# Armed Conflict in Mozambique in 2013: Another Resource Curse?<sup>20</sup>

#### Cornelia Körtl

MSc. Development Economics, School of Oriental and African Studies, University of London. Email: cornelia.koertl@gmail.com

#### **Abstract**

In the context of an investment boom in the extractive sector, Mozambique recently experienced another armed conflict. The correlation between natural resources abundance and dependence and violent conflict is widely known as 'resource curse'. This study examines whether the outbreak of armed conflict in Mozambique is a resource curse. The research finds that natural resources are related to but insufficient to explain the outbreak of armed conflict. The new discovery of natural resources changes both the magnitude and distribution of rents what threatens the existing power distribution between the waring parties, Frelimo and Renamo. The change in power distribution changes the socioeconomic and political context, or political settlement, and when these changes give rise to certain conditions, violent conflict emerges. These conditions explain the outbreak of armed conflict in Mozambique.

# **Key Words:**

Armed Conflict, Distribution of Power, Mozambique, Natural Resources, Political Settlement, Rent-Allocation, Rent-Seeking, Resource Curse, Resource Rents

<sup>&</sup>lt;sup>20</sup> I want to thank Prof. Mushtaq Khan for supervising this project.

### Introduction

From 2013 to 2014 Mozambique was shaken by a new wave of violence between Frelimo (Frente de Libertação de Moçambique), the party in governance, and Renamo (Resistência Nacional de Moçambique), the country's main opposition party. These are the same parties who fought in Mozambique's bloody civil war from 1977 to 1992. The causes of this recent conflict in Mozambique are hitherto unexplored. Referring to general developments in Mozambique, various scholars argue that the unprecedented expansion of the resource sector has unsettled Mozambique's political economy and political stability is undermined by various actors attempting to capture resource rents (Perez-Nino and LeBillon, 2013, Castel- Branco, 2010a; Castel- Branco, 2010b; Castel- Branco, 2011; Castel- Branco, Sulemane et al, 2005; Massarongo and Muigana, 2011).

In fact, the extractive sector has expanded considerable since the mid-2000s: with 22% growth in 2013, the resource sector is the fastest growing sector in the economy (African Economic Outlook, 2014; Worldbank, 2014). Moreover, Renamo, whose attack on a police station in April 2013 initiated further violent clashes between Renamo and government troops, justified their attack by accusing the government to exclude Renamo and the wider population from the country's economic growth and to amass the benefits from the extractive sector for its own profit alone (AFP, 2013; Dzinesa and Wache, 2014).

The timely coincidence of natural resource discoveries and the sector's rapid expansion with incidences of armed conflict is a well-known phenomenon in academia and among international development practitioners, described as the resource curse. The resource curse circumscribes the frequent observation made that natural resource abundance in developing countries is not a blessing that fosters general and economic development, but that turns into a "curse", causing economic breakdown and civil war. While the exact definitions of the resource curse vary, in this paper it is defined as the correlation between natural resource abundance and dependence and a higher risk of outbreak of civil war (Wenar, 2008).

This paper seeks to understand the causes of the outbreak of armed conflict in

Mozambique, and asks "Is the recent outbreak of armed conflict in Mozambique in 2012 a resource curse?" It is argued that natural resource rents are indeed related to the outbreak of armed conflict but that they are by themselves an insufficient explanation. Rather, the new discovery of natural resources changed the magnitude and distribution of rents and thereby the political settlement, i.e. the distribution of power between Renamo and Frelimo. As this changed general socio-economic and political conditions, violence became a realistic but also the only option for Renamo to achieve what they consider their fair share of rents. Thus, the research contributes to theory development in the resource-curse literature: to understand the causes leading to armed conflict in the context of natural resource abundance/dependence, it is necessary to analyse how resource rents change the underlying power structure in society.

The paper proceeds as follows: Section II reviews literature on the natural resources-conflict correlation. Section III shows that orthodox theories explaining the natural resource curse are insufficient, as they neglect the socio-economic and political context within which natural resource abundance or dependence become a "curse". It introduces a framework to analyse under which conditions violence results in a natural resource context. Section IV describes the hypotheses to be tested and explains the methodology and data used; section V tests the hypotheses. Section VI discusses the results and section VII concludes.

#### Literature review

Empirical studies found evidence that natural resource-rich<sup>21</sup> and resource-dependent countries<sup>22</sup> are more likely to experience outbreaks of civil war (Collier and Hoeffler, 1998;

\_

<sup>&</sup>lt;sup>21</sup> The correlation between natural resources and conflict is statistically significant for gemstones, timber, narcotics and minerals but not for agricultural products (Ross, 2004; 2006).

<sup>&</sup>lt;sup>22</sup> Resource abundance and dependence are two distinct phenomena: Resource abundance regards the absolute amount of resource rents available in per capita terms, irrespective of other sources of income. In contrast, resource dependence means that resources rents are the most important income source compared to other value-adding activities (de Soysa, 2000; de Soysa 2002; Ross, 2006). It implies a "mineral economy", where mineral production constitutes at least 10% of GDP and mineral exports least 40% of total exports, according to a Worldbank-definition (Nankani, 1979).

2002; de Soysa, 2002; Ross, 2004; 2006)<sup>23</sup>. For example, Collier and Hoeffler (1998; 2002) examined 52 civil wars from 1960 to 1999 and discovered an inverted U-shaped relationship where the likelihood of conflict increases until the resource exports-to-GDP ratio is 32%, where the risk of rebellion is highest. They also found a statistically significant correlation of 18.9% and 30.5% between primary commodity exports, and the likelihood of civil war initiation and separatist wars, respectively. Mineral and especially oil abundance and dependence play a distinct role in this correlation. De Soysa (2002) finds a statistically significant correlation between mineral wealth and the risk of conflict: a standard deviation increase in the logged value of the squared per capita mineral wealth increases the risk of conflict by 78%. Similarly, Fearon and Laitin (2003) found that where countries derive at least one-third of export revenues from fossil fuels, the likelihood of civil war outbreak more than doubles. Ross (2006) found that a country with no fuel rents had a conflict risk of 0.92%, whereas a country with fuel rents had a risk of 0.995% to 1.85%, for oil rents per capita ranging from 100US\$ to 1000US\$, after subtracting extraction costs.

Economic-based theories vary in explaining this correlation. The grievance theory argues that resource-rich countries are often characterized by poor economic policies and consequentially suffer from slow growth and poverty. Resulting economic inequalities cause grievances among some parts of the population, what eventually results in rebellion to remove the government responsible for these poor policies (de Soysa, 2002; Fearon and Laitin, 2001). Collier and Hoeffler (2002) challenge the grievance-causing theory. They argue that since primary export dependence and not economic inequality is statistically significant for civil war outbreak, the resource- conflict relation is explained through greed.

Two versions of the greed-theory exist, loot-seeking and state-capturing wars. In loot-seeking wars, so-called "point" resources (i.e. diamonds or timber), which are easy to loot, provide a motive for rebellion, as rebel groups form to loot these resources and profit through selling them as contraband. State-capturing wars are more relevant to capital-intensive resources, such as offshore gas reserves, which are difficult to loot. Here, tax income from commodity exports increase the state revenues and henceforth make state

<sup>-</sup>

<sup>&</sup>lt;sup>23</sup> Literature is not always clear on the distinction between resource abundance and dependence. Often, resource abundance is measured in terms of dependence and both are used as synonymous (Basedau, 2005; Basedau and Lay, 2009; Ross, 2006).

capture and control more valuable, inspiring revolts (Basedau, 2005; Collier and Hoeffler, 1998; Faeron and Laitin, 2001).

Political perspectives explain the natural resource curse through different versions of the rentier-state theory. According to Mahdavy (1970), rentier-states are countries whose public revenues accrue mainly from natural resource rents instead of taxation. As the state earns income mostly from natural resource rents, the government is independent of distributional demands of interests groups in society and henceforth establishes no bargaining relationship with them<sup>24</sup> (Karl and Reno, 1997; Moore, 1998). In this setup, conflict arises for various reasons, depending on the respective theoretical assumptions. For instance, Collier and Hoeffler (2005) argue as there is no democratic accountability on how resources are allocated, governments become predatory, with short time horizons, and extract resources from the population for elite plundering and political redistribution, instead of investing into long-term growth. Other versions build on neo-classical theory and implicitly assume that as rents are higher in resource-abundant countries, the level of rent-seeking is also higher, leading to more waste and inefficiencies. As resources are no longer allocated to investment and growth<sup>25</sup>, the economy remains stagnant at low income levels and grievances and opposition to the government mount, rendering the country prone to conflict (Chaudhry, 1994; Collier and Hoeffler, 2005; Karl, 1997; More, 1998; Weinstein, 2005).

## Introducing the framework of analysis

While literature on the resource curse suffers from several weaknesses, the most profound one is that the above presented theories falsely presume that greed, grievances or rent-seeking ultimately lead to the outbreak of violence. The theories fail to explain under which socio-economic and political circumstances grievances, greed or rent-seeking result into

<sup>&</sup>lt;sup>24</sup> Here, the distinction between resource abundance and dependence is especially important. Resource abundance might not necessarily create conditions in which conflict breads, as other viable economic alternatives exist, and the government receives tax income from other, not only natural resource, income streams. The case of resource dependence is different, as it implies a monolithic economic structure that reduces alternatives to earn income. This incites grievances and clientelist networks what makes conflict likelier (Basedau, 2005; Bausedau and Lay, 2009).

<sup>&</sup>lt;sup>25</sup> The exact reasons for waste and inefficiencies vary: Murphy et al. (1993) for example argue that resources are waster in the attempt to influence public authorities, as economic opportunities no longer arise over market competition but over political relationships. Krueger (1974) argues that resources are no longer allocated to the most efficient user but to the most corrupt agent, i.e. who pays the highest bribes.

violence (Basedau, 2005; Di John, 2002). The rentier-state theory, for example, does not specify under which socio-economic and political conditions reductions in investment, low growth and conflict result. There is a distinction between costs of rent-seeking and their outcomes, which depend on the socio-economic and political conditions under which rents are allocated. Rent-seeking under strong patrimonial states for instance lead to significant economic growth rates and developmental outcomes (Khan, 2000b).

The rentier-state theory also ignores how rulers maintain power. In the process of building a durable coalition, state leaders in mineral rich economies may prevent violent conflict by buying-off the opposition (Basedau and Lay, 2009; Di John, 2007; Wantchekon, 2002). Yet, the theory does not explain under which circumstances political violence results instead of the above-described process of building political stability. Furthermore, it comprises no analysis of when predatory behavior dominates developmental behavior in a mineral rich economy (Di John, 2002). Olson (1993) shows that "stationary-bandits", i.e. rulers, who have a long-term horizon to be in power, have an incentive to invest in growth as this maximizes the state's and hence the ruler's revenues in the long-run.

Di John (2007) criticizes the greed-theory from a rent-seeking perspective, arguing that it falsely assumes that non-violent forms of rent-seeking are ineffective in mineral rich economies and that rent-seeking is ultimately violent. In the context of natural resources, rents are income earned from their exclusive ownership (Khan, 2000a). Since rents award higher-than-normal income, they also create the incentive to change, create, maintain or defend the rights and institutions they are based on (Khan, 2000b). According to Khan (2000b), rent-seeking is an input-output process, where the input of rent-seeking is the expenditure of resources and effort in creating, maintaining and changing the rights and institutions particular rents are based on. Activities include *influencing* the state to be granted rents, *capturing* the state to be able to directly create and allocate rents, or activities to *control* the state to create and protect rents. These activities can be legal or illegal, formal or informal, and range from political lobbying, bribing to engaging in armed conflict<sup>26</sup> (Khan, 2000b). Thus, a priori, greedy rebels dispose over a wide range of rent-seeking activities;

<sup>&</sup>lt;sup>26</sup> While neo-classical theories argue that since the availability of rents causes rent-seeking and corruption,

need to be abolished through competitive markets, heterodox theories argue that rents are always present, even in competitive markets (Mauro, 1995; 2004; Khan, 2000a).

yet the greed theory does not specify why rebels would opt for violent instead of non-violent forms of rent-seeking. The same critique can be extended to the other presented theories: they do not explain why grieving rebels or oppositions in rentier-states would not employ non-violent forms of rent-seeking.

Based on the discussion on rent-seeking, the natural resource curse can then be conceptualized as the result of different groups competing for natural resource rents and for this purpose, engaging in violent forms of rent-seeking. From this discussion it becomes clear that the socio-economic and political context is important to define which strategies, or choices over types of rent-seeking activities, rebels employ. A convincing analytical framework must address the socio-economic and political conditions under which groups competing for natural resource rents employ violent instead of non-violent rent-seeking. Conceptualizing natural-resource conflicts as chicken games based on Knight (1992) and placing them into Khan's political settlement analysis (2010) provides such a framework. The political settlement analyses the distribution of power across organizations within a certain socio-economic and political context. The political settlement is the distribution of holding-power across political, economic and bureaucratic organizations that is reproducible over time. It is the result of a historical process during which organizations created and modified institutions to derive a reproducible power structure. Olson (2009) argues that the organizational capabilities of successfully coordinating collective action and raising resources from members are the basis of holding-power. Khan (2010) adds that success in mobilizing based on ideologies and the broader organizational configuration of society, which also affects the success of a particular organization in coordinating collective action, to Olson's definition.

In developing countries, activities based on formal property rights are often not productive enough to generate the necessary income to fully protect and sustain formal institutions. Therefore, income based on formal institutions is often a less important basis form holding-power in developing countries (Khan, 2010). Rather, informal incomedistributions based on patron-client networks are much more important, where patron-client networks are defined as "repeated relationships of exchange between specific patrons and their clients" (Khan and Jomo, 2000, p.10). Patron and clients are usually distinguished by status and power (Khan and Jomo, 2000). Formal institutions are therefore informally

adjusted to bring them closer to the actual power distribution across organizations. In this context, organizations that have historically given power to organize groups along particular tribal, ethnic, caste or other ideology-based lines can be much more successful in organizing collective action in developing countries (Khan, 2010).

Holding- power defines how long organizations can hold out in distributive conflicts over rents with other organizations and defines the strategies different organizations use. The overall distribution of holding-power defines how rents are allocated through rent-seeking. The overall societal outcome of the rent-seeking process depends on the net-effects of this input-output process, where the rent-seeking cost is the input cost, and the outcomes associated with the rent-allocation are the outcomes or 'outputs' of the process (Khan, 2000b). As the rent-allocation implies particular economic and political outcomes, it can help to explain whether the country experiences political stability or instability. If the relative distribution of holding-power across organizations is such, for example, that organizations are able to consistently challenge each other and the current rent-allocation, then this political settlement implies considerable social conflicts and political instability. Hence, the political settlement should not be interpreted as a necessarily stable pattern of social interaction, as it can evenly be an 'equilibrium' that entails patterns of repeated instability.

When new rents emerge through the new discovery of natural resources, competition to define the rights over these rents and determine their allocation might intensify, as they have not yet been incorporated into the current pattern of rent-allocation. This can lead to the outbreak of violence when following conditions are satisfied. To exemplify these conditions, distributive conflicts over the allocation of newly discovered resource rents are framed as a chicken game based on Knight (1992). In the context of natural resources, they are zero-sum games, where property rights over resources are exclusive and the gain of one group equals the loss of the other<sup>27</sup>. A priori, distributive conflicts, or chicken games, are never-ending conflicts. As one group's dominant strategy implies its gain in the

<sup>-</sup>

<sup>&</sup>lt;sup>27</sup> This assumption is based on the rational that the direct benefits of the newly discovered resource rents go into the pocket of that group that succeeds in enforcing exclusive property rights over the natural resources. This way that group receives all direct benefits from these resource rents and control how the rents are further allocated. Indirect benefits accruing from re-inducement of these rents into the overall economic cycle when the rents are further spent are hence excluded from this analysis.

distributional outcome and a loss for the other group, it induces the losing group to change its strategy to enforce its own dominant strategy and secure distributional gains, and so on. The conflict continues until one group can enforce its dominant strategy on the other group and set the distributive outcome in its favour.

This, in turn, depends on the relative distribution of holding-power, as it defines how long a particular organization can hold-out in the rent-seeking conflict with other organizations or the state (Knight, 1992). Usually, the final rent-allocation of the distributive conflict would then correspond with this distribution of holding-power, such that powerful groups receive more rents and less powerful groups receive less or no rents. Yet, the strategy a group chooses to employ also depends on the opposing groups' perceptions of the relative distribution of holding-power. It is this perception that defines whether a group believes that violent or lengthy forms of rent-seeking will be successful or whether it believes that the other group's holding-power is larger than its own and hence agrees to accept a lessfavourable distributive outcome. For violence then to arise in distributive conflicts, violent forms of rent-seeking must be perceived as a successful strategy to change the distribution of rents. This is the case when the opposing group's share of holding-power is perceived to be too weak to withstand violence and/or if the aggressing group perceives its own share as strong enough to exercise violence and if the aggressing group is able and willing to absorb the cost and pain of violence long enough until it sets the distributive conflict in its favour.

The discussion illustrates two conditions necessary for distributive conflicts over newly discovered natural-resource-rents to result in violence: i) there is a zero-sum distributive conflict between two (or more) significantly powerful organized groups that have holding-power to mobilize wider support in conditions of conflict; ii) both sides believe they can win or the one side believes it can hold out long enough in a conflict to mobilize its potential supporters sufficiently to change the balance of power. These conditions alone are, however, insufficient for violence to arise; further conditions are: iii) there must be some event that is perceived as unjust and/or can be presented as such and that serves as a trigger for violence to breakout; and vi) violence is the only effective way or a much more effective way compared to alternatives in changing the terms of rent-allocation. The last condition implies two sub-conditions: iv) non-violent forms of rent-seeking have been

tried and have failed for one or both groups in achieving what they perceive as their just share of rents; v) violence is perceived as an effective way of changing the terms of rentallocation.

The new discovery of natural resources can function as such a trigger, when it produces a new rent-allocation that changes the operational equilibrium based on the current power distribution. If these rents are disproportionately captured by a group and if that is perceived as illegitimate by another group or the broader population, or if the group is not yet powerful enough to defend the property rights over the natural resource rents captured, in proportion to the rents it has captured, the perceived injustices or weakness of that group can motivate other groups to challenge the beneficiaries of rents. It is important to emphasize here, that the existence of a trigger does not ultimately lead to violence. Rather, violence is only likely to break out if this trigger emerges in a context in which non-violent forms of rent-seeking have been tried and failed or are perceived as ineffective for groups to achieve what they perceive as their fair share of rents. For instance, violent rent-seeking can be thought as the only effective strategy vis-a-vis an otherwise superior opponent, whose legitimacy would, however, be severely affected if it engaged in violence (Wantchekon, 2002). Whether this occurs or not is determined by the general socioeconomic and political context, or, as it is defined here, by the political settlement.

To give the example of a political settlement of a strong patrimonial state, where both, the lower-level opposition within the ruling coalition and the opposition outside the ruling coalition are weak, the country is usually politically stable, and ceteris paribus, violence is unlikely. When resource rents change the current rent- allocation, however, the previously weak opposition groups outside the coalition might perceive this as injustice to a sufficient extent to mobilize their supporters ideologically in more aggressive ways. Lower-level individuals within the ruling coalition may feel that they have a bigger claim to rents that they can pursue by forming alliances with some of the groups that are excluded. If the leadership of the ruling coalition suppresses non-violent forms of rent-seeking to the extent that the excluded believe that non-violent rent-seeking will be ineffective in changing the allocation of rents sufficiently, the newly empowered opposition might gradually resort to violence to influence the state or to capture it (Khan, 2010).

## Conceptualization, hypotheses, methodology and data

The conflict in Mozambique shows the characteristics of a natural resource curse. Mozambique is resource abundant and, to an extent, resource dependent. Its mineral deposits are vast, as current estimates of recently discovered offshore natural gas reserves project Mozambique fourth in the ranking of global natural gas reserves. Coal reserves are similarly impressive with total estimates amounting to 25 billion tons and the Moatize basin in Tete holding one of the world's largest known coal deposits (Abrahamson et al., 2013; UNICEF, 2013). Mineral production contributed more than 20% to GDP from 2003 to 2008 and 19.4% from 2009 to 2012 (UNCTAD Dataset, 2014). The main driver of GDP growth has been foreign direct investment (FDI) in mega-projects in the resource sector since the mid-2000s (African Economic Outlook, 2014). Yet, mineral exports do not reach 40% of exports nor does the resource sector considerably contribute to public revenue due to substantial tax exemptions. Yet, with the introduction of the new tax code and several coal mines soon becoming operational, these figures are expected to increase (UNCTAD, 2012; UNICEF, 2013). As battle-related deaths were more than 25 in 2013, the conflict can be defined as armed conflict (UCDP, 2014a;b).

Based on the above derived theoretical framework, following hypotheses are tested:

- a) The new discovery of natural resource rents increased the total amount of rents in the country.
- b) Natural resource rents are almost exclusively allocated to Frelimo members.
- c) The incorporation of natural resource rents changed the power distribution between Frelimo and Renamo.

George and Bennett (2005) define a case study as "an instance of a class of events" (p.17), where a class of events is chosen to be studied with the aim of developing a theory or generic knowledge regarding. A case study is hence a well-defined historical episode and not a single historical event. They were also the first to outline process-tracing in a systematical manner. According to George and Bennett (2005), process-tracing attempts to establish which combination of events XYZ had a causal effect on outcome W, while drawing data from different sources (documents, archives, interviews). The hypotheses are tested by looking at the facts and sequence of events and evaluating them against the theoretical claims, debating their explanatory power in comparison to viable, alternative theories, thereby assessing the (in)validity of the proposed theory. The timeframe examined in this case study begins with the Peace Agreement in 1992 that solved the civil war (1977-

1992) and ends with the outbreak of the recent armed conflict. The outbreak of armed conflict is defined by the first incidence of using armed force when RENAMO attacked the police station in April 2013. The data examined are historical accounts on the peace-building process after the end of the civil war, archives and data from national government and non-governmental agencies and data from international organizations.

Critics of case-study-methods point out that process-tracing is an invalid scientific method because the variance of the independent variables cannot be controlled. Therefore, it cannot be determined if the resulting variance in the dependent variable is because of variances in the independent variables and causal relationships can be established (King et al., 1994). George and Bennett (2005) counter that statistical methods are evenly incapable of establishing causal relationships, as correlation is not causation. Moreover, the epistemological logic of interference is the same: deriving testable implications from the theory, testing these implications against the data and based that. rejecting/accepting/modifying the theories in accordance with the results.

King et al. (1994) further outline that because of the single-observation research design of case studies, it is impossible to know how representative the case is for the broader population, and generalizations would lead to incorrect inferences. George and Bennett (2005) highlight that the aim of case studies is not to generalize but to be specific and nuanced about the causal mechanisms suggested by theories that were established through large-n studies and find refinements to their general-held explanations. In this regard, large-n studies risk "conceptual stretching" (Sartori, 1970) through oversimplification, losing specificity and neglecting differences within the sample or special cases (outliers, deviant cases). Thus, it is a choice with a trade-off between greater explanatory richness within one case versus less explanatory power across other cases.

Overall, the choice of which scientific method to choose depends on the researcher's aim. George and Bennett (2005) argue that if the aim is to closely examine the hypothesized role of causal mechanisms within the context of an individual case, to allow for causal complexities such as equifinality or if variables are otherwise difficult to quantify, case-study-methods are more advantageous than other scientific approaches. Yet, if the aim is to identify the average causal effect, i.e. how much do the respective independent variables

contribute to the variance in the dependent variable, then statistical methods but not case studies are the scientific method to choose. A cautionary note must be added to when using data such as documents or archives in the process-tracing method. Data such as documents or archives might show only an incomplete course of events or might even be misleading. Especially official archives might have been deleted or certain events were not documented in the first place if it regards sensitive issues or if the respective event was judged as too insignificant to be documented. Therefore, it is indispensable to check across different sources to ensure that data are complete and correct (Tansey, 2007).

# Testing the hypotheses

## Have the new discovery of natural resource rents increased rents in Mozambique?

Natural mineral deposits have been discovered in the 1960s but commercial exploitation only started in the mid-2000s. In cooperation with Mozambique's energy company ENH, the South African company SASOL exploits the onshore gas resorts in Inhambane province (est. 3.5 tcf) since 2004. The game-changing natural gas deposit offshore the Rovuma Basin (est. 250+ tcf) is being commercially explored since 2011-2012. The US oiland-gas company Anadarko, India's Videocon Industries Limited and Italy's energy conglomerate ENI are the main investors in these gas fields. Sales of exploration licenses have also attracted China National Petroleum Corporation and interest has been expressed by Petronas, Vitol Group, Exxon Mobil Corporation, Royal Dutch Shell plc and BP plc. Vale, a Brazilian mining company, and Rio Tinto, a British-Australian company, have mostly invested in the coal sector, and the Moatize basin (est. 25 billion tons) has further attracted over 30 other international mining companies. SASOL also possesses exploration licenses for offshore gas reserves in the Mozambique Basin (Abrahamson, et al., 2013; UNICEF, 2013). Correspondingly, foreign direct investment (FDI) has significantly increased since 2005 (figure 1). Illustrating FDI inflows per sector from 2001-2009, figure 2 shows that with 43%, or \$1416 million, the extractive sector received the biggest share of total FDI. Figure 1 also shows that most FDI was directed towards mega-projects in the resource sector.

Supposedly the investment boom in the natural resource sector has increased the availability of rents through business opportunities around the extractive industry, acquiring ownership shares of the investing companies or obtaining exploration licenses.

Yet, when looking at the formal economy, it is unclear to what extend this increased the availability of formal rents. Figure 3 shows low levels of oil, mineral and gas rents, partly explained through high initial investment costs. Figure 4 shows companies' payments made to Mozambique's government and the value received as stated by the government. Stated payments include all benefits the government receives from the respective company (profit taxes, royalties, dividends, licenses, concessions, payments in-kind and other significant payments made to the government) (EITI, 2008).

However, the share of government revenues from natural resources of total government income is low (figure 5). The small contribution of natural resource revenues in total government revenues can be explained by the unfavourable contract terms of gas contracts. The contracts follow the Production Sharing Agreement model where in the first 5-10 years of exploitation, companies retain the larger portion of gas to compensate their high initial investment costs during the exploration period with the sale proceeds.

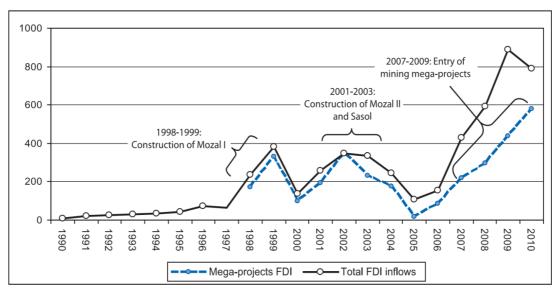
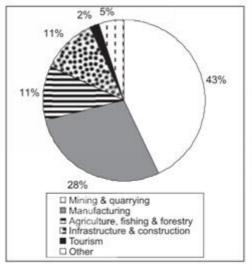


Figure 1: FDI inflows to Mozambique and share of mega-projects from 1990 to 2010 in Million Dollars (source: UNCTAD, 2012)



12
10
8
6
4
2
0
2
0il rents (% of GDP) NY.GDP.PETR.RT.ZS

Natural gas rents (% of GDP) NY.GDP.MINR.RT.ZS

Mineral rents (% of GDP) NY.GDP.MINR.RT.ZS

Figure 2: FDI inflow by sector in % from 2001 to 2009 (source: UNCTAD, 2012)

Figure 3: Natural resource rents as a share of GDP. Rents are calculated as the commodity price unit minus the average unit production cost, multiplied by the production volume (source: World Bank World Development Indicator, 2015)

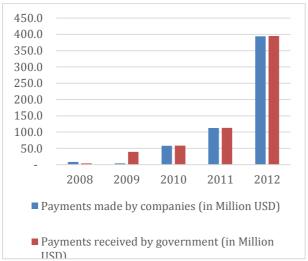


Figure 4: Company payments and government receipts in extractive sector from 2008 to 2012 (source: data compiled from EITI reports)

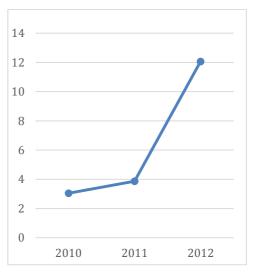


Figure 5: Share of natural resource revenues in total revenues excluding grants in % (source: data compiled from EITI reports and World Bank World Development Indicator)

Secondly, most gas contracts, including those regarding the Rovuma Basin, were negotiated before 2007 where major tax exemptions on corporate income were granted to attract foreign investment through tax incentives. Revisions of the laws governing the natural resource sector that are to improve the contract terms for the government are still pending in the parliament (UNICEF, 2013). Moreover, the extractive sector is an enclave with few linkages to other economic sectors and presents few economic opportunities to the country. The country's formal employment structure is weak: only 500,000 people out of a total labour force of approximately 10 million are employed in the formal sector, indicating a large informal economic sector (Abrahamson, et al., 2013). Based on this evidence it seems that formal rents have not increased substantially because of the resource boom.

# Informal natural resource rents are almost exclusively captured by Frelimo party members

There are indications, however, that informal rents have substantially increased and that individuals associated with the party in governance, Frelimo, have almost exclusively benefited from those. The National Petroleum Institute (NPI) is in charge of granting hydrocarbon licenses through public tender, simultaneous negotiations or direct negotiations, yet it is frequently criticized that contracts are negotiated on a case-to-case basis behind closed doors without public consultations (Revenue Watch Institute, 2013; UNICEF, 2013). While the General Tax Directorate of the Finance Ministry collects royalties and taxes from extraction companies, the NPI collects the company payments designated for social and capacity-building funds. These payments are not listed in the treasury and information on their management is not publicly available (Revenue Watch Institute, 2013). Details on natural resource contracts are not publicly available and the state insists on keeping the contract specificities secret (CIP, 2013a; CIP, 2014; UNICEF, 2013; Revenue Watch Institute, 2013). Against this background it is very difficult to assess the precise contribution of natural resource rents to overall rents available in Mozambique's economy and it provides ample opportunities for informal rent-seeking activities.

There is evidence that Frelimo members have almost exclusively benefited from the natural resource boom by using their position as a state official or their network constructed while holding political office. A number of national holding companies were created that hold

exploration licenses or ownership shares of international extraction companies. Other companies furnish the natural resource industry with the services needed, such as construction, infrastructure, security and housing. The companies are headed by former bureaucrats or politicians, who are all Frelimo party members. A striking example provides the ENH state company itself, where the current director Paulino Gregório, the former director Victor Julien and the current head of the legal department, Iolanda Matsinhe, set up the company Investments and Hydrocarbons Ltd, whose objective is to acquire and manage holdings in the hydrocarbon area (CIP, 2012a;b;c; CIP, 2013b).

Another illustrative example provides President Guebuza who set-up a number of investment and holding companies with business associates and family members (figure 6). Evidently, state officials use their position to control developments in the extractive sector. They act as gatekeepers in joint ventures with foreign investors to facilitate the acquisition of licenses, induce MNCs to hire politically connected contractor firms in engineering, equipment supply or procurement and influence relevant public policies and law-making (Besseling, 2013; Castel-Branco, 2010a; Levy, 2013). Evidently, Frelimo members use their position in state and politics to capture resource rents.

# The incorporation of the new resource rents changed the power distribution between Frelimo and Renamo and made violent rent-seeking a viable strategy

Mozambique's political settlement before the resource boom originates in the peace-building process and subsequent socio-economic and political developments following the Peace Agreement that ended the civil war in 1992. Since the first general elections in 1994, electoral support for Frelimo has been high, and Frelimo continuously receives the majority in parliament and provides the President. Since the government is composed of Frelimo members, Frelimo's Political Committee, the party's political-advisory organ, can exercise direct influence on the government and policy-making. Moreover, party membership is

Figure 6: Business connections of Guebuza, family members and close business and political associates and their links to the extractive sector (sources: data compiled from AllAfrica, 08.05.2012; AllAfrica, 22.08.2013; AllAfrica, 15.10.2013; Besseling, 2013; Mail and Guardian, 06.01.2012; Frelimo, 2012a; Frelimo, 2012b; World Finance, 04.03.2024; http://www.igepe.org.mz; http://www.insitec.co.mz/)

Armando Guebuza President of Mozambique	<ul> <li>Stakes in Intelec Holdings, in gas joint venture with SASOL, Trans         African Connection (road) and Cornelder (Beira and Quelimane Port         operator)</li> <li>Holds seven mineral exploring licenses in Rovuma Basin through         Intelec Holdings and TATA Moz; licenses were assigned when         Guebuza became President</li> </ul>					
Celso Correia Chairman of Insitec Holdings and Banco Comercial e de Investimentos Member of the Central Committee of FRELIMO	<ul> <li>Guebuza's close business and political associate</li> <li>Partner for joint ventures with Brazil</li> <li>Insite and Celso Correia have 40% stakes in Mphanda Kkuwa hydroelectric dam</li> <li>Currently lobbying to construct a Liquefied Natural Gas plant</li> </ul>					
António Sumbana Minister in the Presidency	<ul> <li>Guebuza's right-man in politics</li> <li>Owns Mbatine Investimentos Ltd, which co-owns Idopetro SA (oil and gas sector management)</li> </ul>					
Salimo Amad Abdula Chairman of Intelec Holdings	<ul> <li>Guebuza's key ally: Intelec is chief-service provider to Electricidade de Moçambique</li> <li>Involved in joint ventures of energy transformation for gas and oil</li> </ul>					
Mussumbuluko Guebuza Board member of Intelec Holdings	<ul> <li>Son of Guebuza</li> <li>Has stakes in gas sector, together with his sister Valentina Guebuza</li> </ul>					
General Tobias Dai Former Defence Minister Member of the Central Committee of FRELIMO	<ul> <li>Guebuza's brother-in-law</li> <li>Has shares in Intelec</li> <li>Part of deal with ENRC, Eurasia Natural Resources, to obtain coal exploitation license</li> </ul>					
Valentina Guebuza Daughter of Armando Guebuza	<ul> <li>Amongst others stakes in logistics, trade, mining</li> <li>Created the mining company Dai Servicon Limited together with Tobias Dai and Mussumbuluko Guebuza</li> <li>Co-Director of import-export company Mozambique Investment and Development Limited</li> </ul>					
Nuno Oliveira Head of Petromoc, state-owned oil company FRELIMO member	Petromoc is involved in the joint venture pipeline with South African firms					
Apolinário Panguana Chairman of Iegepe President of Council of Ministers Member of Political Committee of FRELIMO	<ul> <li>Close political associate of Guebuza</li> <li>Igepe has shares in transport and mining sectors</li> <li>In 2013, investments in gas transformation plant</li> <li>Shares in Petromoc, state-owned oil company, Petróleos de Moçambique</li> </ul>					

wide-spread within the population. This way, Frelimo was able to fill ministry and other important public positions within the civil service, police and military with Frelimo members. Essentially, Frelimo captured state institutions and has almost exclusive control over the policy-making and legislative process, using public-policy to consolidate its power (Besseling, 2013; Castel-Branco, 2010a; Funada-Classen, 2012; Levy, 2013; Pitcher, 2001).

For example, Frelimo used the privatization process to enhance the party's influence in the private sector. In the 1990s, Mozambique privatized about 1100 companies, 90% of which were sold to nationals (Pitcher, 2001). Former Frelimo combatants and government officials, Frelimo party supporters, former managers of state companies and military officers obtained ownership and/or management positions in the privatized firms. Most of the total pledged national private investment (about \$328million) was allocated in Maputo, which is Frelimo's stronghold until today. Investment comprised all main economic sectors, ranging from agriculture, industry, trade to service (banking). Frelimo ensured that companies that were not privatized are headed by Frelimo members; they are used to invest into private companies and the banking sector. Thus, a new class of capitalists emerged from the privatization process with strong links to Frelimo and who dominates economic processes in the country until today (Castel-Branco et al., 2001; Pitcher, 2001). These developments resulted in Frelimo providing the only pathway for social mobility: Loyal and worthy party members ascend the ladder of hierarchy within the government and the party, with corresponding increases in salary and business opportunities to acquire wealth (Sumich, 2010).

In contrast, Renamo lost electoral support over time (figure 7) and was unable to fill public positions with Renamo members to use those for their economic and political benefit (Castel-Branco, 2010a; Funada-Classen, 2012). Its domain of influence remained in the regions it also controlled during the civil war: the North and center (Levy, 2013). These regions are characterized by unproductive economic activities, such as subsistence farming in mostly rural communities and were hence unable to provide Renamo with (in)formal income sources (Funada-Classen, 2012). Renamo's income came mostly from donors who provided funding to support Renamo's transformation into a political party; yet, this support also declined over time (Manning and Malbrough, 2010).

Thus, already before the natural resource investment boom, the distribution of holding-power was already favourable to Frelimo and disfavourable to Renamo. Clearly, Frelimo has captured state institutions and uses its organizational capacity to mobilize substantial resources and people. Being the party in governance it has access to the public revenues. Frelimo further uses the state to allocate rents based on the patron-client network it has established, where the party members in leadership represent the patron and loyal party

members the clients. Latter benefit from public policies and ascend the hierarchical ladder of the state and in the private sector. Being the historic leader of Mozambique's independence fight has guaranteed Frelimo's electoral support. Renamo's holding-power is more grounded on ideology than organizational capacities or economic resources. Based on the electoral support especially from voters in the rural regions it dominated during the civil war, Renamo wins parliamentary seats, yet, electoral support has declined since the first general elections (figure 7). The regions under Renamo's influence are characterized by unproductive economic activities, unable to furnish Renamo with (in)formal income sources and Renamo has no bargaining-power in political decision-making. Mozambique's political settlement is constituted of a strong patrimonial state, where the excluded coalition is weak and lower hierarchy levels of the included coalition re-enforce the power structure of the party within the state. The private sector depends on the state, and therefore Frelimo, as a business partner.

However, recent developments related to the natural resource sector have changed the distribution of holding-power between Frelimo and Renamo. Although Frelimo has amassed all benefits and further consolidated its state and economic power, it lost support in the wider population. Opposition to the government has been mounting throughout the country over the past few years. Demonstrations in Maputo discredited President Guebuza and Frelimo members as corrupt and the government's policies as prejudicing the country's general social and economic development (Hanlon, 2009; 2010). Indeed, economic growth based on the natural resource boom has not translated into the country's employment structure as shown earlier. Poverty prevails with a rate of 54.7% and a life expectancy of 48 years is below the sub-Saharan average of 52 years (Abrahamson et al., 2013; African Economic Outlook, 2014). At the same time, internal opposition of Frelimo's leading cadre towards the current government has been increasing as party leaders are aware of the risk of losing legitimacy and electoral support within the population (Besseling, 2013; Perez-Nino and LeBillon, 2013). Thus despite Frelimo's continuous control over economic processes, state institutions and policy-making, it has lost its hold within the population. Party-internal opposition to the leadership and the population's opposition increased, making Mozambique to a weak patrimonial state.

October 1994				December 1999		December 2004		October 2009		
Province	Frelim	Renam	U	Frelim	Renam	Frelim	Renam	Frelim	Renam	MD
	О	О	D	О	О	О	О	О	О	M
Niassa	7	4	/	6	7	9	3	12	2	/
Cabo	15	6	1	16	6	18	4	19	3	/
Delgado										
Nampula	20	32	2	24	26	27	23	32	13	/
Zambezia	18	29	2	15	34	19	29	26	19	/
Tete	5	9	1	8	10	14	4	18	2	/
Manica	4	9	/	5	10	7	7	12	4	/
Sofala	3	18	/	4	17	6	16	10	5	5
Inhamban	13	3	2	13	4	15	1	15	1	/
e										
Gaza	15	/	1	16	/	17	/	16	/	/
Maputo	17	1	/	14	2	14	2	15	1	/
City										
Maputo	12	1	/	12	1	12	1	14	1	3
Total	129	112	9	133	117	158	90	189	51	8
Seats										

Figure 7: Results of general elections per party and per province from 1994 to 2009 (source: Funada-Classen, 2012)

# Discussion: Does the change in the distribution of holding-power between Frelimo and Renamo explain the outbreak of armed conflict?

This section discusses to what extend the conditions outlined in section III are satisfied and argues that the incorporation of newly discovered natural resource rents changed the power distribution between Renamo and Frelimo in such a way that violent rent-seeking strategies became the only alternative as well as a strategy with a prospect of success. The allocation of newly discovered resource rents increased Frelimo's holding-power in the state and economic sector to such an extent that violent forms of rent-seeking become the only strategy for Renamo to effectively alter rent-allocation. At the same time, the population's mounting opposition to Frelimo's government and the party itself also weakened the party's hold within the population and ability to mobilize population support. This made Renamo perceive violent rent-seeking as a strategy with prospect of success.

To begin with, the conflict over the distribution of resource rents and control over state institutions between Frelimo and Renamo is indeed a zero-sum distributive conflict. Property rights over natural-resource-exploitation are exclusive and the history of civil war has framed Frelimo and Renamo as two opposing, mutually exclusive groups. The patron-client network around Frelimo ensures that benefits from resource rents are exclusively

allocated to Frelimo members. The zero-sum nature of the conflict disabled the President to buy-off Renamo's opposition. Second, Frelimo has significant hold on the population and can mobilize wider support in conditions of conflict. Frelimo's wide support amongst the population is assured through its historical role as independence fighter. The party mobilizes people through the state's organizational capacity and the exclusionary and coercive channels of social mobility and space-of-negotiation it has created (Sumich, 2010). Renamo's organizational capacities to mobilize people are much more limited than Frelimo's due to their marginalized position in politics and economics (Perez-Nina and LeBillon, 2013). Moreover, Renamo's hold on population is threatened as the electorate growingly discredits Renamo as a credible alternative to Frelimo illustrated by recent election results (Funanda-Classen, 2012).

Frelimo's superior organizational capacity should affect Renamo's choice of strategies, ranking violent strategies as less effective (Khan, 2010). Where state and insider clients are perceived as powerful enough to resist rent-seeking challenges, rent-seeking expenditure is low. In this regard, violent rent-seeking implying substantial expenditures should not emerge, given that Frelimo is strongly entrenched in state institutions (Khan, 2000b). Similarly, Knight (1992) would argue that because of Frelimo's economic superiority, its intentions to fight Renamo are more credible: if it came to a full-fledged conflict, having more financial means to acquire military equipment, Frelimo could easily wipe out Renamo. In this regard, Renamo should not consider violence a strategic option as the risk of losing is too big.

However, when including recent changes in the distribution of holding-power stemming from the population's and party-internal mounting dissatisfaction with Frelimo and its leadership, it becomes clear why violent rent-seeking is thought to be effective. The population discrediting the government as corrupt and its economic policies as unjust and internal opposition within the Frelimo's leading cadre growing gives Renamo the opportunity to position itself as an alternative to Frelimo (Hanlon, 2009; 2010). They can capitalize on the population's dissatisfaction by presenting themselves as fighting for the population's cause of a fairer distribution of the economic benefits of resource rents, giving Renamo the prospect to mobilize substantial population support if it comes to a full-fledged conflict. Although intensions are difficult to proof, it can be argued that

Renamo is playing this strategy: Dhlakama accused Frelimo of having "systematically concentrated power" and of having amassed economic benefits, while excluding the population (Dhlakama in Africa Journalism, 2014; and in Dzinesa and Wache, 2014). Moreover, Dhlakama presented himself as the "voice of the poor", able to generate democratic change in the country (Dhlakama in Njanji, 2014). The population demonstrated several times for a peaceful resolution of the conflict (AFP, 2014). Consequently, if Frelimo engaged in a long-lasting and broad-based violent conflict, the population might not mobilize on Frelimo's side.

Thus, with Frelimo being perceived to be unable to exercise violence and mobilize masses and having high costs attached to the use of violence, i.e. losing legitimacy, Renamo's perceived holing-power increased. Moreover, the dwindling population support for Frelimo gives Renamo the prospect of mobilizing broad population support. These factors make the use of violent rent-seeking appear to be a successful strategic option. What is

more, non-violent forms of rent-seeking seem to have proven ineffective: Renamo had engaged in several months of negotiations to alter the terms of rent-allocation and influence on state institutions before using violence (Hanlon, 2009; 2010). Yet, because Renamo has to a large extent been marginalized in political decision-making and economic processes, non-violent rent-seeking were ineffective. Against this background, violent rent-seeking now seems a viable but also the only alternative left for Renamo to alter the rent-allocation to their favour.

Overall, the changes in the political settlement satisfy all but one of the above-mentioned conditions. First, there is a zero-sum distributive conflict between two groups that have some hold on the population. Second, the weaker side, Renamo, seems to believe it can hold out long enough in a conflict to mobilize its potential supporters sufficiently to change the balance of power. Third, Guebuza accumulating the newly discovered resource rents is perceived as unjust. This served as a trigger to seek confrontation. The confrontations resulted in violence because non-violent rent seeking has been tried but was unsuccessful, and given the changes in the political settlement, violence was perceived as an effective way of changing the terms of rent-allocation. Merely the condition that violence must be seen as the only effective strategy is neither necessary nor sufficient to

explain the outbreak of armed conflict in Mozambique; the remaining conditions are sufficient to do so.

In contrast, the theories outlined in Section II are insufficient to explain the outbreak of violence in Mozambique. Surely, economic inequalities implied through the resrouce rent allocation caused grievances among Renamo-members. However, this is insufficient to explain why violence and not other types of rent-seeking (which should be less costly) was believed to be and effective and chosen. The same arguments apply for the greed-theory. The rentier-state-theory seems applicable to Mozambique's case: Guebuza established a patron-client relationship and his government extracts resources from the population. As the economy remains stagnant, violent conflict emerged. Yet the rentier-state theory does not explain under which circumstances violence emerges in a low-growth context, what the framework employed here does. Clearly, a broader understanding of the socio-economic and political circumstances is fundamental to understand the outbreak of violent conflict in

#### Conclusion

This paper examined whether the recent outbreak of armed conflict in Mozambique is another resource curse. The analysis shows that the conflict is indeed related to natural resources but that the socio-economic and political context defines whether resources become a curse or not. Studying how newly discovered resource rents change the rent-allocation, thereby altering the distribution of holding-power in a specific political settlement and setting the pallet of rent-seeking strategies expected to be successful, gives a better account of why violence emerges in resource-rich and dependent countries. If these changes lead to certain conditions violence emerges.

In Mozambique's case, resource rents coming from an investment boom in the mid-2000s enriched President Guebuza and his close allies but has also weakened Frelimo's internal organizational unity and undermined the party's legitimacy within society. While Frelimo withstood non-violent rent-seeking attempts of Renamo the modified political settlement attributed to changes in the magnitude and distribution of rents undermined Frelimo's holding power and made violent rent-seeking an effective alternative strategy for Renamo. The discussion shows that all but one of the above-described conditions arose. They

explain the outbreak of armed conflict in Mozambique.

As one case study can be an exception to general tendencies and is therefore insufficient to deduce theoretical implications, cross-country comparative analysis can enhance the understanding of the theoretical relevance of rent-allocation, holding-power and political settlement theory for causes of conflict. Future research can further improve the analysis by examining how dynamics would specifically change in resource-abundant or resource-dependent countries.

#### References

Abrahamson, D., Gonzalez, P. R., Herb, E., Jee-Zen Lin, J., Khan, L., Labua, A., Meisenheimer, J., Newson, M., Ocampo-Maya, C., Strickler, B. (2013). Mozambique: Mobilizing Extractive Resources for Development. *Extractives for Prosperity, Volume III*. New York: Columbia School for International and Public Affairs.

AFP (06.09.2012). Mozambique projects \$5.2 bn yearly earnings from gas. *Modern Ghana Africa News*.

AFP (13.08.2013). Renamo claim killed 36 security officers. *News24*. Retrieved July, the 14<sup>th</sup>, 2014.

Africa Journalism (05.09.2014). President Armando Guebuza and ex-rebel leader Afonso Dhlakama bring an end to two-year conflict ahead of October poll. Africa Journalism. Retrieved June, 14<sup>th</sup>, 2015.

African Economic Outlook (2014). *Mozambique*. Retrieved August, the 21<sup>st</sup>, 2014 from <a href="http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/CN">http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/CN</a> Long EN/Mozam <a href="bique">bique</a> EN.pdf.

AllAfrica (05.10.2013). *Mozambique: The Inheritance and the Sins of the 'Glorious' President Guebuza*. Retrieved July, the 23<sup>rd</sup>, 2014 from http://allafrica.com/stories/201310072118.html.

AllAfrica (08.05.2012). *Mozambique: Guebuza Receives Businessmen in London*. Retrieved July, the 22<sup>nd</sup>, 2014 from http://allafrica.com/stories/201205081024.html.

AllAfrica (11.12.2013). *Mozambique: Dependence on Foreign Aid Continues to Decline*. Retrieved August, the 21st, 2014 from http://allafrica.com/stories/201312120066.html.

AllAfrica (22.08.2013). *Mozambique: Igepe Introduces New Management Model.* Retrieved July, the 22<sup>nd</sup>, 2014 from http://allafrica.com/stories/201308221301.html.

AP (20.08.2013). Moz plans for vote despite boycott threat. *News* 24.Retrieved, July, the 14<sup>th</sup>, 2014 from <a href="http://www.news24.com/Africa/News/Moz-plans-for-vote-despite-boycott-threat-20130820-2">http://www.news24.com/Africa/News/Moz-plans-for-vote-despite-boycott-threat-20130820-2</a>.

Basedau, M. (2005). Context Matters-Rethinking the Resource Curse in Sub-Saharan Africa. Retrieved July, the 12<sup>th</sup>, 2014 from http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=906983

Basedau, M., & Lay, J. (2009). Resource curse or rentier peace? The ambiguous effects of oil wealth and oil dependence on violent conflict. *Journal of Peace Research*, 46(6), 757-776.

Besseling, R. (2013). Mozambique-Political Dynamics, Regulatory Outlooks and Infrastructure Risks. IHS

Country Risk Analysis and Forecasting, Africa. Retrieved July, 12<sup>th</sup>, 2014 from http://macua.blogs.com/files/exclusive-analysis\_africa\_moz.pdf.

Castel-Branco, C. (2010a). Economia extractiva e desafios de industrializazao em Mozambique. In Brito, L., Castel-Branco, C., Chichava, S. and Francisco, A. (eds.). Economia estractiva e desafios de industrializazao em Mozambique. Maputo: IESE.

Castel-Branco, C. (2010b). Considerazoes sobre desafios de mobilizazao de recursos domesticos. Comunicazao apresentada no lanzamento do African Economic Outlook 2010. Maputo: IESE.

Castel-Branco, C. (2011). Desafios da Mobilizazao de Recursos Domesticos. Revisao crítica do debate (No. 8/2011). Maputo: IESE.

Castel- Branco, C., Cramer, C. and Haili, D. (2001). *Privatization and economic strategy in Mozambique* (No. 2001/64). WIDER Discussion Papers/World Institute for Development Economics (UNU- WIDER).

Castel-Branco, C., Sulemane, J., Fernandes, F., Tivane, A. & Paulo, E. (2005). *Macroeconomics of scaling- up aid: the Mozambican case.* Background paper for DFID- ODI study on the macroeconomic impact of scaling up aid. Retrieved July, the 9<sup>th</sup>, 2014 from http://www.iese.ac.mz/lib/cncb/Macroeconomics\_of\_Aid\_and\_FDI.pdf.

Centro de Integridade Pública Moçambique (2012a). *The business interests of public managers in the extractive industry*. Retrieved March, 17<sup>th</sup>, 2015 from <a href="http://www.cip.org.mz/">http://www.cip.org.mz/</a>.

Centro de Integridade Pública Moçambique (2012b). *Tendências de Migração dos Interesses Empresariais da Elíte Política Moçambicana*. Retrieved March, 17<sup>th</sup>, 2015 from http://www.cip.org.mz/.

Centro de Integridade Pública Moçambique (2012c). *Tema: Empresas ou Firmas da Elíte Política e Económica Moçambicana à Moda James Bond*. Retrieved March, 17<sup>th</sup>, 2015 from <a href="http://www.cip.org.mz/">http://www.cip.org.mz/</a>

Centro de Integridade Pública Moçambique (2013a). *Mozambique Government seeking to retain contract secrecy*. Retrieved March, 17<sup>th</sup>, 2015 from <a href="http://www.cip.org.mz/">http://www.cip.org.mz/</a>.

Centro de Integridade Pública Moçambique (2013b). Elíte Política Moçambicana à Caça de Contratos de Prestação de Serviços na Indústria Extractiva. Retrieved March, 17<sup>th</sup>, 2015 from <a href="http://www.cip.org.mz/">http://www.cip.org.mz/</a>.

Centro de Integridade Pública Moçambique (2014). *Importante projecto logísitco para a viabilização de liquefacção de gás natural em Cabo Delgado concessionado sem transparência*. Retrieved March, 17<sup>th</sup>, 2015 from <a href="http://www.cip.org.mz/">http://www.cip.org.mz/</a>.

Chaudhry, K. A. (1994). Liberalization and the Lineages of the Rentier-state. *Comparative Politics*, 27(1):1-25.

Collier, P. and Hoeffler, A. (1998). On economic causes of civil war. Oxford economic papers, 50(4): 563-573.

Collier, P. and Hoeffler, A. (2002). Greed and grievance in civil war. Oxford economic papers, 56(4): 563-595.

Collier, P. and Hoeffler, A. (2005). Resource rents, governance, and conflict. *Journal of Conflict Resolution*, 49(4), 625-633.

Collier, P. and Hoeffler, A. (2006). The Political Economy of Secession. In Hannum, H. and Babbitt, E. (eds.). *Negotiationg Self-Determination*. Lanham: Lexington Books, pp. 37-59.

De Soysa, I. (2000). Are civil wars driven by rapacity or paucity? In Berdal, M.& Malone; D. (eds.). *Greed and Grievance - Economic Agendas in Civil Wars*, Boulder: Lynne Rienner, pp. 113-135.

De Soysa, I. (2002). Paradise Is a Bazaar? Greed, Creed, and Governance in Civil War, 1989-1999. Journal of Peace Research, 39(4): 395-416.

Di John, J. (2002). Mineral Resource Abundance and Violent Political Conflict: A Critical Assessment of the Rentier-state Model (No. 20). Crisis States Programme Development Research Center, London: London School of Economics and Political Science.

Di John, J. (2007). Oil Abundance and Violent Political Conflict: A Critical Assessment. *Journal of Development Studies*, 43(6): 961-986.

Dzinesa, G. and Wache, P. (2014). *Mozambican elections: what to make of Dhlakama's intention to run for president.* Institute for Security Studies. Retrieved July, 17<sup>th</sup>, 2014 from http://www.issafrica.org/iss-today/mozambican-elections-what-to-make-of-dhlakamas-intention-to-run-for-president.

Extractive Industries Transparency Initiative (2008). *Mozambique 2008 EITI Report*. Retrieved March 17<sup>th</sup>, 2015 from <a href="https://eiti.org/report/mozambique/2008">https://eiti.org/report/mozambique/2008</a>.

Fearon, J. D. and Laitin, D. D.(2003). Ethnicity, Insurgency, and Civil War. *American Political Science Review* 97(1): 75-90.

Frelimo (2012a). *Comissao Política*. Retrieved August, 1<sup>st</sup>, 2014 from http://www.frelimo.org.mz/composicao-politica.

Frelimo (2012b). *Lista de Membros do Comite Central*. Retrieved August, 1st, 2014 from http://www.frelimo.org.mz/comite-central/membros.

Funada- Classen, S. (2012). The Origins of War in Mozambique: A History of Unity and Division. Tokyo:

Ochanomizu Shobo Co. Ltd.

George, A. L. and Bennett, A. (2005). Case Studies and Theory Development in the Social Sciences. Cambridge: MIT Press.

Hanlon, J. (2009). Mozambique: the panic and rage of the poor. Review of African Political Economy, 119.

Hanlon, J. (2010). Mozambique: The war ended 17 years ago, but we are still poor. *International Journal for Socialist Renewal.* Retrieved, July, 17<sup>th</sup>, 2014 from http://links.org.au/node/1541. http://www.news24.com/Africa/News/Renamo-claim-killed-36-security-officers-20130813.

Karl, L. T. (1997). The Paradox of the Plenty: Oil Booms and Petro States. London: University of California Press, Ltd.

Karl, L. T. and Reno, W. (1997). Shadow States and the Political Economy of Civil Wars. In Berdal, M. and Malone, D. (eds). *Greed and Grievance: Economic Agendas in Civil War*. Boulder, CO: Lynne Rienner, 2000.

Khan, M. H. (2000a). Rents, efficiency, and growth. In Khan, M. K. and Jomo, K. S. (eds.). Rents, Rent- seeking and Economic Development, Cambridge: Cambridge University Press, pp: 21-69.

Khan, M. H. (2000b). Rent-Seeking as a process: Inputs, rent-outcomes and net effects. In Khan, M. K. and Jomo, K. S. (eds.). *Rents, Rent-seeking and Economic Development, Cambridge:* Cambridge University Press, pp: 70-144.

Khan, M. H. (2010). *Political Settlements and Governance of Growth-Enhancing Institutions*. Monographs. Retrieved July, 12<sup>th</sup>, 2014 from https://www.soas.ac.uk/staff/staff31246.php. [unpublished].

Khan, M. H. and Jomo, K. S. (2000). Introduction. In Khan, M. K. and Jomo, K. S. (eds.). Rents, Rent-seeking and Economic Development, Cambridge: Cambridge University Press, pp. 1-20.

King, G., Keohane, R.O. and Verba, S. (1994). *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton: Princeton University Press.

Knight, J. (1992). *Institutions and Social Conflict*. Cambridge: Cambridge University Press.

Krueger, A. (1974). The Political Economy of Rent-Seeking Society. *American Economic Review*, 64(3): 291-303.

Levy, B. (2013). Seeking the Elusive Developmental Knife Edge. Zambia and Mozambique - A Tale of Two Countries. In North, D. C., Wallis, J. J., Webb, S. B. and Weingast, B. R. (eds). *In the Shadow of Violence: Politics, Economics, and the Problems of Development.* Cambridge: Cambridge University Press.

Mahdavy, Hossein (1970): Patterns and Problems of Economic Development in Rentier States: The Case of Iran. In Cook, M. A. Studies in the Economic History of the Middle East,

London: Oxford University Press.

Mail and Guardian (06.01.2012). Mozambique's 'Mr Guebusiness'. Retrieved July, 22<sup>nd</sup>, 2014 from http://mg.co.za/article/2012-01-06-mozambiques-mr-guebusiness/.

Manning, C. and Malbrough, M. (2010). Bilateral Donors and Aid Conditionally in Post-Conflict Peacebuilding: The Case of Mozambique. *Journal of Modern African Studies*, 48(1): 143-169.

Massarongo, F. and Muigana, C. (2011). Finaciamento do Estado com recurso a devidaproblemas e desafios. In Brito, L., Castel-Branco, C., Chichava, S. And Francisco, A. (eds.). *Economia estractiva e desafios de industrializão em Mozambique*. Maputo: IESE.

Mauro, P. (1995). Corruption and Growth. *The Quarterly Journal of Economics*, 110(3): 681-712.

Mauro, P. (2004). The Persistence of Corruption and Slow Economic Growth. *IMF Staff Papers*, 51(1): 1-18.

Moore, M. (1998). Death without Taxes: Democracy, State Capacity and Aid Dependence in the Fourth World. In Robinson, M. and White, G. (eds.). *The Democratic Developmental State: Politics and Institutional Design.* Oxford Studies in Democratisation, Oxford: Oxford University Press.

Moore, M. (2004). Revenues, State Formation, and the Quality of Governance in Developing Countries. *International Political Science Review*, 25(3): 297-319.

Muller, E. N. (1985). Income Inequality, Regime Repressiveness, and Political Violence. *American Sociological Review*, 50: 47-61.

Murphy, K. M., Shleifer, A. and Vishny, R. W. (1993). Why is Rent-Seeking So Costly to Growth? *American Economic Review Papers and Proceedings*, 83(2): 409-414.

Nankani, H. (1979). Development Problems of Mineral Exporting Countries. *World Bank Staff Working Paper* 354, Washington, D.C.: World Bank.

North, D. C., Wallis, J. J., & Weingast, B. R. (2009). Violence and social order. A conceptual framework for interpreting recorded human history. New York: *Cambridge University Press*.

Njanji, S. (15.10.2014). *Moz election: Dhlakama "voice of the poor"*. Retrieved June, 14<sup>th</sup>, 2015 from <a href="http://www.iol.co.za/news/africa/moz-election-dhlakama-voice-of-the-poor-1.1765163#.VX16SPntmko">http://www.iol.co.za/news/africa/moz-election-dhlakama-voice-of-the-poor-1.1765163#.VX16SPntmko</a>.

Olson, M. (1993). Dictatorship, Democracy, and Development. *American Political Science Review*, 87(03): 567-576.

Olson, M., & Olson, M. (2009). The logic of collective action: public goods and the theory of groups (Vol. 124). Cambridge: Harvard University Press.

Perez-Nino, H. and LeBillon, *P. (2013)*. Foreign aid, resource rents and institution-building in *Mozambique and Angola*. UNU- WIDER Working Paper No. 2013/102.

Pitcher, M. A. (2001). *Transforming Mozambique. The Politics of Privatization, 1975-2000*. Cambridge: Cambridge University Press, pp: 140-178. Retrieved, July, the 14<sup>th</sup>, from <a href="http://www.modernghana.com/news/416044/1/mozambique-projects-52-bn-yearly-earnings-from-gas.html">http://www.modernghana.com/news/416044/1/mozambique-projects-52-bn-yearly-earnings-from-gas.html</a>.

Reuters (21.10.2013). Moz arms takes Renamo base, leader flees. *News24*. Retrieved, July, the 14<sup>th</sup>, 2014 from <a href="http://www.news24.com/Africa/News/Moz-army-takes-Renamo-base-leader-flees-20131021">http://www.news24.com/Africa/News/Moz-army-takes-Renamo-base-leader-flees-20131021</a>.

Revenue Watch Institute (2013). *The 2013 Resource Governance Indicator Mozambique*. Retrieved March, 17<sup>th</sup>, 2015 from http://www.resourcegovernance.org/countries/africa/mozambique/overview

Ross, M. L. (1999). The political economy of the resource curse. *World politics*, 51(02), 297-322.

Ross, M. L. (2004). What do we know about natural resources and civil war? *Journal of peace research*, 41(3), 337-356.

Ross, M. L. (2006). A closer look at oil, diamonds, and civil war. *Annu. Rev. Polit. Sci.*, 9, 265-300. *Ross, M. L. (2012).* The Oil Curse: How Petroleum Wealth Shapes the Wealth of Nations. *Princeton, NY: Princeton University Press.* 

Sartori, G. (1970). Concept Misformation in Comparative Politics. *American Political Science Review*, 64(4): 1033- 1053.

Sumich, J. (2010). The Party and the State: Frelimo and Social Stratification in Postsocialist

Mozambique. Development and Change, 41(4): 679-698.

Tansey, O. (2007). Process- Tracing and Elite Interviewing: A Case for Non-Probability Sampling. *Political Science and Politics*, 40(4): 765-772.

UCDP (2014a). *Uppsala Conflict Data Program. Definitions*. Retrieved August, the 22<sup>nd</sup>, 2014 from http://www.pcr.uu.se/research/ucdp/definitions.

UCDP (2014b). UCDP Armed Conflict Dataset 4-2014. Retrieved August, the 22<sup>nd</sup>, 2014 from

http://www.pcr.uu.se/research/ucdp/datasets.

UNCTAD (2012). Investment Policy Review Mozambique. Geneva: United Nations.

UNCTAD (2014). Mozambique Contributor to GDP in Percentage. Dataset. Retrieved August, the 22<sup>nd</sup>, 2014 from http://unctad.org/en/Pages/Statistics.aspx.

UNICEF (2013). Natural Gas from the Rovuma Basin- A "Game Changer" for Mozambique? UNICEF Report Mozambique, Maputo.

Unknown Author (29.10.2012). Dhlakama back in the bush. *The Southern Times: The Newspaper for Southern Africa*. Retrieved July, the 17<sup>th</sup>, 2014 from http://www.southerntimes africa.com/news\_article.php?id=7690&title=Dhlakama%20back%20in%20the%20bush#. U8gQqvl5NRZ.

Wantchekon, L. (2002). Why do resource abundant countries have authoritarian governments?. *Journal of African Finance and Economic Development*, 5(2): 1-35.

Weinstein, J. (2005). Resources and the information problem in rebel recruitment. *Journal of Conflict Resolution*, 49(4): 598-624.

Wenar, L. (2008). Property rights and the resource curse. *Philosophy & public affairs*, 36(1), 2-32. Retrieved June, the 12<sup>th</sup>, 2014 from http://onlinelibrary.wiley.com/doi/10.1111/j.1088-4963.2008.00122.x/full.

World Finance (04.03.2014). *Intelec Holdings sees Mozambique prosper*. Retrieved July, 23<sup>rd</sup>, 2014 from

http://www.worldfinance.com/markets/intelec-holdings-sees-mozambique-prosper.

Worldbank (2014). *World Development Indicators*. Retrieved August, the 21<sup>st</sup>, 2014 from http://databank.worldbank.org/data/views/variableSelection/selectvariables.aspx?source =world-development-indicators.