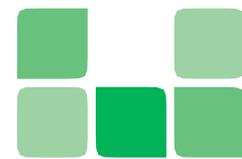
⁹ Located off the northern Mozambican coast, Quirimbas National Park is a park established in 2002, protecting close to two million acres of coastal forests, mangroves, and coral reef and includes 11 islands.

3. Government Obstruction and Harassment

The government wants the development of the country's gas resources to go forward, and we experienced its threats to those who stand in the way first-hand. According to local CSOs and our own experience during this trip, when CSOs try to apply pressure, the government responds with threats and aggression. The government has claimed that CSOs who have talked to communities were trying to stoke conflict. In an incident prior to our visit, CTV was actually brought to the police station, interrogated at 6 AM, and accused of being in Palma as crooks trying to get money from the project, even though the government had been given advanced notice of the purpose of CTV's visit. In addition, CTV has been removed from meetings with government officials because they expressed views or asked questions that the government did not like. These types of threats have caused some groups to step back or stop working on issues surrounding the gas development altogether.

Prior to our own visit, we were not even sure we would be allowed to go to Palma. We had to alert local government officials ahead of time that we were coming and then meet with them before meeting with any of the local communities. When we met with the district officials, they took our phones away to make sure that we were not tape recording the meeting. The reason why became quickly obvious, as they openly threatened us. One official said he knew who we were and that he would come after us if we caused trouble. He said that when meeting with local communities, he would know what we had said and what questions we had asked even before we had left the community. The truth of this statement became evident when an Anadarko truck showed up to one of our meetings with a local community; the driver claimed that he just happened to be in the village at the same time, but he did stop and listen for a little bit and seemed concerned about the purpose of the meeting.

Local CSOs believe that the government has very little interest in clarifying or guaranteeing the rights of, and benefits for, communities. Even when companies do provide information, it is filtered through the government and much of it does not reach the local communities. For example, in 2013 local communities tried to contact Anadarko personnel who were open to meeting, but the government intervened and stopped any meeting from occurring. A similar situation appears to be true with regards to compensation; much of the money provided by the companies allegedly ends up in the pockets of government officials. For example, during the gas exploration phase, the government received a sum of money for trees that were destroyed. However, the government reportedly disbursed the funds to local communities based on government tables of what the trees were worth, which was much less than their actual value, leaving much of the money in the hands of government officials.



Conclusion

The Mozambique LNG project in the northern province of the country is already having severe impacts on local communities, as well as the environment. The gas development is currently on hold due to issues involving the country's debt, political instability, and low gas prices. If the development resumes, the impacts will only worsen. We can expect to see more land stolen and more community upheaval; greater pollution from gas extraction, processing, and transportation; and more wildlife and ecosystems destroyed by construction, shipping traffic, and likely spills. U.S. taxpayer dollars should not be used to facilitate such harm to local communities and the environment. The U.S. Export-Import Bank must not finance Anadarko or any other corporation to develop liquefied natural gas in Mozambique.



Children watch our meeting with the village leaders.