

# Briefing

## Funding the fire: UK support for Liquefied Natural Gas (LNG) in Mozambique

### Summary

- **The UK has pledged \$1.15 billion of UK Export Finance (UKEF) to an offshore Liquefied Natural Gas (LNG) project in Mozambique.**
- Friends of the Earth is suing the UK government in a claim for judicial review, arguing that the funding decision was unlawful. This was because the project and its funding were incompatible with the UK and Mozambique's commitments under the Paris Agreement, and the UK government was wrong to conclude otherwise. The case will be heard from 7th to 9th December.
- The project would speed up climate breakdown and devastate the coast, threatening UNESCO-listed nature sites.
- Interest and investment in the LNG project have fuelled local conflict and human rights abuses, from both Mozambique government-backed forces and mercenaries, and an armed insurgency. Thousands have been killed, nearly 750,000 displaced, and many left without homes or livelihoods.
- **The UK government must immediately withdraw its funding and support of the Mozambique LNG project and instead invest in renewable energy and other sustainable projects in the region.**

### Introduction

In 2010, deposits of natural gas were discovered off the coast of the Cabo Delgado region in Mozambique, and **in July 2020, the UK pledged \$1.15 billion (currently approximately £850 million) of UK Export Finance (UKEF) to support an offshore Liquefied Natural Gas (LNG) project** to extract this deposit. This and other LNG projects in the region have been set up by energy companies Total, Eni and ExxonMobil, and the UK's investment sits alongside investment from several other countries.

### The legal challenge

Friends of the Earth has brought a claim for judicial review of the UK government's decision to fund the project. The challenge rests on the argument that the decision was made on the incorrect basis that the project is compatible with the UK and/or Mozambique's commitments under the Paris Agreement; and that the government failed to consider essential issues or carry out the necessary analysis to determine whether the project does indeed align with these commitments. For example, the climate assessment of the project did not assess compatibility with keeping the global temperature rise to 1.5° Celsius, which the Prime Minister has said we must keep alive.

### The contribution to climate and nature breakdown

The LNG projects proposed in Mozambique involve drilling for gas on the seabed, transporting the gas to an onshore station where it is turned into liquid form and then shipped to foreign buyers. **This liquefaction process is incredibly energy intensive, making it even worse for the environment than natural gas drilling.**

As a result, the potential climate impacts of the project are huge. **The construction phase alone was estimated to increase the greenhouse gas emissions of Mozambique by up to 10% by 2022.** There will be even greater emissions from the end use/ burning of the gas, estimated to be around 116MtCO<sub>2e</sub> per year: **equivalent to the total emissions from the aviation sector for all EU member states combined.** But the project's climate impact was inadequately assessed: it was only considered against a 2°C global temperature rise target rather than the 1.5°C target which is at the heart of the Paris Agreement, and which the Prime Minister repeatedly said during the recent global climate talks that we must keep alive. In addition, the LNG projects will sit on the uniquely beautiful and pristine Cabo Delgado coastline, as well as neighbouring UNESCO biosphere Quirimbas Archipelago. The projects risk polluting and causing irreversible damage to these important nature sites.

A 2021 report by the International Energy Agency – which was commissioned by the UK government and welcomed by COP26 president Alok Sharma – argued that many LNG liquefaction facilities currently under construction or at the planning stage are surplus in a net zero emission scenario and will therefore aggravate climate breakdown while also becoming stranded assets and creating a huge unnecessary liability and cost for the Treasury.

## Background: conflict in Cabo Delgado

The amount of interest and money flowing into Cabo Delgado has generated a huge amount of conflict. Local people have been stuck between several opposing groups, including the Mozambique government, which has been putting the interests of foreign investors first. There is evidence of energy companies paying the government to deploy soldiers to protect their interests, and **increased military presence has led to reports of human rights abuses by the army, such as killings of local people and the extorting and blackmailing of families** for the financial compensation they received from Total. The government has also brought in mercenaries from South Africa, Russia and Ukraine, many of whom are in Mozambique illegally and some of whom have been accused of indiscriminate killings. Impoverished local people, who feel disrespected and frustrated when seeing their regions' wealth plundered by the government and corporations, are now a prime recruitment target for the ongoing armed insurgency, which recently besieged the town of Palma. Reported human rights abuses have included abductions forced marriages, sexual violence, and forcible recruitment of children to these insurgent groups.

The Mozambique government is promoting a narrative of “foreign Islamic terrorists” disrupting the LNG projects, but this does not represent the reality of the situation, nor reflect the role that the LNG projects have had in drawing those eager to profit and fuelling violence in an impoverished region of a country which is both one of the poorest in the world, and still recovering from a bloody civil war. **Since 2017, thousands of civilians have been killed and nearly 750,000 have been forced to flee**, chased from their homes with very few possessions.

Beyond the conflict, **550 families were directly displaced via corporate land grabs, and access to fishing grounds was blocked to make way for the infrastructure required for the LNG projects.** Promises from the LNG industry of new land and jobs have not been met, and displaced families now struggle to make a living without their traditional livelihoods.

The situation for these local communities has been further worsened by **Total's decision in April 2021 to issue a "force majeure"** (a clause in contracts that removes liability for natural and unavoidable catastrophes, including armed conflict) in response to the growing conflict. Total were quick to evacuate its own staff and contractors, only later offering the same opportunity to the local population. The force majeure also means that previously promised compensation will likely never be seen by the local people.

Our sister organisation, Justiça Ambiental! (Friends of the Earth Mozambique) has aptly summarised the situation using an African proverb: "when the lion and the elephant fight, it is the grass that suffers."

## The politics of the LNG project

In December 2020, Boris Johnson announced that UKEF will no longer fund fossil fuel projects abroad, and a new policy was announced in March 2021. The Mozambique LNG project is a legacy of the previous policy, and funding would not be allowed under the current policy. It is also both one of the largest financial packages for fossil fuels ever offered by UKEF, and a larger package than any other country is providing for the Mozambique LNG project.

**The original decision by UKEF to invest in the project was approved by the Secretary of State for the Department of International Trade (DIT), and the Treasury. The government can choose to withdraw its support from the project at any time.**

The UK is taking steps to be a climate leader and continuing support for the Mozambique LNG project is hypocritical. Not only will it contribute to the climate crisis, it also undermines our ability to authoritatively ask other countries to set their own net zero commitments, move away from fossil fuels and provide financing for poorer countries to transition to renewable energy sources.

Lord Goldsmith, Minister for Defra and FCDO, with responsibility for the international environment, has himself [admitted](#) in March 2021 that a driver of the conflict in Mozambique has been "the prospect of the arrival of massive gas income, which people worry they might not see [with this concern] being exploited by [the insurgency]" [and that](#) "with any luck, the Mozambique project will be the last [UKEF funded fossil fuel] project". But there is no need for the UK to continue to support even this project. Furthermore, there were [reports](#) that the Prime Minister had been "bounced" into approving the scheme by UKEF, with Boris Johnson reportedly "furious" alongside Alok Sharma and Dominic Raab, who raised concerns that UKEF had been operating outside proper ministerial oversight.

Beyond the politics, however, it is unjustifiable for the UK – via the UKEF financing – to contribute to the continuation of a conflict that is inflicting human rights abuses on some

of the poorest communities in the world. Despite this, when UKEF was challenged on the issue it insisted that the project was a good investment.

## Fund climate solutions not climate destruction

Mozambique is one of the poorest and most vulnerable countries in the world. It was recently ranked 181st out of 187 countries in the UNDP's Human Development Index and is considered one of the most climate vulnerable nations in the African continent. In August 2021, a report by UNICEF ranked Mozambique tenth in the world in terms of countries where children are most at risk from the impacts of climate change. The UK has a responsibility to support Mozambique, but doing so in a way that creates armed conflict, encourages human rights abuses and contributes to climate breakdown will help no-one.

At COP 26, the Prime Minister said that he was committed to curbing the climate crisis. And since then, COP President Alok Sharma has written that *"The 1.5C limit lives. We brought it back from the brink. But its pulse remains weak. We must steer it to safety". Stopping funding the fire must be the first step"*.

The UK government must **immediately withdraw its funding and support for the Mozambique LNG project and instead invest in community-owned renewable energy and other sustainable projects in the region.**

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