

Green growth in Mozambique: promoting sustainable and inclusive development and the rational use of natural resources*

- As part of the activities alluding to the Europe Week, the 4th Edition of the EU - Mozambique Economic Roundtable took place on the 12th of May, in Maputo City. Among other aspects discussed, the Round Table explored the opportunities for the private sector in a society under ecological and digital transition.





Watch full video here : <https://www.facebook.com/CDDMoz/videos/1154380505406302>

On the occasion, Prof. Adriano Nuvunga, Director of the Centre for Democracy and Development (CDD), intervened as a speaker and spoke on “How can green growth benefit Africa? How can we promote growth, reduce poverty and tackle climate risks at the same time?”

Green growth is an innovative approach to achieving sustainable development goals and tackling climate change. Green Growth, in the

English language, means improving the quality of life for all and working to address environmental, social and economic issues simultaneously¹. This process involves selecting economic activities that at best promote environmental and social development and at least do not harm the environment or human well-being. This is achieved through a rigorous analysis of economic alternatives and their related environmental and social impacts².

2. Green growth in Africa

Economic growth is essential in Africa to alleviate poverty, build livelihoods and improve quality of life. In recent years, the continent has experienced improving macroeconomic trends and increasing foreign direct investment. However, the recent economic growth has neither been equitable nor capable of alleviating

poverty.

Thus, there are several emerging challenges that the continent needs to overcome if the recent economic boost is to be sustained, benefit the people and ensure balance between development and environmental sustainability. The main challenges include:

¹ <https://blogs.worldbank.org/nasikiliza/how-can-green-growth-benefit-africa#:~:text=It%20will%20improve%20income%20from,posing%20serious%20challenges%20to%20development.>

² <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Facilitating%20Green%20Growth%20in%20Africa.pdf>



- Infrastructure deficit;
- Good governance of natural resources;
- Natural disasters and climate change;
- Food security.

Therefore, as argued by the African Development Bank (AfDB), green growth is compatible with Africa's priorities since it emphasizes reasonable economic growth targets as the central engine of development. Equally, it recognizes that identifying environmentally and socially sound development options is essential to address Africa's biggest

challenges and sustain development gains.

A comprehensive and "holistic" approach to economic development is certainly needed, maximizing synergies between economic, social and environmental objectives and minimizing conflicts and contradictions. For Africa, the priority of green growth must be in line with the context - creating mechanisms to ensure employment, adequate food and water supplies, access to energy, health services - and deliver broad economic prosperity, making good use of its natural resources.

3. Green growth in Mozambique

Over the last few years (before the financial scandal of the hidden debts), Mozambique has experienced strong economic growth on the one hand and persistent poverty on the other. In the same period, large new reserves of coal (Tete) and natural gas (Cabo Delgado) have been discovered, but the country has increasingly faced the emerging challenges posed by climate change.

In addition to the wealth generated by the extractive industry not translating into better li-

ving conditions for the majority of citizens, the exploitation model followed by Mozambique has exacerbated inequalities and caused serious environmental damage that drives climate change. In March and April 2019, two devastating cyclones affected Mozambique, namely Idai and Kenneth. Hundreds of people died and millions were in need of humanitarian support such as access to clean water, food and shelter. Idai was considered the second deadliest cyclone to hit the Southern Hemisphere, while Kenneth was

the strongest to hit Africa³.

To address these challenges, the Government of Mozambique, together with the AfDB and other key development partners, launched a high-level Road Map for a Green Economy in 2012. *This Road Map sets ambitious targets for Mozambique: "to become an inclusive middle income country by 2030, and which uses its resources rationally to preserve its ecosystems and sustainable and effective development"*⁴.

To operationalize the ambitious goals of the Green Economy, a Green Economy Action Plan (GEAP) was developed and approved by the Council of Ministers on 15 October 2013. As per the identified priorities, Mozambique's pillars for green growth are focused on:

- Sustainable infrastructure (transport, energy, cities);
- Efficient and sustainable use of natural resources (water, land for agriculture, forests, fisheries, tourism, minerals and other natural resources);
- Strengthening resilience and adaptive capacity to socio-economic shocks and climate variability⁵.

Meanwhile, after more than five years, little progress has been registered and the targets seem increasingly unrealistic due to governance dynamics. In fact, Mozambique's progress in adopting green growth still suffers from technical, economic and political constraints.

3.1. In agriculture - agricultural productivity must be improved

Rural areas play a central role in the development of Mozambique as a whole. About two-thirds of the population lives in rural areas (over 20 million), much of which is in poverty. Agriculture plays a vital role in rural areas. In 2016, the agricultural sector contributed more than a quarter to Mozambique's GDP and about 80% of the country's population was employed in the sector (FAO, 2018).

However, a lack of infrastructure and services

undermines productivity and perpetuates unsustainable agricultural practices and unsustainable use of natural assets. Examples include lack of access to electricity, lack of irrigation and inadequate storage. Post-harvest losses are estimated at up to 30% (WFP, 2017). These factors include low quality extension services, limited access to finance, low levels of education, poor governance and the adverse impacts of climate change.

3.2. In the energy sector - supporting renewable energy to improve rural livelihoods is critical

The use of renewable energy sources enables greater access to electricity, particularly in rural areas. While the vast majority of the Mozambican population lives in rural areas (about 70%), electrification rates in these areas are very low. Currently, only 39% of the Mozambican population has access to electricity through the national grid, mainly in urban areas.

In the context of gas exploitation, there is a need to use revenues to expand access to energy and use gas to promote industrialization. The potential revenues from the oil and gas sector, estimated at USD 96 billion by the Bank of Mozambique, can play an impactful role in supporting the development of the infrastructure needed to improve access to electricity.

³ <https://www.unicef.org/mozambique/en/cyclone-idai-and-kenneth>

⁴ https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Transition_Towards_Green_Growth_in_Mozambique_-_Policy_Review_and_Recommendations_for_Action.pdf

⁵ <https://www.un-page.org/mozambique%E2%80%99s-green-growth-policy-development#:~:text=Mozambique%2C%20January%202016%20%2D%20Throughout%20the,a%20declining%20natural%20resource%20base.>

3.3. Improving governance of natural resources (including forests, water, fisheries)

Mozambique has a huge list of natural assets such as arable land, forests, fisheries, wildlife, water and mineral resources. The country also has the largest mangrove forest in East and Southern Africa and the second largest mangrove area in Africa at about 357,000 ha. (MITADER, 2017, 5).

However, Mozambique's natural assets are quickly being depleted. For example:

- Fisheries: unsustainable fishing practices and destructive fishing techniques in coastal waters have contributed to declining fish catches and degrade the ecosystem, ultimately threatening local livelihoods;
- Arable land: the country has 36 million hectares of arable land, but over two-fifths of that land is degraded (European Space Agency 2011) and another fifth of that is in active degradation;
- Water: both water quantity and its quality are of concern in Mozambique. Since 2014, precipitation levels in the Umbeluzi Basin, which supplies the Greater Maputo metropolitan area, have been below historical average;
- Mineral resources: Mozambique has substantial non-renewable resources, such as heavy sands, precious and semi-precious stones, gold, uranium, bauxite, coal, among others; but undeveloped extractivism perpetuates poverty and accentuates environmental degradation⁶.

4. Role of the Private Sector: Companies and businesses are drivers of environmental change in developing countries

The role of the private sector needs to be strengthened to seize the opportunities that renewable energy presents for development. In addition to being a source of financing for sustainable development, businesses also play several important roles in achieving development outcomes. Private sector companies and entrepreneurs are an important source of innovation to help achieve growth without further harm to

the environment.

Private companies are also an important channel and target for implementing development projects and activities. In addition, businesses are drivers of both negative and positive environmental change in developing countries⁷.

Efforts to address environmental concerns can be more effective if done by involving businesses.

⁶ <https://gggi.org/site/assets/uploads/2018/07/GGPA-Mozambique-Final-Report.pdf>

⁷ <https://www.cbd.int/financial/2017docs/oecd-private2017.pdf>

In summary:
The necessary conditions for green growth in Africa are:

- I. Good Governance;
- II. Establishment of strong regulatory standards and definition of the beginning of incentives leading to a green economy and removing barriers to green growth;
- III. Prioritisation of public spending and investment in areas that encourage sustainability in economic sectors;

- IV. Appropriate valuation of natural capital;
- V. Valuation of public and private spending, taking into consideration the depletion of natural capital.
- VI. Use of taxes and market-based tools to stimulate green innovations and investments;
- VII. Investment in capacity building, training and education⁸.

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⁸ https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Transition_Towards_Green_Growth_in_Mozambique_-_Policy_Review_and_Recommendations_for_Action.pdf



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