

# Validation of Mozambique

## Report on initial data collection and stakeholder consultation

## Abbreviations

AMDCM	Mozambican Association for Mineral Coal Development
AMOPI	Association of Mozambican International Oil Operators
APR	Annual Progress Report
CIP	Center for Public Integrity (Centro de Integridade Pública)
CFM	Caminhos de Ferro de Moçambique (Mozambique Ports and Railways)
CMG	Companhia Moçambicana de Gasoduto
CMH	Companhia Moçambicana de Hidrocarbonetos
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DPEF	Provincial Department of Economy and Finance
EDM	Electricidade de Moçambique
EITI	Extractive Industries Transparency Initiative
EITI Board	The International Board of the EITI
EMEM	Mozambique Mining Exploration Company
ENH	National Enterprise of Hydrocarbons
EPCC	Exploration and Production Concession Contract
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
IA	Independent Administrator
IESE	Institute for Social and Economic Research
IGEPE	Mozambique Institute of Management of State Holdings
INM	Imprensa Nacional de Moçambique
INP	National Petroleum Institute
LNG	Liquefied Natural Gas
MAGTAP	Mozambique Mining and Gas Technical Assistance Project
MDTF	Multi Donor Trust Fund
MEF	Ministry of Economy and Finance
MGC	Matola Gas Company
MIREME	Ministry of Mineral Resources and Energy
MITADER	Ministry of Land, Environment and Rural Development
MSG	Multi Stakeholder Group
MZN	Mozambican Metical
NUIT	Individual Tax Identification Numbers
NOC	National Oil Company
PAYE	Pay As You Earn
PDMRE	Provincial Directorates of Mineral Resources and Energy
PWYP	Publish What You Pay
ROMPCO	Republic of Mozambique Pipeline Investments Company
SICR	Tax Authority database
SOE	State Owned Enterprise
TOR	Terms of reference
UNDP	United Nations Development Programme
USD	United States Dollar
USAID	United States Agency for International Development
VAT	Value Added Tax

## Table of Contents

<b>Abbreviations .....</b>	<b>2</b>
<b>Executive Summary.....</b>	<b>5</b>
Overall conclusions.....	5
Recommendations.....	6
<b>Introduction.....</b>	<b>12</b>
<b>Part I – MSG Oversight .....</b>	<b>18</b>
<b>1. Oversight of the EITI process .....</b>	<b>18</b>
Government engagement in the EITI process (#1.1).....	18
Industry engagement in the EITI process (#1.2).....	21
Civil society engagement in the EITI process (#1.3) .....	22
MSG governance and functioning (#1.4).....	27
Workplan (#1.5).....	30
<b>Part II – EITI Disclosures.....</b>	<b>34</b>
<b>2. Award of contracts and licenses .....</b>	<b>34</b>
Legal framework (#2.1).....	35
License allocations (#2.2) .....	37
License registers (#2.3).....	39
Contract disclosures (#2.4).....	41
Beneficial ownership disclosure (#2.5).....	42
State participation (#2.6).....	44
<b>3. Monitoring and production .....</b>	<b>50</b>
Overview of the extractive sector, including exploration activities (#3.1).....	50
Production data (#3.2).....	50
Export data (#3.3).....	51
<b>4. Revenue collection .....</b>	<b>52</b>
Comprehensive disclosure of taxes and revenues (#4.1).....	52
In-kind revenues (#4.2).....	54
Barter and infrastructure transactions (#4.3) .....	56
Transport revenues (#4.4).....	57
Transactions between SOEs and government (#4.5) .....	58
Subnational direct payments (#4.6) .....	59
Level of disaggregation (#4.7) .....	60
Data timeliness (#4.8).....	60
Data quality (#4.9) .....	61
<b>5. Revenue management and distribution .....</b>	<b>66</b>
Distribution of revenues (#5.1) .....	67

Sub-national transfers (#5.2).....	68
Revenue management and expenditures (#5.3).....	69
<b>6. Social and economic spending .....</b>	<b>70</b>
Social expenditures (#6.1).....	70
SOE quasi fiscal expenditures (#6.2) .....	72
Contribution of the extractive sector to the economy (#6.3) .....	73
<b>Part III – Outcomes and Impact.....</b>	<b>75</b>
<b>7. Outcomes and Impact .....</b>	<b>75</b>
Public debate (#7.1).....	75
Data Accessibility (#7.2) .....	78
Lessons learned and follow-up on recommendations (#7.3).....	79
Outcomes and impact of implementation (#7.4) .....	81
<b>8. Impact analysis (not to be considered in assessing compliance with the EITI provisions) .....</b>	<b>84</b>
<b>Annexes .....</b>	<b>87</b>
Annex A - List of MSG members and contact details .....	87
Annex B – MSG meeting attendance.....	90
Annex C – Cost of EITI Reports .....	91
Annex D - List of stakeholders consulted .....	92
Annex E - List of reference documents / Bibliography.....	95

## Index of figures and tables

Figure 1 - <i>Initial assessment card</i> .....	10
Table 1 - <i>Summary initial assessment table: MSG oversight</i> .....	32
Table 2 - <i>Summary initial assessment table: Award of contracts and licenses</i> .....	47
Table 3 - <i>Summary initial assessment table: Monitoring and production</i> .....	51
Table 4 - <i>Summary initial assessment table: Revenue collection</i> .....	63
Table 5 - <i>Summary initial assessment table: Revenue management and distribution</i> .....	69
Table 6 - <i>Summary initial assessment table: Social and economic spending</i> .....	74
Table 7 - <i>Summary initial assessment table: Outcomes and impact</i> .....	82

## Executive Summary

The Government of Mozambique committed to implementing the EITI in 2008 and a multi-stakeholder group was formed in early 2009 to oversee EITI implementation. The country was accepted as an EITI candidate in February 2009, and became compliant with the 2011 EITI Rules in October 2012.

On 2 June 2016, the Board agreed that Mozambique's Validation under the 2016 EITI Standard would commence on 1 January 2017. This report presents the findings and initial assessment of the International Secretariat's data gathering and stakeholder consultations. The International Secretariat has followed the Validation Procedures<sup>1</sup> and applied the Validation Guide<sup>2</sup> in assessing Mozambique's progress with the EITI Standard. While the initial assessment has not yet been reviewed by the MSG or been quality assured, the Secretariat's preliminary assessment is that requirements 1.1, 1.2, 1.4, 2.2, 2.3, 4.2, 4.3, 4.4, 4.5, 4.6, 4.9, 5.1, 5.2, 6.1, 6.2, 6.3 and 7.1 have not been fully addressed in Mozambique. The recommendations and suggested corrective actions identified through this process relate in particular to government and industry engagement, MSG oversight, license data, information on state-participation, in-kind revenues, barter and infrastructure provisions, SOE transactions, sub-national direct payments, data quality, distribution of revenues, sub-national transfers, social expenditures, SOE quasi-fiscal expenditure, contribution to the economy and public debate.

What emerges from this initial assessment exercise is the need for Mozambique to make urgent progress in addressing issues related to government and industry engagement in the EITI process and identify sustainable sources of funding for the EITI process. In the longer term, the government will need to work closely with reporting entities and stakeholders to ensure that extractives data is reported and made publicly available in a timely manner. This will help build trust in the sector and the wider economy, demonstrate the government's commitment to transparency and accountable management of the country's natural resources, and ensure that there is reliable information available to help inform public debate and policy discussions related to the extractive sector.

### Overall conclusions

At the early stages of EITI implementation in Mozambique government interest and commitment was strong, reflecting high expectations for the extractive industries potential to contribute to toward economic development. As commodity prices and the value of the Mozambican metical has declined in the last couple of years, government interest in the EITI process appears to have decreased at the same rate.

This is, unfortunately, at a time where the EITI can play an increasingly relevant role in ensuring that the revenue from the extractive sector is managed accountably. As the country is struggling to find solutions to its ongoing debt crisis, exacerbated by the discovery of hidden state-backed loans amounting to over USD 2 billion in 2016, transparency and trust-building remains important to assure investors and the international community. . The requirements of the EITI Standard, such disclosure of information on state

---

<sup>1</sup> <https://beta.eiti.org/document/validation-procedures>

<sup>2</sup> <https://beta.eiti.org/document/validation-guide>

participation in the extractive sector, license allocations, sub-national transfers, in-kind revenues and beneficial ownership are highly relevant in Mozambique.

The EITI process - in particular the latest EITI Report covering 2013 and 2014 – has provided much useful information and has contributed to technical improvements to record keeping and revenue collection systems. The EITI has also contributed to placing transparency on the policy agenda and has, according to stakeholders, been important in ensuring that the petroleum and mining legal frameworks providing for transparency in payment information and full disclosure of contracts. EITI reporting has improved under the EITI Standard and timelier reporting makes EITI more relevant. The 2013-14 EITI Report did however fail to address some gaps in the previous reports, especially in the areas where it is most needed: state participation and the relationship between the state and state-owned enterprises.

While engagement by government and industry had declined, strong civil society engagement in the process and useful analysis by civil society organisations highlight the opportunities to make the EITI more effective in Mozambique. The lack of vision for where the EITI should go appears to have resulted in the current funding crisis of the EITI process and national secretariat. Renewed government commitment will be key to take the process forward, and there are signs that the new administration and direction at the Ministry will be able to take ownership of the EITI if action is taken to address some of the issues raised in this preliminary assessment.

In the longer term, the key challenges ahead for EITI stakeholders will be to collaborate with government entities and companies to ensure comprehensive disclosure of information on extractives to help improve the management of the sector, making use of the process to address the priorities of government, industry and civils society, and making sure that the way the EITI is set up enables the necessary collaboration between stakeholder groups as well as coordination between government agencies. This will require that discussions and decisions take place on whether to institutionalise EITI, who to be represented on the multi-stakeholder group, and how to financially support the process.

## Recommendations

The initial assessment includes recommendations for specific improvements the MSG may wish to consider implementing, which aim at helping Mozambique make greater use of the EITI as an instrument to support reforms.

- High-level government commitment to the EITI will be critical for its continued progress and impact. It is recommended that the government demonstrates commitment regarding its intention to implement EITI and to be fully, actively and effectively engaged in the EITI process. It is important that the government and MIREME is engaged on a regular basis, in particular at the MSG level, to maintain engagement by other stakeholder groups.
- The government and MIREME should consider making a decision with regards to whether and how to institutionalise the EITI in Mozambique, taking financial sustainability into account. This could include developing an action plan for the institutionalisation. Funding would need to be secured for the national secretariat.
- To strengthen implementation of EITI in Mozambique, each constituency should ensure that their representatives' attendance at MSG meetings is consistent and at sufficiently high level to allow the MSG to take decisions and follow up on agreed matters. The MSG is encouraged to use the refreshment of MSG membership as an opportunity to include broader set of government agencies in the MSG, ensure to appoint government members with the capacity to carry out their duties in terms of influences decision-making and properly informing their constituencies. The MSG might want

include relevant actors in the revised TORs, or the government might wish to establish a mechanism for inter-agency coordination on issues related to extractive sector revenue and data collection and governance.

- The MSG is encouraged to help facilitate company participation in EITI. The ongoing institutionalisation review, e-reporting and other efforts to mainstream the EITI can provide opportunities for engaging industry in the process.
- Industry should establish a platform or use existing channels to disseminate EITI information to companies beyond the MSG, and should play an active role in setting objectives for EITI implementation in the country.
- The MSG may wish to ensure that laws and regulations governing the oil, gas and mining sectors are accessible from government websites, and to provide links to these in the EITI Report. Given comments made by stakeholders on the lack of enforcement of the laws, the MSG may wish to consider including activities in the work plan or tasking the Independent Administrator to review or provide commentary on the lack of enforcement of the laws and regulations governing the extractive sector.
- The MSG should ensure that the next EITI Report includes information on the process for transferring licenses and technical and financial criteria used. The MSG is encouraged to ensure that the next EITI Report refers to the resources and documents available from the INP websites. The MSG could also consider tasking the Independent Administrator to provide an evaluation of the licensing process and make recommendations for its improvement.
- The MSG should ensure that the next EITI Report includes a comprehensive overview of active hydrocarbon licenses/concessions, including date of application, date of award and duration of the license, or reference to where this information is accessible. The MSG is encouraged to collaborate with Mining Cadastre regarding the Flexicadastre, using the EITI Report to highlight existing data and drawing attention to any gaps and inconsistencies. The MSG is also encouraged to consider opportunities to link cadastre data with other data, for example, on production, exports, tax payments and beneficial ownership. If these other data are collected in different systems and agencies, the MSG may wish to consider opportunities to harmonise data standards in line with international best practice.<sup>3</sup>
- The MSG is encouraged to continue monitoring contract disclosure in the extractive sectors, both through EITI reporting and work plan objectives and activities related to contract transparency.
- The MSG and Independent Administrator should ensure that the next report clarifies the state's participation in the sector through other entities, such as IGEPE, and discloses i) an explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing; ii) changes in the level of ownership during the reporting period; and iii) details of the terms attached to their equity stake, including level of responsibility to cover expenses at various phases of the project cycle. If the government and state governments have granted loans or loan guarantees to extractive companies, the details of such transactions should be disclosed. Where this information is already available, the report could refer to these sources of information.
- The MSG should consider discussing and documenting its definition of SOEs taking into account national laws and government structures. This could be particularly useful in light of ongoing reforms to the legal and regulatory frameworks applicable to SOEs.
- The MSG may wish to work with MIREME to encourage regular publication of data on resource reserves, volume of production, selling prices, exports and production costs.
- In the next EITI Report, the MSG should ensure that the rationale for setting the materiality threshold is clearly documented, and that full government disclosure is clearly presented by revenue stream. The MSG may also wish to review the materiality threshold, and list the revenue streams deemed

---

<sup>3</sup> <https://openknowledge.worldbank.org/handle/10986/23779>

immaterial in the final report, and not only in the inception report. . The MSG might want to ensure that the absolute amounts of the revenues collected by the disaggregated by revenue stream are clearly presented.

- The next EITI Report should consistently and comprehensively describe the rules and practices regarding ENH's and MCG's management of revenue from the sale of in-kind gas. The revenues transferred to the treasury from the sale of in-kind gas royalties by MGC and ENH should be disaggregated by each of these companies. The revenue ENH receives from the marketing of these in-kind revenues to domestic buyers should be disclosed, unless considered immaterial by the MSG. The Independent Administrator should provide a clear opinion on the comprehensiveness of the reported data.
- The MSG should continue to investigate the tariffs and revenues received by ROMPCO, CMG and CFM, consider whether any revenues are material and whether to include these and other relevant information revenues in the next EITI Report. The MSG and MIREME should work with the relevant companies to ensure that the requested information is provided for the next EITI Report.
- The MSG should reach out to relevant government agencies and work with the Independent Administrator to obtain information about possible transactions between SOEs and government to ensure that this is covered in a comprehensive and clear manner.
- The MSG should ensure that the next EITI Report documents whether direct payments from companies to provinces or municipalities exist, and whether these are material. If payments made by companies directly to sub-national levels of government are found material, these should be disclosed and reconciled. may wish to explicitly state whether direct payments from companies to provinces or municipalities specifically related to extractives activities exist, and whether these are considered material or not.
- The MSG may wish to work with MIREME and other government agencies to ensure more regular publication of payment information, as part of mainstreaming EITI disclosures.
- While the 2014-13 EITI Report makes reference to government agencies having been audited, the MSG should ensure that the next report includes a review of whether government agencies have been audited in accordance with the legislation and a review of company auditing practices and relevant regulations. The report should include a list of government entities and companies that did not provide the requested assurances. The MSG may wish to ensure that direct links to resources referred to in the report, such as public documents and reports, are included. The MSG should also agree the reporting templates used for the reconciliation and document the decision.
- The MSG should ensure that EITI Reports comprehensively addresses social expenditures and clarifies whether the funds allocated for training are disbursed from the Institutional Capacity Building Fund, and describes how Institutional Contribution payments are allocated. The MSG may also wish to consider including a description of the basis for selection of beneficiaries of the social fund.
- The MSG should consider whether there are any material quasi-fiscal expenditures by SOEs including ENH and EMEM, in accordance with EITI Requirement 2.6, and develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams. The MSG should consider whether there are any material quasi-fiscal expenditures by SOEs, EMEM, in accordance with EITI Requirement 6.2, and develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams.
- The MSG should ensure consistency in the figures provided on total government revenue from the sector, and that the next EITI Report indicates i) the size of the extractive sector in absolute terms and as % of GDP, ii) exports from the extractive industry in absolute terms, iii) employment in extractive sector as % of total employment. If any of this information is not available, the MSG should ensure that the report describes the efforts made to obtain the information. The MSG may also wish to consider including information on local content provisions and commentary on whether these have been applied with.
- To help ensure that the EITI can contribute more meaningfully to public debate and policy discussion on extractive sector management, the MSG should continue disseminating EITI data across the country and consider undertaking outreach activities strategically targeting media, parliament, industry and key extractive sector players.










- The MSG is encouraged to make EITI Reports available in a machine-readable and open data format.
- More systematic follow-up by the MSG on the EITI Report recommendations and ensuring that these highlight gaps identified through the reporting process could help ensure that the EITI could serve as a tool for improved extractive sector governance.
- The MSG should ensure that the plans for implementing the recommendations from Validation and EITI reporting, including the rationale for deciding not to implement a recommendation, are reflected in the 2016 Annual Progress Report, in accordance with the transitional arrangements to the 2016 EITI Standard.

Figure 1– initial assessment card

EITI Requirements		LEVEL OF PROGRESS				
		No	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Work plan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1.a)					
	Discretionary social expenditures (#6.1.b)					
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)					
Outcomes and impact	Public debate (#7.1)					
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)					
	Outcomes and impact of implementation (#7.4)					

*Legend to the assessment card*

	The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	The country is compliant with the EITI requirement.
	The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

## Introduction

### Brief recap of the sign-up phase

The Government of Mozambique committed to implementing the EITI in 2008. In early 2009, the Mozambican EITI Secretariat was established and a multi-stakeholder group formed. Mozambique was accepted as an EITI Candidate in February 2009. Following Validation in May 2011<sup>4</sup>, the EITI Board declared that Mozambique had made 'meaningful progress' in August 2011. The International Secretariat conducted a review<sup>5</sup> following the publication of the 2009 EITI Report in March 2012, and Mozambique was declared compliant with the EITI Rules in October 2012.<sup>6</sup>

### Objectives for implementation and overall progress in implementing the work plan

EITI implementation in Mozambique is guided by the Mozambique EITI work plan. Previous work plans did not set out objectives, but the current three-year plan covering 2016-2018 is more elaborate in that specific objectives have been clearly defined, presenting to the public what the initiative aims to achieve in terms of good governance of the extractive industries. The work plan was developed by the MSG with support from GIZ and the EITI International Secretariat. The MSG has agreed that the work plan will be revised annually. It includes the following objectives:

- Ensure access to information, with a view to an effective and informed public participation in public debate on extractive resources governance.
- Improve accountability mechanism for public and private companies in the extractive sector.
- Clarify and disseminate the allocation of receipts' mechanism for the development of affected communities.
- Strengthen the role and intervention of the Mozambique EITI's MSG in monitoring and access to information with a view to effective public participation in extractive industry good governance.
- Improve transparency in the license granting process
- Contribute to improvement of the business environment in the extractive sector.<sup>7</sup>

### History of EITI reporting

The first EITI Report for the oil, gas and mining sector covering 2011 was published in 2008. Mozambique has since published a total of six EITI Reports covering 2008-2014.<sup>8</sup> The two latest EITI Reports covering 2012 and 2013-14 are based on the 2013 EITI Standard. The latest report covering 2013-2014 was published in December 2015. The report includes a substantial amount of information that was previously not publicly available, including data on in-kind revenues, sub-national transfers and the latest licensing

---

<sup>4</sup>2011 Mozambique EITI Validation Report, <https://eiti.org/document/2011-mozambique-eiti-validation-report>

<sup>5</sup> Secretariat Review: Mozambique (October 2012), [https://eiti.org/sites/default/files/migrated\\_files/Board-Paper\\_21-4-D\\_Secretariat\\_Review\\_Mozambique.pdf](https://eiti.org/sites/default/files/migrated_files/Board-Paper_21-4-D_Secretariat_Review_Mozambique.pdf)

<sup>6</sup>EITI, "Mozambique declared 'EITI Compliant'", 26 October 2012, <http://eiti.org/news-events/mozambique-declared-eiti-compliant>.

<sup>7</sup> GIZ impact study of EITI in Mozambique, p. 76.

<sup>8</sup> Available from [www.itie.org.mz/index.php/publicacoes/relatorios-do-itie](http://www.itie.org.mz/index.php/publicacoes/relatorios-do-itie).

round for petroleum blocks. However, as highlighted in this initial assessment the EITI Report is not comprehensive and there are important gaps regarding state participation and the relationship between the state and state-owned enterprises.

## Summary of engagement by government, civil society and industry

At the early stages of EITI implementation, government interest and commitment was strong reflecting high expectations for the extractive industries potential to contribute to toward economic development. However there has been a lack of a clear commitment from the government to the EITI since the change of administration in 2015 which limited government leadership of the process. There are however signs that the Minister of Mineral Resources and Energy appointed in October 2016 might give higher priority to the EITI, and there appears to be expectations among wider stakeholders that it might result in improvements in the level of government engagement. The lack of government engagement in the process seems to have discouraged interest by companies, which do not appear to find the process particularly relevant. Civil society in Mozambique has been playing an important role in the EITI implementation process. Through the Platform of Civil Society for Natural Resources and Extractive Industries, civil society articulates the monitoring of natural resources and extractive industry, debates issues of importance of communities including resettlement resulting from extractive industry activities, coordinates capacity building of its members, shares information and exercises collective action advocacy.

An EITI national secretariat performs administrative, logistical and coordination in support of the MSG in the day-to-day work related to EITI implementation, including implementation of work plan activities, completion of reporting templates and TORs for the IA, and preparation of MSG meetings. The national secretariat has been funded by the World Bank through the Mining and Gas Technical Assistance Project (MAGTAP). The national secretariat is located within the MAGTAP offices. As of March 2017, World Bank funding for the national secretariat and the EITI process had finished and it was unclear how the process would be funded from April onwards.

## Key features of the extractive industry

Expansion of the oil, gas and mining sectors in Mozambique has driven economic growth in recent years. However, Mozambique has been hit hard by the fall in gas and coal prices. The country's overall production is modest compared to the reserves of gas and minerals, and the value of total production nearly halved in 2014, compared to 2013. Both coal and gas production decreased significantly.

While estimates of gas reserves have grown (estimated to exceed 160 trillion cubic feet<sup>9</sup>), uncertainty in LNG markets, high costs and delays in negotiating the fiscal framework have postponed investments. The only gas project in production phase is the Pande Temane gas field, and only 86.6 Gj of gas, worth USD 100 million, was produced in 2014.<sup>10</sup> The large off-shore fields are still in exploration phase, and gas companies are yet to take a final investment decision on building an LNG plant in northern Mozambique.

---

<sup>9</sup> <https://www.ft.com/content/27c165a6-91d3-11e5-bd82-c1fb87bef7af#axzz3x1pRdd4w>

<sup>10</sup> Mozambique EITI Report 2014-13, <https://eiti.org/document/20132014-mozambique-eiti-report>

The country is currently going through an ongoing debt crisis, exacerbated by the discovery of hidden state-backed loans amounting to over USD 2 billion in 2016. An independent audit is currently looking into the loans, and a report is expected in the coming months. While not directly linked to the extractive sector, analysis of the loan crisis suggest that the parties involved viewed future income from oil and gas as increasing the likelihood that the loans would be repaid.<sup>11</sup> The debt crisis is expected to have a negative impact on investment, although it does not appear that the debt situation will affect the investment decisions of the companies involved in the negotiations with the government on LNG development (Anadarko and ENI) and there seems to be continued interest in the project.<sup>12</sup>

Low commodity prices are also reflecting negatively on the development of the mining sector, in which there has been a downturn in the past couple of years with many mining companies having left the country. Coal accounted for 65% of the value of total extractive production in 2014. The total value of the 1.8 tonnes of coking coal and 1.3 tonnes of thermic coal produced was roughly USD 330 million.<sup>13</sup> The vast majority of the minerals produced were exported.

The laws for the petroleum and mining sectors ("*Lei 20 2014, Lei dos Petroleos*" – *Petroleum Law* and "*Lei 21 2014, Lei de Minas*" – *Mining Law*) were revised in 2014. The laws do not explicitly mention the EITI, although they make company disclosure of profits, payments to the state and social contributions mandatory, without specifying how these disclosures are to be made. The new legislation strengthens state participation in the hydrocarbon sector and creates opportunities for increased Mozambican participation. Foreign investors are required to be registered in a transparent jurisdiction where ownership can be confirmed but the government does not maintain a public register of beneficial owners.

Despite decreasing levels of production, Mozambique's EITI Reports show that extractive revenues have increased nearly ten-fold since 2011, and accounted for 27% of total government revenue in 2014. The gas sector contributed 90% of the over USD 1 billion total extractives revenue. This was mainly due to collection of capital gains tax payments, which constituted 71% of the revenues from the sector, and corporate income tax (19%). The value of gas royalties received in kind was USD 5 million.<sup>14</sup>

Some of the key issues in the sector that the EITI has the potential to address include ensuring that the state's participation in the sector is managed in a transparent and accountable manner, monitoring of legal provisions related to disclosure of contracts, subnational transfers to communities and local content, highlighting the necessary data to address transfer pricing and trade misinvoicing and ensuring a level playing field for companies and investors.

---

<sup>11</sup> Williams, Aled and Isaksen, Jan, November 2016, "Corruption and state-backed debts in Mozambique What can external actors do?", CMI U4 Issue, no 6, <https://www.cmi.no/publications/file/6024-corruption-and-state-backed-debts-in-mozambique.pdf>

<sup>12</sup> Hanlon, Joseph, 11 March 2017, "Exxon Buys Half of ENI's Part of Area 4 Gas for \$2.8 bn; Government Could Get \$300-500 mn", <http://allafrica.com/stories/201703160119.html>

<sup>13</sup> Mozambique EITI Report 2014-13, <https://eiti.org/document/20132014-mozambique-eiti-report>

<sup>14</sup> Mozambique EITI Report 2014-13, <https://eiti.org/document/20132014-mozambique-eiti-report>

## Explanation of the Validation process

On 25 October 2016 (Astana Board meeting), the EITI Board agreed the Validation schedule for all EITI implementing countries. Find the full schedule here: <https://eiti.org/document/validation-schedule> .

### 1. Validation is an essential feature of the EITI process.

It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

The Validation process is outlined in chapter 4 of the EITI Standard.<sup>15</sup>

**2. Validation procedure.** In February 2016, the EITI Board approved a revised Validation system. The new system has three phases:

1. Data collection undertaken by the International Secretariat
2. Independent quality assurance by an independent Validator who reports directly the EITI Board
3. Board review.

In May 2016, the Board agreed the [Validation Guide](#), which provides detailed guidance on assessing EITI Requirements, and more detailed [Validation procedures](#), including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

The Validation Guide includes a provision that: “Where the MSG wishes that Validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”. The Mozambique EITI MSG did not request any issues for particular consideration. A call for written comments was circulated among wider stakeholders ahead of the consultation, with questions related to the areas highlighted in the work plan and requirements of particular relevance for the Mozambican context. No written comments were submitted to the International Secretariat.

**3. Data collection by the International Secretariat.** The International Secretariat’s work will be conducted in three phases:

1. Desk Review. Prior to visiting the country, the Secretariat will conduct a detailed desk review of the available documentation relating to the country’s compliance with the EITI Standard,

---

<sup>15</sup> See also <https://eiti.org/validation>.

including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group's Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Any other information of relevance to Validation.

This work will include initial consultations with stakeholders, who are invited to submit any other documentation they consider relevant. Without prejudice to the ability of the Board to exercise their discretion to consider all available evidence, the Secretariat will not take into account actions undertaken after the commencement of Validation. The desk review was conducted in the period January-April 2017 and included documents provided by Mozambique EITI.

2. Country visit. The country visit took place on 13-17 February 2017. All meetings took place in Maputo. The International Secretariat met with the multi-stakeholder group and its members, the IA and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group.

In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders were able to freely express their views and that requests for confidentiality are respected.

The list of stakeholders to consult was prepared by the national secretariat, with inputs and suggestions from the International Secretariat. It is the International Secretariat's view that the report covers views of the key stakeholders engaged in the EITI process.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat will prepare a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The initial assessment will not include an overall assessment of compliance. The report is submitted to the Validator (see below). The National Coordinator (NC) receives a copy. Comments on the facts are welcome but NC and the MSG are encouraged to defer any major commentary until they receive the Validator's report.

The International Secretariat's team comprised Sam Bartlett, Emine Isciel and Ines Marques.

**4. Independent Validation.** The EITI Board will appoint an Independent Validator through an open, competitive tendering process. The Validator will report to the Board via the Validation Committee.

The Validator assesses whether the Secretariat's initial assessment been carried out in accordance with



the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial assessment of each requirement, a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements.

The Validator comments on the Secretariat's initial assessment and prepares a Draft Validation Report. The MSG is invited to comment on the Draft Validation Report. Having considered the MSG's comments, the Validator compiles a Final Validation Report. The Validator writes to the MSG to explain how it has considered their comments. The MSG receives a copy of the Final Validation Report.

The Final Validation Report will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The Validator will be invited to present their findings to the Validation Committee.

**5. Board Review.** The Validation Committee will review the Final Validation Report and the supporting documentation (including the MSG's comments). The Validation Committee will make a recommendation to the EITI Board on the country's compliance with the EITI Requirements and, where applicable, any corrective actions required.

The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard.

The initial assessment, Validation Report and associated MSG comments are considered confidential until the Board has reached a decision.

## Part I – MSG Oversight

### 1. Oversight of the EITI process

#### 1.1 Overview

This section relates to stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

#### 1.2 Assessment

##### Government engagement in the EITI process (#1.1)

###### Documentation of progress

The Mozambique EITI MSG is chaired by the Minister of Mineral Resources and Energy Leticia da Silva Klemens, and a Vice-Chair, Custódio Nguetana, Advisor to the Minister. The government has three members on the MSG in addition to the Chair, representing MIREME, the Ministry of Economy and Finance (MEF) and the Ministry of Land, Environment and Rural Development (MITADER). The national secretariat is located in the offices of the World Bank Mozambique Mining and Gas Technical Assistance Project (MAGTAP), and consists of four staff: National Coordinator Milagre Langa, Communications Officer Hélder Sindique, Account Manager Alice Tibana and Administrative Assistant Sofia Carimo.

The government has partly funded Mozambique EITI. Total government support in 2016 was USD 50,000, which comprises about 25% of total implementation costs. This was an increase from USD 40,000 in 2015<sup>16</sup>. Salaries and most work plan activities including the EITI Report are mainly funded by World Bank and other development partners such as Canada, GIZ and UNDP (Annual Progress Report 2015, p. 29). The World Bank has provided funding for Mozambique EITI through the Mining and Gas Technical Assistance Project (MAGTAP) for the costs of running the national secretariat. The World Bank support has however scaled down since early 2016, and from March 2017 there was no longer funding available to finance the costs of the national secretariat. At the time of writing of the initial assessment, there was no clarity regarding the sources of funds for the EITI process in Mozambique.

###### *Public statement:*

President Armando Guebuza referred to EITI for the first time in a public statement at the 11<sup>th</sup> Annual Private Sector Conference in Maputo on 29 October 2008. This was followed by a reference in a speech on 12 April 2010 in Benga.<sup>17</sup> President Guebuza reaffirmed the commitment to the EITI and to working together with civil society and the private sector to implement it, under the auspices of the Ministry of Mineral Resources and Energy (MIREME). The President said:

“Mozambique is a potentially rich country in natural resources and it is already a producer and exporter of significant quantities of natural gas, minerals extracted from heavy sands, among

<sup>16</sup> Budget shared with the International Secretariat 2 March, 2017

<sup>17</sup> Mozambique EITI Validation Report, May 2011, p. 17

[https://eiti.org/sites/default/files/documents/2011\\_mozambique\\_validation\\_report\\_en.pdf](https://eiti.org/sites/default/files/documents/2011_mozambique_validation_report_en.pdf)

others. Soon, large scale production of coal will start in Moatize, at Tete Province. In this context, there is a need for its sustainable exploration, as it is contained in our agenda against poverty. Therefore, we affirm our commitment to the Extractive Industries Transparency Initiative and to working jointly with the civil society and the private sector in its implementation, under the supervision of the Ministry of Mineral Resources.”

The Vice-Minister of Mineral Resources and Energy attended the EITI Global Conference 2009 in Doha and President Armando Guebuza attended the EITI Global Conference 2011 in Paris<sup>18</sup> Since taking office in 2015, President Filipe Nyusi, has not made any statement of support to the EITI, and there appears to be limited evidence that any public statements have been made at the ministerial level since.

During a mission by EITI Chair Fredrik Reinfeldt to Maputo in January 2017, the meeting with the President was replaced at short notice with a meeting the Prime Minister Carlos de Agostinho. Following the meeting, national media reported that the Prime Minister “guarantees that the government will comply with the recommendations from the EITI”, with particular regards to beneficial ownership.<sup>19</sup> At a wider stakeholder event during the visit of the EITI Chair, the newly appointed Minister of Mineral Resources and Energy and Mozambique EITI Chair Leticia da Silva Klemens reaffirmed the commitment to the EITI and stated that “the implementation of the EITI in Mozambique had strengthened understanding and dialogue between civil society, government and companies”.<sup>20</sup>

#### *Senior lead:*

There have been various changes to the appointed government leadership of Mozambique EITI in the past couple of years. The MSG was originally chaired by the Vice-Minister of Resources, Energy and Mining, Abdul Razak Noormohammed. In 2014, he was replaced by the then Minister, Esperanca Bias, who was replaced by her successor, Pedro Cuoto in 2015. He then was replaced in 2016 by his successor, Minister Leticia da Silva Klemens.

#### *Active engagement:*

Since the change of administration, the government of Mozambique’s participation in the process has been limited. The past Mozambique EITI Chairs have rarely attended MSG meetings (see Annex B for MSG attendance). As the Validation commenced on 1 January 2017, it was too early to assess the engagement of current MSG chair, Leticia da Silva Klemens, who was appointed for the position of Minister of Mineral Resources and Energy in October 2016. There has only been one MSG meeting since she took office which she attended (28 Nov 2016).

The government has three members on the MSG which consists of Ângelo Nhalidede (MEF) and Vilela De Sousa (MITADER) in addition to Custodio Nguetana (National Coordinator for Mozambique EITI and Advisor to the Minister, MIREME). Minutes from MSG meetings from 2015 and 2016 confirm that government representatives have regularly participated in meetings (see Annex B for MSG attendance) as

<sup>18</sup> [https://eiti.org/sites/default/files/documents/2011-conference-paris-statement\\_armando\\_guebuza\\_mozambique.pdf](https://eiti.org/sites/default/files/documents/2011-conference-paris-statement_armando_guebuza_mozambique.pdf)

<sup>19</sup> Rádio Moçambique, <http://www.rm.co.mz/index.php/component/k2/item/16208-governo-cumpre-recomendacoes-do-itie-carlos-agostinho-do-rosario>

<sup>20</sup> Statement made by Minister Klemens in January 2017. The full statement was shared with the International Secretariat on March 1, 2017.

well as engagement in the implementation and evaluation of the EITI process.

### Stakeholder views

Various stakeholders expressed concern that the lack of government engagement in the process has discouraged interest by other stakeholders, particularly from companies. One industry stakeholder on the MSG reiterated this view saying that the implementation of the initiative had become more a tick-boxing exercise for the government and the EITI in Mozambique had mainly been driven by CSOs.

Several donors raised similar concerns regarding limited government engagement in the EITI process. Some partners expressed that it is unsustainable to have the national secretariat located in the offices of the World Bank adding that stronger commitment is expected to fund further activities. The International Secretariat was informed that the World Bank was awaiting confirmation of political commitment to release further funding.

Two civil society representatives on the MSG explained that government engagement had been low for the past years. While the last EITI Chair had participated only in two MSG meetings, the new Minister attended her first MSG meeting in November 2016 and had signalled that the EITI would be given greater priority, which they regarded as encouraging.

According to civil society stakeholders on the MSG, government representatives on the MSG have failed to communicate the work of EITI to their respective agencies including to high-level officials. Civil society representatives said it was evident during meetings with several government officials that there was limited awareness of EITI implementation or process within the government. Civil society representatives also raised some concerns regarding MSG government stakeholder's ability to influence decision-making and underlined the importance of appointing representatives with the capacity to fulfil their roles. They added that refreshment of MSG might provide opportunities to include more senior officials and relevant agencies and actors around the EITI-table, including state-owned companies.

A representative from the Tax Authority stated that there was no formal mechanism for coordination among government agencies working specifically on different aspects of extractives governance, apart from the Kimberley Process and the potential 'higher authority' on extractives which was established by law in 2014.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful** progress in meeting this requirement. While government commitment appeared to be higher in the initial phase of EITI implementation, government engagement in the EITI process appears to have declined in the last couple of years. The government has made public statements of support to the EITI and appointed senior officials to lead the EITI process, however, past EITI Chairs have not attended MSG meetings regularly and stakeholders see the lacking engagement by government as a whole as an impediment to meaningful EITI implementation. Government representatives on the MSG regularly attend meetings, however a broader range of agencies could be represented on the MSG to encourage inter-agency cooperation on extractives governance issues. There are however signs that the new administration at MIREME might give higher priority to the EITI, and there appears to be expectations among wider stakeholders that it might result in improvements in the level of government engagement. To be able to address the lack of funding for the

EITI process and the many related activities in need of being addressed in the coming year, active government participation and action will be required. More sustained high-level government commitment and engagement could also help ensure that EITI Reports contribute more meaningfully to policy discussions and reforms.

## Industry engagement in the EITI process (#1.2)

### Documentation of progress

The company constituency has four members on the MSG; two representatives from the mining industry; Helena Sarmiento (Vale Moçambique and the Mozambican Association Associação for Mineral Coal Development - AMDCM) and Gert Klok (Grafite Kropfmuel), and two representatives from the oil and gas industry; Alexandre Jossias (Anadarko and Association of Mozambican International Oil Operators - AMOPI) and Saviano Stefano (ENI and AMOPI).

#### *Active engagement:*

Based on attendance statistics for MSG meeting attendance, industry is the stakeholder group with the poorest level of attendance, although in 2016 company representatives were present in at four out of five MSG meetings. According to the meeting minutes, companies appear to be engaged to a limited extent in discussions related to design, implementation and monitoring of the EITI process. On the MSG meeting 18 October 2016, the low attendance of the industry was discussed in the context of the new MSG. Civil society suggested at this MSG meeting to include national company representatives in the MSG with the aim to increase higher engagement from industry. At the time of Validation mission in February 2017, there was still no decision taken on the new composition of the MSG.

Of the 71 companies reporting their payments for the year 2014 as part of the reconciliation in the 2013-14 EITI Report, 17 did not complete their reporting templates. Some of the reasons for non-reporting listed by the Independent Administrator was lack of awareness of EITI among companies and missing up-to-date contact in the government database (see more in section 4.1 on comprehensive disclosure of taxes and revenues).

#### *Enabling environment:*

There is no evidence to suggest that legal or practical factors inhibit company participation. The Petroleum and Mining Laws passed in 2014 do not refer to EITI, although they provide for transparency in payment information and disclosure of contracts signed after the passing of the laws.<sup>21</sup> The Freedom of Information Act (Law 34/2014) passed in 2014 also gives the public access to information by public entities of public interest through legally permitted channels.

### Stakeholder views

Civil society representatives raised some concerns related to low industry engagement. One representative on the MSG said that industry representatives only tend to attend MSG meetings when high-level representatives such as the Minister attends. This has led to an EITI implementation mainly driven by government and civil society. As a result, civil society representatives have initiated the process

---

<sup>21</sup> Article 50 of the Petroleum Law 2014, <http://www.inp.gov.mz/pt/Politiclas-Regime-Legal/Legislacao-Regime/Lei-21-2014-Lei-Petroleos>

to revise the current TORs for the MSG to include participation of state-owned companies.

Industry stakeholders on the MSG explained that MSG meetings are inefficient and proposed that there should be a time limit to MSG meetings or that these would be limited to the time scheduled. The industry representative said that the EITI was not considered as the appropriate platform to raise issues they wanted to address with the government related to the sector, adding that they preferred bilateral channels to communicate with the government. On industry coordination, efforts had been made previously to set up a Chamber of Mines without success. Company members of the MSG considered themselves as representatives of the company rather than of the wider industry. Consultations with industry stakeholders further indicated that there was limited dissemination related to EITI among the wider constituency. A company representative acknowledged that the EITI had brought more transparency to the country, improved tracking and monitoring of payments and through its first report identified some systemic issues in government records such as the inconsistency in VAT numbers. Several company representatives noted that the EITI could further contribute to creating a level playing field and ensure that rules would be applied consistently, in particular with regards to licensing and monitoring of environmental and social obligations.

A government representative explained that the Petroleum and Mining Laws of 2014 make revenue disclosure mandated by law. The 2014 laws require international companies to partner with a local company when bidding for a contract, and companies are required to be listed in Mozambique in order to operate in the country. An industry representative highlighted outdated contact information and limited knowledge of EITI as reasons for non-reporting by some companies.

An international EITI supporting company representative explained that commitment to implementing EITI in countries like Mozambique signals the government's commitment to anti-corruption and transparency, which helps inform their internal risk assessment. Further, it was added that they use specific information in the EITI Reports to better understand the revenue streams within the industry that the company would be obligated to assume on entry.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful progress** in meeting this requirement. Companies are not fully, actively and effectively engaged in the EITI process. While industry representatives regularly attend MSG meetings, their role appears to be more reactive rather than proactive, and the level of engagement in the design, implementation and monitoring of the EITI process appears limited. Companies are not making use of the EITI platform to address extractive sector challenges. This might partly be due to the lack of high-level government engagement in the process over the years of EITI implementation, which may have discouraged interest by industry in the process.

## Civil society engagement in the EITI process (#1.3)

### Documentation of progress

Civil society in Mozambique has played an important role in encouraging the government to join the EITI and in monitoring EITI implementation. This is sustained by the fact that civil society initiated the public debate on transparency in extractive industry through the global campaign Publish What You Pay (PWYP) Mozambique chapter, and then the Center for Public Integrity (CIP).

Civil society held the first EITI advocacy conference in May 2008, where interested parties participated. Government held the public seminar on preparation to join EITI in October 2008. In the seminar, civil society representatives congratulated the government and stressed that the EITI was “an opportunity for government and civil society to make extractive industry a development factor of the country for a well-being of the Mozambican people”.<sup>22</sup> Additionally, civil society organisations called for contract disclosure and the revision and re-negotiation of signed contracts. In the message, civil society reiterated its determination to support the state to mobilize the necessary capacity to review and monitor the process. Furthermore, civil society’s message stressed that EITI in Mozambique should go beyond information on payments and revenues from extractive industry, to information about the distribution of the revenues, considering that revenues accrued from extractives should be invested in provinces, districts and communities where extractive resources are being exploited, including law enforcement and environmental impact monitoring.

The civil society constituency has four members on the MSG: CIP, Kuwuka JDA, Centro Terra Viva and Ruth Rede Uthende, which all represent the extractive industries CSO platform. This platform was created to increase the influence of civil society and comprises of 40 organisations. The platform has been vocal in pushing for enhanced impacts of Mozambique EITI to increase the focus on promoting efficient management of resources and enhancing public dialogue around the extractive industries<sup>23</sup>. In addition to the four civil society members, the MSG has two observers; one representing academia (Associação Geologica Mineira de Moçambique) and one representing the media (Sindicato Nacional de Jornalistas).

#### *Expression:*

While Mozambique’s 2004 Constitution guarantees freedom of speech, including for members of the press,<sup>24</sup> there have been instances where journalists and academics having been harassed and prosecuted if critical of the government. Freedom House rates Mozambique as “partly free” when it comes to press freedoms, and has given a score of 4/7 (with 7 being least free) on political rights and civil liberties. Freedom House notes that the civil liberties rating declined from 3 to 4 in 2016 “due to an increasingly restricted media environment, including more attacks on journalists and a steep rise in the cost of internet access”.<sup>25</sup> Concerns have also been raised that freedom of expression became increasingly restricted during military clashes and negotiations between the ruling party, FRELIMO, and the opposition party RENAMO in 2016.<sup>26</sup> In 2014, the Access to Information Act was passed by the Parliament, after strong civil society advocacy and lobbying,<sup>27</sup> requiring public and private entities invested with public powers to release information upon request.<sup>28</sup>

---

<sup>22</sup> Camilo Nhancale, (2013). “Civil Society Engagement with EITI in Mozambique: Challenges and Opportunities”, Kuwuka JDA.

<sup>23</sup> GIZ study on impact of EITI in Mozambique, p. 81.

<sup>24</sup> Articles 48, 51 and 52. See “Mapping study of civil society organisations in Mozambique, p. 43 for further details: [https://eeas.europa.eu/sites/eeas/files/20151020\\_mappingstudy\\_onlineversion.pdf](https://eeas.europa.eu/sites/eeas/files/20151020_mappingstudy_onlineversion.pdf)

<sup>25</sup> <https://freedomhouse.org/report/freedom-world/2017/mozambique>

<sup>26</sup> <http://clubofmozambique.com/news/uk-concerned-about-freedom-of-expression-in-mozambique/>

<sup>27</sup> “Mapping study of civil society organisations in Mozambique, p. 43

<sup>28</sup> BTI Transformation Index, 2016. <http://www.bti-project.org/en/reports/country-reports/detail/itc/moz/>



Despite some of the restrictions on media and expression, civil society organisations are actively involved in the EITI implementation and have been outspoken on many key issues related to how the sector is managed. This includes dissatisfaction with the implementation of beneficial ownership disclosure, mistrust in the government and the lack of legislation to improve transparency.<sup>29</sup> CIP has issued several publications on how the sector is governed<sup>30</sup>, and assessments of EITI implementation including recommendations on how to further strengthen its implementation.<sup>31</sup> Kuwuka JDA, a civil society organisation also on the MSG, has issued a paper on “Civil society engagement with EITI in Mozambique: challenges and opportunities”<sup>32</sup>. Other institutions such as the Institute for Social and Economic Research (IESE) have also commented regularly on challenges related to natural resource governance as well as on the EITI in the country.<sup>33</sup>

The minutes from the MSG meetings also show that civil society representatives can speak freely about EITI process during meetings, and are actively involved in the design, implementation and monitoring of the process.

#### Operation:

According to Freedom House, freedoms of assembly and association are broadly guaranteed in Mozambique, but with substantial regulations. Civil society organisations “operate openly but face bureaucratic hurdles in registering with the government”, as required by Law 8/91 of 18 July (Law of Association).<sup>34</sup> For instance, the law requires civil society organisations to have at least 10 founding members, and various documents including certified copies of identity documents and criminal records of each founding member to register. Additionally, the law restricts registration of foreign organisations if their objectives and or mandate are deemed contrary to national public order.<sup>35</sup>

The ability of civil society to participate in the EITI process seems not to have been restricted or affected by the legal, regulatory, administrative and actual environment. Representatives appear to have space to operate in relation to the EITI process.

#### Association:

Through the Platform of Civil Society for Natural Resources and Extractive Industries, civil society in

<sup>29</sup> See for example statements by CIP news article in @Verdade, 21 April 2015, “Mining sector continues without significant impact on state revenues in Mozambique” <http://www.verdade.co.mz/tema-de-fundo/35-themadefundo/52817-sector-extractivo-continua-sem-impacto-significativo-nas-receitas-do-estado-em-mocambique>, and in Club of Mozambique, 5 July 2016, “Mozambique’s CIP claims Anadarko and ENI demanding ‘too generous contracts’” [clubofmozambique.com/news/mozambiques-cip-claims-anadarko-and-eni-demanding-too-generous-contracts/](http://clubofmozambique.com/news/mozambiques-cip-claims-anadarko-and-eni-demanding-too-generous-contracts/).

<sup>30</sup> See various CIP publications and statements: <http://cipmoz.org/index.php/pt/industria-extractiva>

<sup>31</sup> CIP (2015), “Advances in the availability of information, but insufficient for transparency” (*in Portuguese*), [cipmoz.org/images/Documentos/Industria\\_Extrativa/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extrativa/360_CIP-spinformacao_2015_05_pt.pdf)

<sup>32</sup> Camilo Nhancale (2014). “Civil Society Engagement with EITI in Mozambique: Challenges and Opportunities”, Kuwuka JDA.

<sup>33</sup> See for instance <http://www.iese.ac.mz/?s=itie>.

<sup>34</sup> <https://freedomhouse.org/report/freedom-world/2016/mozambique>

<sup>35</sup> Joint Submission to the UN Universal Periodic Review 24th Session of the UPR Working Group, Submitted 22 June 2015, by CIVICUS: World Alliance for Citizen Participation, NGO in General Consultative Status with ECOSOC And JOINT: Liga das ONG em Moçambique. <http://www.civicus.org/images/UPR.NGOSubmissionOnMozambique.pdf>



Mozambique coordinates the monitoring of natural resources and extractive industry, debates issues of importance of communities including resettlement resulting from extractive industry activities, organises capacity building for its members, shares information and exercises collective action advocacy.<sup>36</sup> The platform is membership-based, and has grown from six member organisations in 2009 to consisting of more than 40 member organisations in 2017 with representatives from all the provinces. The platform communicates through a secretariat, hosted by a member organisation elected for a mandate of two years. There is a Governance Board (Coordinating Group) of 10 member organisations which makes strategic planning and operational decisions and that works with the secretariat to share information with the members. The General Assembly meets once a year, where all members are invited for consultation on the strategic decision-making process.

The mechanism for participation of the broader civil society in EITI works through the CSO platform, which selects the four civil society organisations on the MSG. These members report back on the EITI process to the CSO platform through meetings with the Coordinating Group, while the secretariat of the platform distributes information with all members. Through its representation on the MSG, the CSO Platform proposed to review the previous Terms of Reference (TOR) of the MSG, with the view to make appointment of civil society representatives entirely independent, so that the four seats of civil society on the MSG are to be indicated through the CSO platform on Natural Resources and Extractive Industry. This would ensure that these are in line with the EITI Standard making the nomination process independent and free from any suggestion of coercion. The proposed review of the TOR was approved by the MSG in 2014.

It is worth noting that CIP represents the PWYP coalition in Mozambique and publishes a regular newsletter of its activities. In January 2010 CIP published a report assessing the implementation of Mozambique EITI,<sup>37</sup> and CIP regularly published commentary on the EITI Reports.<sup>38</sup>

#### Engagement:

The relationship between civil society and government on the MSG has improved, although differences of opinion remain. MSG meeting minutes and stakeholder consultations indicate that the EITI constitutes an open discussion forum where each stakeholder can state their position freely. Civil society has recently proposed to review the current Terms of Reference of the MSG, and has been active in analysing and disseminating EITI Reports. Additionally, there has been an effort on training and capacity building of civil society and community based organisations on EITI and extractive sector challenges such as in affected. The government has acknowledged that civil society plays an important role in the dissemination of EITI to broader citizens and local communities. However, there is a lack of technical and financial capacity for dissemination activities related to the EITI and the extractive sector by civil society. The efforts to analyse and disseminate information through the EITI and to build capacity to the broader civil society have been done by the two civil society representatives on the MSG, namely the CIP and Kuwuka JDA Youth

---

<sup>36</sup> Camilo Nhancale, (2013). "Civil Society Engagement with EITI in Mozambique: Challenges and Opportunities", Kuwuka JDA.

<sup>37</sup> For more information:

[http://www.cip.org.mz/cipdoc%5C20\\_CIP%20NEWSLETTER%204a%20edi%C3%A7%C3%A3o.pdf](http://www.cip.org.mz/cipdoc%5C20_CIP%20NEWSLETTER%204a%20edi%C3%A7%C3%A3o.pdf)

<sup>38</sup> See for instance CIP (2015), Avanços na disponibilização de informação, mas insuficientes para transparência (Progress in availability of information, but insufficient for transparency), [http://cipmoz.org/images/Documentos/Industria\\_Extractiva/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extractiva/360_CIP-spinformacao_2015_05_pt.pdf)

Development and Environmental Advocacy.

*Access to public decision-making:*

The current Minister of Mineral Resources has acknowledged the platform as civil society link with the government on issues related to extractive, and agreed to meet twice a year with the CSO platform to discuss relevant themes and issues to be proposed by civil society in the context of extractive resources governance. The EITI together with the CSO platform are two channels for CSOs to directly communicate with the government on extractives questions, apart from approaching the government through the media.

Civil society representatives on the MSG have been organising workshops and trainings to build capacity of the broader civil society to analyse EITI data. Efforts have also been made to disseminate the findings and advocate for more transparent management of the sector. There is evidence of civil society representatives' engagement with media outlets to communicate the findings of the EITI Reports.

### **Stakeholder views**

Civil society representatives on the MSG explained that they are selected through the CSO platform. The representatives on the MSG are all Maputo-based, which allows them to attend meetings without a travel budget. Candidates from the provinces were put forward, but these are required to have financial resources available to attend meetings in order to be elected. The representatives are expected to report to the platform's General Assembly to inform its members. According to the CSO representatives, there is also continued exchange of information and interaction between the representatives and the platform. Most members of the platform do not appear to work on governance or extractive issues which makes it more difficult for them to provide technical input. The representatives on the MSG explained further that they have the mandate to take decisions on behalf of the group. However, on important issues, documents are shared and inputs are requested. One issue that members of the platform have requested the representatives to take forward is the issue of environmental protection.

One civil society representative outside of the MSG explained that they are involved in the EITI process through the CSO platform. According to the representative, this platform has been very efficient and pushed for the change of TORs for the MSG, in particular when it comes to selection of civil society representatives. The representative informed that they are not fully engaged in the work of EITI and that there are room for improvements. For example, they were not consulted in the development of the latest Work plans or Annual Progress Report.

One civil society representative on the MSG expressed that its participation in EITI had not been an easy task and explained that there were sometimes clashes between civil society and the National Coordinator and secretariat. Civil society representatives said they can speak freely during MSG meetings but felt that their contributions were only considered relevant if they were of interest for the government or if they were in line with the recommendations of the EITI International Secretariat. The representative added that for the EITI to be a legitimate process, civil society must fully participate and its proposals to be respected.

One civil society representative explained that they can speak freely in public about the EITI process. The representative provided examples of debates, workshops and training the representatives had

participated in to inform the public about the EITI process. The representative also expressed that civil society members can engage with the media to communicate the findings of the EITI Reports and their recommendations to improve the management of the sector.

One civil society representative on the MSG said that they had for a long time demanded that the implementation of EITI goes beyond the “basic EITI”, to also include as contract disclosure, data on production, transport revenues, in-kind payments to government, information on the tax regime and coverage of other natural resource sectors such as forestry and fishery. Most of the civil society’s demands are currently part of the EITI Standard.

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **satisfactory** progress in meeting this requirement. Civil society is fully, actively and effectively engaged in the EITI process and has contributed significantly to EITI implementation in Mozambique. Civil society representatives’ ability to participate in the EITI process does not appear to have been restricted or affected by the legal, regulatory, administrative and actual environment. MSG minutes and public statements by civil society members demonstrate that civil society is substantially engaged in the design, implementation and monitoring of the EITI implementation and plays an active role in overseeing the EITI reporting process and contributing to public debate related to extractive sector governance.

## MSG governance and functioning (#1.4)

### Documentation of progress

#### *MSG composition and membership:*

The current MSG was formed following a revision of the MSG TORs, and met in December 2014 for the first time. While government representatives remained the same, civil society representation was strengthened. The Platform of Civil Society for Natural Resources and Extractive Industries selected two new members (CTV and RRU). Companies also selected new representatives, with ENI and Anadarko representing AMOPI, Vale representing coal miners and MRM representing the Chamber of Mines. At the time of the drafting of the initial assessment, the MSG was redrafting the TORs. The draft version received by the International Secretariat prior to the stakeholder consultations included amendments related to the selection outlining MSG representatives with the aim to include more relevant actors and agencies as well as having parliamentarians as observers. The draft MSG TORs has been circulated to the stakeholders which will consult with their constituencies. The draft TORs is expected to be approved by the MSG in 2017.

The current TORs (provision 18) outlines the representation for each constituency. The TORs allow for observers. All members should be supported by one alternate (provision 19).

#### *Civil society representation:*

The civil society constituency has four members on the MSG: CIP, Kuwuka JDA, Centro Terra Viva and

Ruth Rede Uthende, which all represent the extractive industries CSO platform. Mozambique EITI<sup>3940</sup>In addition to the four civil society members, the MSG has one observer representing academia (Associação Geologica Mineira de Moçambique) and one observer representing media (Sindicato Nacional de Jornalistas).

Industry representation:

The company constituency has four members on the MSG; two representatives from the mineral industry; Helena Sarmiento (Vale Moçambique and the Mozambican Association for Mineral Coal Development - AMDCM) and Gert Klok (Grafite Kropfmuel), and two representatives from Oil and Gas Industry; Alexandre Jossias (Anadarko and the Association of Mozambican International Oil Operators - AMOPI) and Saviano Stefano (ENI and AMOPI). On industry coordination, efforts have been made in the past to set up a Chamber of Mines without success. The industry representatives do not appear to represent the wider constituency or routinely disseminate information on the EITI process to companies beyond the MSG.

Government representation:

Government is represented by three representatives, from MIREME, MEF and MITADER. Key government agencies that play a significant role in the management of the sector, such as INP, INM, EHN and Tax Authority are not directly represented on the MSG (although INP and INM are indirectly represented by MIREME).

Terms of reference:

The legal basis for the MSG is the Terms of Reference approved on 11 July 2014, which are available at the MOZAMBIQUE EITI website.<sup>41</sup> The current MSG met in December 2014 for the first time. Along with the approval of the 2014 TORs, MSG members were appointed for a two-year term, thus until July 2016 (provision 20). With the commencement of the Validation process on 1 January 2017, the MSG decided to extend the term of office of current members for a period of 8 months, i.e. until March 2017, to ensure continuity and that members were familiar with the history of the EITI in Mozambique through the Validation process.<sup>42</sup>

At the time of Validation and mission, the MSG was redrafting the TORs. The draft version received by the Secretariat prior to mission had amendments related to selection of representatives with the aim to include more relevant actors and agencies as well as having parliamentarians as observers.

The functions of the MSG (paragraphs 11-12) are specified as the formulation of guidelines on implementation, monitoring, making decisions, preparing updates, considering and approving EITI Reports, establishing committees, ensuring dissemination of information and updating stakeholder institutions on its decisions, and execution of its task. While paragraph 11 refers to the MSG's

---

<sup>39</sup> See Section on Civil society engagement in the EITI process (#1.3) and GIZ Impact Study of EITI implementation in Mozambique, p.81.

<sup>40</sup> See Section on Civil society engagement in the EITI process (#1.3) and GIZ Impact Study of EITI implementation in Mozambique, p.81.

<sup>41</sup> <http://www.itie.org.mz/index.php/sobre-nos/comite-de-coordenacao>,

<sup>42</sup> The suggestion to extend the term of office of current members for a period of 8 months was suggested by the national secretariat in an email to the MSG dated 26 July 2016. There were no objections to the extension. The emails related to this decision were shared with the International Secretariat.

responsibilities regarding EITI implementation (including approval of work plans and dissemination of EITI Reports), paragraph 12 encourages members to liaise with their constituency groups. The TORs also covers the role of the MSG to approve the appointment of the Independent Administrator (IA), the TORs for IA, EITI Reports, Annual Progress Reports and to engage in Validation (paragraph 11).

Internal governance and procedures:

Provision 23 in the TORs state that ordinary meetings should take place on quarterly basis (four times a year). Extraordinary meetings can be convened by the Chair or any member of the MSG (must be requested by at least 1/3 of the members of the MSG to be convened). Extraordinary and general meetings must be requested by seven days' notice (provision 16) to allow timely circulation of documents and consultations.

Decision-making:

The TORs contain provisions for quorum (no less than 58% of MSG members present, including one from each constituency and alternates) and decision-making (consensus of all members present) (paragraphs 9 and 21). The latter refers to provision 21 which states that the MSG shall endeavour to ensure that all decisions are taken by consensus. If decisions cannot be reached by consensus, voting can be used as a final solution, requiring the favourable vote of 60 % of the members present at the meeting.

Record-keeping:

All discussions and decisions made at MSG meeting should be recorded in minutes signed by all members present, to be prepared by the secretariat, approved by members and signed by the Chair. The minutes are accessible on the Mozambique EITI website in line with provision 17, which says that minutes should be publicly accessible.<sup>43</sup>The website contains minutes from meetings held from 28 January 2010 to 28 November 2016. The available minutes are brief and focuses on results and decisions.

Capacity of the MSG:

There is no mentioning or any requirement related to MSG members' sufficient capacity to carry out their duties, as outlined in requirement 4.1.b.i.

Per diems:

Under the EITI Standard, the practice of per diems "should be transparent and should not create conflicts of interest" (Provision 1.4.b.vi). While not stated in the TORs, to the knowledge of the International Secretariat, MSG members do not receive allowances or fees for attending MSG meetings.

Attendance:

There are no provisions related to attendance except for provision 9, which relates to quorum.

National secretariat:

The TORs mandates the MSG to develop the TORs for the national secretariat (provision 11.b). Section IV outlines the functions of the secretariat, which includes administrative, logistical and coordination functions to support the functioning of the MSG and the fulfilment of its responsibilities, implementation

---

<sup>43</sup> <http://www.itie.org.mz/index.php/publicacoes/actas>

of work plan, completion of reporting templates and TORs for the IA, and preparation of MSG meetings.

### Stakeholder views

Civil society representatives explained that although an MSG had been established, MSG members are not consistently involved in EITI-related activities which should be overseen by the MSG, in accordance with the TORs. Civil society representatives raised this issue, citing a training of journalists held in late 2016. Civil society members on the MSG was only informed about this event after it had taken place and were not given the opportunity to provide input to the content of the training.

On the TORs, a civil society member of the MSG informed that the initiative to revise the TORs was initiated by them for the following reasons :1) to engage private sector by including SOEs in the MSG and 2) engage parliamentarians as observers to increase awareness and knowledge about EITI and extractive sector governance among politicians.

Civil society on the MSG confirmed that the TORs for the MSG are respected, but their contributions to the MSG discussions are only considered as relevant if they were of interest of the government.

A civil society representative outside the MSG explained the nomination process for civil society, noting that the platform is used as a channel for communication with their MSG representatives on issues related to EITI implementation.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful** progress towards meeting this requirement. There is a legal basis for the work of the MSG. Key government agencies that play a significant role in the management of the sector (INP, INM, TA, EHN) are not represented on the MSG which arguably undermines its work. The MSG is encouraged to include relevant actors in the revised TORs, or ensure that there are mechanisms in place for these government agencies to provide input to the implementation and design of the EITI. The MSG should also consider including additional provisions in the revised TORs addressing the capacity of the members to fulfil their duties and requirements related to attendance.

## Workplan (#1.5)

### Documentation of progress

While previous work plans did not set out specific objectives for implementation, the current three-year plan covering 2016-2018 is significantly more elaborate in that country specific objectives have been clearly defined, presenting to the public what the EITI aims to achieve in terms of good governance of the extractive sectors and how it intends to attain these objectives. More specifically, the 2016-2018 work plan Mozambique EITI includes clear objectives, rationales behind these, activities that will help achieve the stated objectives, expected results, responsible parties, timeframe, cost, and funding source. The work plan was developed by the MSG during workshop facilitated by the GIZ and the EITI International Secretariat. It is the intention that the work plan will be revised on an annual basis.

#### Publicly accessible workplan:

The current workplan which covers 2016-2018 is not available online, while the 2013-2015 work plan can

be accessed from the Mozambique EITI website.<sup>44</sup>

Objectives for implementation:

The 2016-2018 workplan includes objectives such as increasing the accountability of public and private companies, clarifying the mechanism for allocating revenue to affected communities, guaranteeing access to information to enable participation in public debate, improving transparency in the licensing process, and improving the business climate. These objectives/outcomes are linked to the EITI Principles and reflect “national priorities for the extractive industries” (Requirement 1.5.a). The agreed objectives, including for instance increasing the accountability of public enterprises and clarifying the mechanism for allocating revenue to affected communities, are relevant for the Mozambican context and represent a step forward from process-focused thinking.

Measurable and time-bound activities:

The work plan for 2016-2018 includes measurable and time-bound activities aiming to achieve the agreed objectives. For example, for the first objective which is clarify and disseminate the allocation of receipts’ mechanisms for the development of affected communities, the suggested activities relate to meetings and capacity building activities with the local councils, dissemination of allocation procedures to beneficiary communities

Activities aimed at addressing any capacity constraints:

Objective 4 is to “strengthen the role and intervention of the Mozambique EITI’s MSG in monitoring and access to information with a view to effective public participation in extractive industry good governance”. Under this heading, the workplan foresees several training events for MSG and secretariat, including for the new MSG.

Activities related to the scope of EITI reporting:

The work plan includes activities that will help achieve the stated work plan objectives as well as the expected results.

Activities aimed at addressing any legal or regulatory obstacles identified:

The work plan does not outline plans to address any potential legal and regulatory obstacles to EITI implementation or mention any plans to incorporate the EITI Requirements within national legislation or regulation. It does include activities related to monitoring of contract disclosure in accordance with the sector specific laws. The MSG might wish to include activities related to how to address any possible legal and regulatory obstacles related to beneficial ownership disclosure.

Plans for implementing the recommendations from Validation and EITI reporting:

The work plan contains some plans related to implementing recommendations highlighted in previous EITI Reports.<sup>45</sup> It also includes activities related to presenting policy proposals and/or governance

---

<sup>44</sup> <http://www.itie.org.mz/index.php/publicacoes/plano-de-actividades>

<sup>45</sup> Recommendations from the EITI Reports are being addressed in accordance with 7.3 in the Annual Progress Reports. See more under section 7.3 and 7.4 on how the MSG has planned to follow up on the recommendations.



instruments, where it is highlighted that the MSG has the possibility to suggest solutions for the gaps identified in the EITI Reports (4.3.2).

*Costings and funding sources, including domestic and external sources of funding and technical assistance:*

The work plan lists costing and funding sources for each activity, including domestic and external sources of funding and technical assistance, with breakdown per year. The total cost for the three years covered is USD 1 627 000, and the functioning of the national secretariat is estimated at USD 201 600 per year. The source of funding for the national secretariat and the EITI Reports is the World Bank Multi-Donor Trust Fund (MDTF), which was closed in December 2015. The EITI as a program is now supported under the Extractives Global Programmatic Support (EGPS). Not all activities have source of funding indicated, and for these activities the work plan states that the MSG is committed to reach out to the available sources of funding (government, private sector and donors) to help secure funding for the activity.

### Stakeholder views

The national secretariat explained that the work plan is updated annually. In reviewing the work plan, a retreat was organised with the MSG members and wider stakeholders were invited to attend. Members of the MSG expressed satisfaction with the quality of the 2016-2018 work plan and stated their support for the document. A civil society representative on the MSG said that they had provided significant input to the work plan. Other stakeholders consulted did not raise any concerns about the work plan.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The MSG has agreed a work plan which reflects the national priorities for the sector, and there is evidence of progress in more clearly articulating the objectives of EITI implementation. While the work plan does not appear to have been made publicly available on the Mozambique EITI website, it is accessible on the EITI International website.<sup>46</sup>

**Table 1 – Summary initial assessment table: MSG oversight**

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Government oversight of the EITI process (#1.1)	While government commitment appeared to be higher in the initial phase of EITI implementation, government engagement in the EITI process appears to have declined in the last couple of years. The government has made public statements of support to the EITI and appointed senior officials to lead the EITI process, however, past EITI Chairs have not regularly	Meaningful progress

<sup>46</sup> <https://eiti.org/document/mozambique-eiti-20162018-work-plan>



	<p>attended MSG meetings and stakeholders see the lacking engagement by government as a whole as an impediment to meaningful EITI implementation. Government representatives on the MSG regularly attend meetings, however a broader range of agencies could be represented on the MSG to encourage inter-agency cooperation on extractives governance issues. There are however signs that the new administration at MIREME might give higher priority to the EITI, and there appears to be expectations among wider stakeholders that it might result in improvements in the level of government engagement.</p>	
<p>Company engagement (#1.2)</p>	<p>Companies are not fully, actively and effectively engaged in the EITI process. While industry representatives regularly attend MSG meetings, their role appears to be more reactive rather than proactive, and the level of engagement in the design, implementation and monitoring of the EITI process appears limited. Companies are not making use of the EITI platform to address extractive sector challenges. The lack of government engagement in the process appears to have discouraged interest by companies.</p>	<p>Meaningful progress</p>
<p>Civil society engagement (#1.3)</p>	<p>Civil society representatives' ability to participate in the EITI process does not appear to have been restricted or affected by the legal, regulatory, administrative and actual environment. MSG minutes and public statements by civil society members demonstrate that civil society is substantially engaged in the design, implementation and monitoring of the EITI implementation.</p>	<p>Satisfactory progress</p>
<p>MSG governance and functioning (#1.4)</p>	<p>There is a legal basis for the work of the MSG. Key government</p>	<p>Meaningful progress</p>

	agencies that play a significant role in the management of the sector (INP, INM, Tax Authority, EHN) are not represented on the MSG and not involved in the process, which may weaken the effectiveness of its work.	
Work plan (#1.5)	The MSG has agreed a work plan which reflects the national priorities for the sector, and there is evidence of progress in more clearly articulating the objectives of EITI implementation.	Satisfactory progress
<p>Initial conclusions and recommendations:</p> <ul style="list-style-type: none"> <li>• High-level government commitment to the EITI will be critical for its continued progress and impact. It is recommended that the government demonstrates commitment regarding its intention to implement EITI and to be fully, actively and effectively engaged in the EITI process. It is important that the government and MIREME is engaged on a regular basis, in particular at the MSG level, to maintain engagement by other stakeholder groups.</li> <li>• The government and MIREME should consider making a decision with regards to whether and how to institutionalise the EITI in Mozambique, taking financial sustainability into account. This could include developing an action plan for the institutionalisation. Funding would need to be secured for the national secretariat.</li> <li>• To strengthen implementation of EITI in Mozambique, each constituency should ensure that their representatives' attendance at MSG meetings is consistent and at sufficiently high level to allow the MSG to take decisions and follow up on agreed matters. The MSG is encouraged to use the refreshment of MSG membership as an opportunity to include broader set of government agencies in the MSG, ensure to appoint government members with the capacity to carry out their duties in terms of influences decision-making and properly informing their constituencies. The MSG might want include relevant actors in the revised TORs, or the government might wish to establish mechanism for inter-agency coordination on issues related to extractive sector revenue and data collection and governance.</li> <li>• The MSG is encouraged to help facilitate company participation in EITI. The ongoing institutionalisation review, e-reporting and other efforts to mainstream the EITI can provide opportunities for engaging industry in the process.</li> <li>• Industry should establish a platform or use existing channels to disseminate EITI information to companies beyond the MSG, and should play an active role in setting objectives for EITI implementation in the country.</li> </ul>		

## Part II – EITI Disclosures

### 2. Award of contracts and licenses

#### 2.1 Overview

This section provides details on the implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state participation.

## 2.2 Assessment

### Legal framework (#2.1)

#### Documentation of progress

##### Legal framework:

The 2013-14 EITI Report provides a description and a table overview of the relevant legal frameworks (pp. 35-37), including the Mining and Petroleum Laws, Mineral Tax Law, Petroleum Tax Law, and resolutions and regulations related to the extractive sectors. The 2014 Petroleum and Mining Laws are described in some detail, outlining their implications for the management of the sectors (pp. 38-39). A decree establishing special legal and contractual arrangements for the Liquefied Natural Gas (LNG) Project in Areas 1 and 4 of the Rovuma Basin was passed in November 2014 and is referred to on p. 39.

Apart from one link (referring the decree related to the LNG project) which does not seem to work, there are no references to whether and where the legal documents are accessible. MIREME has published key sector legislation on their website,<sup>47</sup> while the National Petroleum Institute (INP) website provides PDF versions of the key legal documents related to petroleum operations and taxation<sup>48</sup>.

##### Government agencies' roles:

The roles of relevant government agencies (INP, IGEPE, Tax Authority, ENH and EMEM) are described in Figure 15: Relevant Public Institutions (p. 75). MIREME's role is briefly described on p. 59, and the National Mining Directorate is briefly mentioned on p. 59.

##### Fiscal regime:

Detailed information on the relevant fiscal regimes is provided in the report (p. 42-59). The tax system and relevant taxes on the national and municipal level is explained. The applicable tax rates and calculation of tax for oil/gas and mining sectors are described on p. 42-59. An explanation of how capital gains tax is calculated is included on p. 68). The report notes that corporate income tax may vary from the fiscal framework according to the terms of the contracts signed between the company and the state (p. 44).

##### Degree of fiscal devolution:

The report explains that according to the 2014 petroleum and mining laws, a percentage of the revenues generated in the oil and mining activities should be channelled towards the development of community areas where the respective projects are located (p. 86). The state budgets for 2013 and 2014 allocated 2.75% of tax collected from the petroleum and mining sectors for development projects in mining-affected communities, in accordance with 2007 petroleum and mining tax laws.

##### Reforms:

The legal reforms adopted in 2014 and the implications for the petroleum and mining sectors are described (p. 35). References to the implications of the reforms are also referred to in other sections on

---

<sup>47</sup> [http://www.mireme.gov.mz/index.php?option=com\\_phocadownload&view=category&id=5:lei&Itemid=150](http://www.mireme.gov.mz/index.php?option=com_phocadownload&view=category&id=5:lei&Itemid=150)

<sup>48</sup> <http://www.inp.gov.mz/pt/Politic-as-Regime-Legal/Legislacao-Regime>

license allocations, revenue allocation to producing regions and subnational payments.

### Stakeholder views

A government representative explained that it was clear during the process of drafting the new sector laws signed in 2014 that there was great public interest in understanding the fiscal terms applied to companies in the extractive sector. Since the passing of the 2014 laws, the fiscal terms provided in contracts would reflect the legal provisions. A Tax Authority representative explained that regarding VAT exemptions, these carried out in accordance with the 2007 tax law. Companies in exploration phase are also liable to tax deductions on their explorations costs in accordance with the same law.

According to a news article from 2015, CIP has stated that the EITI Report “makes a good reference to the legal framework applicable to the sector and describes very well the new legislation (approved in August 2014 by Parliament and in force since September)”.<sup>49</sup> Civil society representatives noted the importance of information on the fiscal regime applicable to mining and petroleum companies, especially in cases where the terms agreed in the concession contracts differed from those outlined in legislation due to tax incentives provided to companies. This is an issue that has been raised by civil society, in particular with regards to the LNG project in Cabo Delgado.<sup>50</sup> Civil society has also been calling for the establishment of the High Authority for the Extractive Industries, as mandated by the 2014 mining law.<sup>51</sup>

A government representative explained that while the past petroleum/and or mining laws had included a specific reference to EITI, the current laws had aimed at embedding some of the EITI principles, such as contract and revenue transparency, rather than referring to EITI.

Several representatives from all stakeholder groups reiterated that while they were content with the new laws, the lack of enforcement was one of the most significant challenges for sustainable management of the sector. A civil society representative not on the MSG commented that the legal reforms of 2014 had significant improvements to the legal regime, but that there was limited capacity within the government to implement these laws.

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The 2013-14 EITI Report provides a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies involved in the governance of the petroleum and mining sectors.

The MSG may wish to ensure that laws and regulations governing the oil, gas and mining sectors are

---

<sup>49</sup>@Verdade, Extractive sector continues without significant impact on state revenues in Mozambique (original: “Sector extractivo continua sem impacto significativo nas receitas do Estado em Moçambique”, 21 April 2015, <http://www.verdade.co.mz/tema-de-fundo/35-themadefundo/52817-sector-extractivo-continua-sem-impacto-significativo-nas-receitas-do-estado-em-mocambique>)

<sup>50</sup> [http://cipmoz.org/images/Documentos/Industria\\_Extractiva/350\\_spinformacao\\_2015\\_02\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extractiva/350_spinformacao_2015_02_pt.pdf)

<sup>51</sup> [http://cipmoz.org/images/Documentos/Industria\\_Extractiva/386\\_CIP-spinformacao\\_2015\\_11\\_pt\\_1.pdf](http://cipmoz.org/images/Documentos/Industria_Extractiva/386_CIP-spinformacao_2015_11_pt_1.pdf)

accessible from government websites, and to provide links to these in the EITI Report. Given comments made by stakeholders on the lack of enforcement of the laws, the MSG may wish to consider including activities in the work plan or tasking the Independent Administrator to review or provide commentary on the lack of enforcement of the laws and regulations governing the extractive sector.

## License allocations (#2.2)

### Documentation of progress

#### Awards/transfers:

For the oil and gas sector, the report discloses information on four transferred licenses in 2013 and 2014 including companies involved, shares transferred, value of transfer and capital gains tax paid (p. 68). For mining, the report does not include any information on recipients of mining licenses awarded or transfers made in the period covered by the report. Information on awarded licenses (not transferred) is however accessible indirectly through the license cadastre.<sup>52</sup>

#### Award process:

For the oil and gas sector, the report includes a description of the contract awarding process and contract types (p. 63). Contracts can be awarded through competitive bidding or simultaneous or direct negotiations (simultaneous or direct negotiations are restricted by Decree 24/2004). The state reserves the right to participate in projects. For mining, a general description of the licensing process is included, with Figure 9 demonstrating each step (p. 41). Since the legal reforms in 2014, INM manages the allocations of licenses in the mining sector.

#### Transfer process:

The process for transferring oil and gas rights is not explicitly explained, although referred to in various parts of the report; The section on the Petroleum law itself explains that the reforms included the “reformulation of the rights transfer rules and obligations assigned under the concession” (p. 38). 4.2.2. on “Capital Gains and Concession Rights Transfer” explains that the 2014 Petroleum Law provides that indirect transfers of rights, including the transfer of shares of companies awarded concession contracts, are subject to government approval” (p. 67).

The report does not explain the process for transferring mining licenses, although it is referred to under the section on the new Law on Mining, “Mining rights transfer” (p. 39). It is also referred to in the section on revenue streams in the mining sector (pp. 51-56), which explains that “fees applicable to the mining areas result from the legislation establishing the procedures related to the transfer of mining titles in particularly Decree no 28/2003, of 17 June, which approves the Mining Law Regulation” (p. 54). No reference is made to the 2014 mining law and the draft regulation is yet to be approved. The fees for applications for transfers of various mining licenses are provided (p. 55).

#### Technical and financial criteria:

Regarding criteria for oil and gas companies applying for licenses, the report briefly summarises the technical and financial criteria on p. 30, but does not include a reference to any further information on

---

<sup>52</sup> <http://portals.flexicadastre.com/mozambique/en/>

the actual criteria. It explains that under Decree 24/2004 (under revision), “people entitled to exercise oil operations rights can be domestic or foreign legal persons proving to possess the technical expertise and financial resources necessary to effectively conduct operations, as per the requirements of applicable law and regulations” (p. 64). For mining, there is no description of the technical and financial criteria.

*Non-trivial deviations:*

The report does not mention any deviations from the applicable legal and regulatory frameworks.

*Comprehensiveness:*

The report lists bidding rounds that have been realised in the oil and gas sector since 1984, including the 5<sup>th</sup> round that started October 2014 and was completed in 2015 (p. 22). This includes an overview of the applicants, the license awardee and maps outlining the areas for each round. The number and types of awarded contracts that are currently in force are listed. This information is also available from INP’s website.<sup>53</sup>

*Bidding process:*

The 5<sup>th</sup> license round is described on page 25 including a map of the awarded blocs and the number of applicants. A list of the winners of the bidding round with details on company participation, duration, size and minimum operating costs is included, but not the full applicant list and full description of bidding criteria. INP’s websites include more details on the license round, including a list of applicants,<sup>54</sup> details on the bid process, announcements and a full description of the bidding criteria and the selection process.<sup>55</sup>

*Commentary on efficiency:*

The report does not comment on the efficiency and effectiveness of the license allocation system.

## **Stakeholder views**

Government representatives from regulatory agencies explained that transfers of licenses in both the petroleum and mining sectors were carried out in accordance with the petroleum and mining laws and was subject to government approval. For mining licenses, direct and indirect transfers of participation in a license requires prior governmental approval.

Civil society representatives and other stakeholders expressed concerns that the government had launched the 5<sup>th</sup> licensing round too early, as the regulations for the new petroleum law had not yet been developed. There were also concerns raised that the information on the terms regulating the bidding round, criteria for selection and the model agreement was not disclosed when the license round was announced,<sup>56</sup> although these have been made available since. Civil society organisations such as CIP have further expressed concern that parts of the technical and financial criteria for the 5<sup>th</sup> licensing round were

---

<sup>53</sup> [www.inp-mz.com/documents](http://www.inp-mz.com/documents)

<sup>54</sup> <http://www.inp.gov.mz/en/Noticias/2015/51-Concurso-de-Concessao-de-areas-para-Pesquisa-e-Producao-de-Hidrocarbonetos-Propostas-Submetidas>

<sup>55</sup> <http://www.inp-mz.com/documents>

<sup>56</sup> [http://cipmoz.org/images/Documentos/Industria\\_Extativa/354\\_CIP-spinformacao\\_2015\\_03\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extativa/354_CIP-spinformacao_2015_03_pt.pdf)

vague and thereby allowing for discretionary interpretation.<sup>57</sup>

Representatives from the respective licensing authorities were not aware of any deviations from the laws and regulations governing license allocations. One industry representative noted that the cadastre could be used to identify irregularities in the allocation of licenses, such as licenses being granted shortly after the application date with insufficient time to allow for the mandatory public announcement of license award and two week notice for complaints. It could also highlight cases where the duration of the license was expired, but the license was marked in the cadastre as still being active. A civil society representative stated that a petroleum company had been allocated a hydrocarbon concession without having submitted a map of the infrastructure planned as part of the agreement. The granting of this concession would result in the resettlement of communities located within the area.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful progress** towards meeting this requirement. The 2013-14 EITI Report describes the licensing process and details on some of the licenses awarded. There is limited information on the process for transferring licenses and the technical and financial criteria used.

The MSG is encouraged to ensure that the next EITI Report refers to the resources and documents available from the INP websites. The MSG could also consider tasking the Independent Administrator to provide an evaluation of the licensing process and make recommendations for its improvement.

## License registers (#2.3)

### Documentation of progress

#### *Licenses held by material companies:*

An online mining license register was established in 2013, and the report provides a link to the online Flexicadastre system<sup>58</sup> with the required information on all mining license holders (p. 62). This includes license data on material companies as well as those that make payments below the threshold. The register includes a map overview of the areas covered by mining contracts, the date of signing, commencement and end of agreement and a summary of the general conditions of the agreement related to state participation, condition of the contractor, social expenditure and royalty rates. License coordinates are not included.

The types of licenses in the oil and gas sector under the 2014 Petroleum Law are outlined on pp. 63-64. The report gives an overview of the hydrocarbon licenses awarded in each of the licensing rounds since 1984, including the license awardees and maps outlining the areas allocated, and the number and types of awarded contracts that are currently active are listed. License coordinates are not included. This information is also available from INP's website.<sup>59</sup> Active hydrocarbon licenses are also included in the cadastre, and the name of the operating company as well as the size of the area is included. Dates of

<sup>57</sup> [http://cipmoz.org/images/Documentos/Industria\\_Extraativa/354\\_CIP-spinformacao\\_2015\\_03\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extraativa/354_CIP-spinformacao_2015_03_pt.pdf) (pp. 4-6)

<sup>58</sup> <http://portals.flexicadastre.com/mozambique/en/>

<sup>59</sup> [www.inp-mz.com/documents](http://www.inp-mz.com/documents)

application, award and signature are not provided.

License-holder names:

The register appears to include names of all license holders for the oil, gas and mining sector.

License coordinates:

The license cadastre does not list the license coordinates for each license. It is possible to hover over areas of the map to the coordinates are at any location on the map. Coordinates are therefore indirectly available through the cadastre.

Dates:

The cadaster includes dates of application, granting and expiry of license is included for mining, while this is not included for hydrocarbon licenses.

Commodity:

The resource being extracted is included for mining licenses in the cadaster, while for hydrocarbon this is not included although implicit from the nature of the licence.

Licenses held by non-material companies:

The license cadastre includes information on all licenses in the sector, including those that make non-material payments to the government.

Recommendations:

The report notes (as in previous reports) that some of the information in the mining cadastre is incomplete or out of date (pp. 84-85) and makes recommendations for adding Tax Identification Numbers and keeping the cadastre up-to-date. This is in particular with regards to license transfers and contact information of license holders, as well as inconsistency in payment data due to revenue collected in the provinces being recorded centrally by the agency collecting the revenue rather than the company paying. The MSG has, according to the 2014 Annual Activity Report, followed up on the recommendation. The draft 2016 Annual Progress Report explains that discussions are underway on how to ensure that the system is updated to reflect requirements under the 2014 Mining Law and following regulations. A MAGTAP Mining Cadastre Project also intends to develop platform between INAMI and AT for the control of payments related to mining activities, which might help ensure consistency in payment records.

## **Stakeholder views**

Civil society members noted the cadastre as one of the impacts of EITI in the country. A member of parliament stated that the Flexicadastre had been important to make it clear to the public which companies hold what types of licenses. Company representatives noted that the cadastre was useful and largely up to date, and that it was used regularly to help inform investment decisions in the mining sector.

Some civil society representatives suggested that the cadastre could be improved by containing more information such as data on production, reserves, payments made by the companies, the full contract and legal as well as beneficial ownership information.



## Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful progress** towards meeting this requirement. The mining cadastre includes detailed information on mining licenses including. There is useful information on hydrocarbon licenses, but should also include a comprehensive overview of active hydrocarbon licenses/concessions, including date of application, date of award and duration of the license, or reference to where this information is accessible.

The MSG is encouraged to collaborate with Mining Cadastre regarding the Flexicadastre, using the EITI Report to highlight existing data and drawing attention to any gaps and inconsistencies. The MSG is also encouraged to consider opportunities to link cadastre data with other data, for example, on production, exports, tax payments and beneficial ownership. If these other data are collected in different systems and agencies, the MSG may wish to consider opportunities to harmonise data standards in line with international best practice.<sup>60</sup>

## Contract disclosures (#2.4)

### Documentation of progress

#### *Government policy:*

The 2013-14 EITI Report notes that reconnaissance contracts, exploration and production contracts, and downstream contracts (infrastructure, pipeline) are applicable to the oil and gas sector. The report does not appear to explain the contractual framework applicable to mining activities, and it is unclear whether mining contracts are standardised or can be negotiated directly.

The 2013-14 EITI Report explains the government's policy on contract disclosure (pp. 68-71). Contracts signed after the approval of the Public-Private Partnership Law 15/2011 are made public on the MIREME website.<sup>61</sup> The 2014 Petroleum Law states that the "main terms" of contracts are to be published, without making clear whether addendums will remain confidential. The Mining Law of 2014 requires that contracts are published within 30 days of signing.

MIREME has reached out to companies to seek consent to publish older contracts, and the report states that currently 11 oil and gas contracts and 5 mining contracts are available on MIREME's website, to which the report provides a link. Some contracts have direct links, and the report lists contracts that are currently not published (p. 72). The report does not clarify whether complete contracts including annexes or only the main body are available.

#### *Actual practice and accessibility:*

Contracts signed prior to the coming into effect of Public-Private Partnership Law 15/2011 are only disclosed where companies have agreed to waive confidentiality provisions. The 2013-14 report contains

---

<sup>60</sup> <https://openknowledge.worldbank.org/handle/10986/23779>

<sup>61</sup> [www.mirem.gov.mz](http://www.mirem.gov.mz) (the direct link was not available at the time of the assessment as the website was not working.)

an overview of the contracts that have been disclosed (pp. 69-70) and the ones that remain unpublished (p. 71). Today, about ¾ of the active contracts are disclosed by MIREME and is usually available from the ministry website,<sup>62</sup> which was not functioning at the time of writing of the initial assessment.

### Stakeholder views

Civil society has pushed for increased transparency of contracts, including through the MOZAMBIQUE EITI. These discussions have fed into a higher level policy dialogue in the country. As a result, the Mining Law 20/2014 includes Article 8.4 requiring companies to publish all their new contracts.<sup>63</sup>

A government representative noted the progress made with regards to contract transparency with the passing of the 2014 legal reforms. A member of parliament stated that the disclosure of contract should be permanent, as reflected by the 2014 legal reforms. It was added that only parts of the contracts had been published in the past, while MIREME had begun to publish contracts, even before the passing of the 2014 laws, although not in their entirety.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The 2013-14 EITI Report outlines the government's policy on contract transparency as mandated by the 2014 Petroleum and Mining Laws, as well as actual practice.

The MSG is encouraged to continue monitoring contract disclosure in the extractive sectors, both through EITI reporting and work plan objectives and activities related to contract transparency.

### Beneficial ownership disclosure (#2.5)

Mozambique has published a beneficial ownership roadmap<sup>64</sup>, and key objectives are to i) promote good governance and accountability in the extractive sector, ii) prevent corrupt practices in the allocation of extractive rights, (iii) prevent abuse of fiscal rules or tax evasion, iv) support efforts against money laundering and other financial crimes in the economy, v) promote citizen participation in the monitoring of extractive activities, including provisions on local content, and vi) promote full economic benefits from natural resources for the citizens of Mozambique, especially in communities affected by resource extraction. The roadmap mentions the Ministry of Mineral Resources and Energy as possible institution to be responsible for the collection and maintaining of beneficial ownership information. The roadmap outlines plans to conduct a legal review to identify legal obstacles and opportunities for legal reform.

#### Government policy:

The report does not address the government's policy on beneficial ownership disclosure.

#### Actual practice:

The report does not mention actual practice with regards to beneficial ownership disclosure in

<sup>62</sup> [http://www.mireme.gov.mz/index.php?option=com\\_phocadownload&view=category&id=8&Itemid=160](http://www.mireme.gov.mz/index.php?option=com_phocadownload&view=category&id=8&Itemid=160)

<sup>63</sup> GIZ Impact study of EITI implementation in Mozambique, p. 80.

<sup>64</sup> Add link

Mozambique.

Legal owners of material companies:

Reporting companies were requested to report their shareholder structure, and the reported information is outlined in Annex II - Tables on Beneficial ownership 2013-2014 (p. 140). Annex II of the report discloses legal ownership for the majority of selected 48 companies, but beneficial ownership is not disclosed for any company. Of the 48 companies, 36 reported the name(s) of the legal owner(s), while eight of these also included information on distribution of shares. Eight companies did not appear to provide any information on legal ownership. Three of the companies appear to have reported natural persons as shareholders. The annex indicates which companies have shares held by the government. It does not indicate which companies are publicly listed.

### Stakeholder views

During an MSG workshop facilitated by the International Secretariat in July, MSG members raised questions regarding how to apply beneficial ownership requirements to “sociedades anonimas”, which are likely to be legally exempt from such disclosure provisions.

A government representative explained that companies were currently required to report ownership changes to the government, and that the Petroleum Law requires companies to publish information on their legal structure. It was added that efforts were ongoing to establish definitions on “companies” and “subsidiaries” (in the context of addressing transfer pricing), although there had been limited focus on definitions of beneficial ownership. The representative noted that implementing and monitoring such requirements was a key challenge in the Mozambican context. A representative from the Tax Authority explained that beneficial ownership information would be complicated to collect, due to the complex ownership arrangement of many companies operating in the country with shareholders registered in various jurisdictions. Another Tax Authority representative noted that the existing information on legal shareholdings were not always reliable, as information from company reports could differ.

Civil society representatives suggested that beneficial ownership information could be disclosed through the license cadastre, either by publishing a list of corporate and individual beneficiaries or a link to legal and beneficial ownership data. A member of parliament referred to government policy on mineral resources which includes transparency, noting that this could be a good entry point for the EITI beneficial ownership requirements. A civil society representative noted that requirements on beneficial ownership could contribute to a more responsible business environment, by applying international standards related to beneficial ownership disclosure nationally.

Industry representatives voiced their support for the beneficial ownership requirements noting that this would contribute to a level playing field, in particular in licensing. Company representatives also raised the issue of enforcement of provisions on beneficial ownership and that smaller non-listed companies might be reluctant to disclose ownership data.

### Initial assessment

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country’s EITI status. Stakeholders from civil society and industry expressed interest in making ownership information transparent. The MSG is encouraged to

explore the ways in which beneficial ownership disclosure under the EITI can help address sector challenges such as trade misinvoicing and transfer mispricing, and engage the extractives unit in the Tax Authority, customs office and licensing authorities to understand how this information is already being collected and where some of the gaps might be. The MSG may also wish to consider how to make beneficial ownership information available through the license cadastre.

## State participation (#2.6)

### Documentation of progress

#### Definitions of state-owned enterprises (SOEs):

The participation of the Mozambican government in the oil, gas and mining sector is complex and the rules governing it are not straightforward. There are three ‘categories’ of SOEs; i) public enterprises (“*empresa publica*”), regulated under Public Enterprise Law 6/2012, fully owned by the government and managed by the MEF ii) state companies (“*Empresas da propriedade do Estado*” or “*empresa estatal*”) in which the state is the sole or main shareholder, managed by the responsible ministry under which the mandate of the company falls, regulated by private law<sup>65</sup> and iii) participating companies created under private law in which the state directly or indirectly holds a share.

IMF country reports have highlighted that “the legal definition of the Public Sector is not consistent with international standards” and that “while the law states that the public sector includes all state bodies and institutions, local governments, and state enterprises, it does not provide whether corporations created under private law that are owned and/or controlled by the State should be considered as state enterprises” (IMF Fiscal Transparency Evaluation, p. 12).<sup>66</sup>

#### Overview of SOEs engaged in the extractive sector:

The 2013-14 EITI Report includes an overview of government institutions involved in the extractive industry (pp. 75-80), including an overview of state shareholding in the extractive sector (p. 76). The state participates in the mining and petroleum through its SOEs, holding between 5-25% of shares in projects.

Mozambique Institute of Management of State Holdings (IGEPE) was created in 2001 with the mandate to restructure public participation in the private sector and manage the government’s shareholding. IGEPE has the strategic role of coordinating and controlling state shares in the business sector in accordance with the law and regulations (p. 75). The report does not refer to the specific legal and regulatory frameworks. IMF’s fiscal transparency evaluation from February 2015 notes that the “Mozambique’s state-owned enterprises are also a source of significant fiscal risk, especially those in which the State owns shares and operate under the oversight of IGEPE”.<sup>67</sup>

The government of Mozambique has in the last decade expanded its presence in the oil and gas sector

---

<sup>65</sup> Mozambique Commercial Code , Decree 2/2005 (in English): <http://www.osall.org.za/docs/2011/03/Mozambique-Commercial-Code-Companies-Act-Decreto-Lei-2-2005-de-27-Dezembro-English-translation.pdf>

<sup>66</sup> <https://www.imf.org/external/pubs/ft/scr/2015/cr1532.pdf>

<sup>67</sup> IMF Fiscal Transparency Evaluation, Republic of Mozambique (Country Report No. 15/32), <https://www.imf.org/external/pubs/ft/scr/2015/cr1532.pdf>

through the National Hydrocarbons Enterprise (Empresa Nacional de Hidrocarbonetos – ENH) and its subsidiaries: ENH Logistics, Mozambican Hydrocarbon Company (CMH) and Mozambique Pipeline Company (CMG). ENH was established in 1981 by Law no. 3/81 as the commercial entity representing the government' interests in the oil and gas sector, and was made into a public enterprise by Decree no. 39/97. ENH's core business is performed upstream, focusing its activities on the research, exploration, production and marketing of petroleum products.

Mozambique Mining Exploration Company (EMEM) is a trading company in which the state holds 85% of the shares, with the main objective to carry out exploration, production and marketing of mineral products and develop mining projects in partnership with other domestic or foreign companies (p. 75).

#### Financial relationship with government:

The 2013-14 EITI Report does not provide details on the prevailing rules and practices regarding the financial relationship between the government and SOEs, such as practices related to dividends, financing, loans and reinvestments. including an overview of state shareholding in the extractive sector.

The report includes some information on the terms of participation of SOEs in projects. For petroleum, Table 14, which provides an analytical summary of the Exploration and Production Concession Contracts, explains that a minimum of 10% of state participation is carried until the approval of a development plan, after which the costs will be refunded once production initiates (p. 65). Some specific terms for the Rovuma Basin are described (p. 66). There is also some information included regarding EMEM's practices (p. 80): the terms of participation depend on the outcome of negotiations between the state and mining companies, although EMEM typically has a carried interest of minimum of 5%. For other projects EMEM negotiates the acquisition of shares with holders, and either participates with funds right at the initial investment or through arrears payments subtracted from dividends.

There is limited information in the report on the management of revenues by the SOEs and transfers to the state treasury. The report mentions that dividends from companies managed by IGEPE are channelled to the treasury (p. 83).

#### Government ownership:

The level of participation of the government is provided in different sections in the 2013-14 EITI Report. Table 19 (p. 76) provides an overview of companies in which IGEPE holds a share, including share capital, amount and percentage of shares held. ENH's shares in concession contracts are presented in Table 20 (p. 77), and ENH subsidiaries (pp. 77-78) and companies in which ENH holds shares is described (p. 79). EMEM's shareholdings are listed in Table 21 (p. 79-80).

#### Ownership changes:

The report does not note whether there were changes in the level of government ownership in 2013 or 2014. However, a comparison between the list of holding of EMEM in the 2012 EITI Report (p. 37) and the 2013-14 EITI Report (pp. 81-82) indicates that there has been changes in shares held by EMEM.

#### Loans and guarantees:

There is no information on possible loans or loan guarantees to extractive companies.

### Stakeholder views

A representative from ENH explained that the ENH pays tax in accordance with the fiscal law, government does not fund ENH activities. It was further noted that ENH, in collecting and commercialising in-kind revenues, charged the service of commercialising this revenue to the buyers through a service tax. He/she stated that under the Public Enterprise Law, public enterprises were required to report as if they were private, and that the annual reports made available online included information on changes in ownership in the reporting year.

Another stakeholder explained that there had been discussions over time within the government regarding the definition of SOEs, and that the revision of the Public Enterprise Law aimed at making the definitions and practice consistent. The ideal would be that a definition of SOEs would encompass all companies that were majority owned by the government, regardless of whether ownership is direct or indirect. A participating company might not be considered an SOE, despite the state holding an indirect majority stake in the company, and the Public Enterprise Law will not apply to these companies. These gaps in the legislation would possibly be addressed in a revised version of the law, which clarify the definitions and responsibility to report. It was added that there was not a clear overview of the extent of state participation in the private sector in general, including the extractive sector.

On the mining side, civil society representatives raised concerns regarding the lack of clarity regarding the role of EMEM in the mining sector. CIP has previously raised concerns regarding this, highlighting the unclear objectives for the government's participation in the sector through EMEM, and the risks related to the hidden identity of the shareholders of the remaining 15% of company shares.<sup>68</sup>

A publication by CIP raises concerns regarding inconsistent transfer of dividends to IGEPE, and that the lack of clarity on reinvestment of dividends highlights the need for assessing when SOEs can reinvest their dividends<sup>69</sup> (see more under the section on "Transactions between SOEs and government (#4.5).

A representative from ENH stated that he/she was not aware of any practice of providing loans or loan guarantees, and that the company did not have the capacity to provide any loan guarantees. One stakeholder noted that there were no clear rules or reporting practices on loan guarantees provided by government or SOEs to other companies, and that this resulted in uncertainty regarding the extent of domestic loans and debt, in particular with regards to liabilities of companies in which government holds shares.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **inadequate** progress in

---

<sup>68</sup> CIP (2015), Avanços na disponibilização de informação, mas insuficientes para transparência (Progress in availability of information, but insufficient for transparency),

[http://cipmoz.org/images/Documentos/Industria\\_Extraativa/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extraativa/360_CIP-spinformacao_2015_05_pt.pdf)

<sup>69</sup> CIP (2015), Avanços na disponibilização de informação, mas insuficientes para transparência (Progress in availability of information, but insufficient for transparency),

[http://cipmoz.org/images/Documentos/Industria\\_Extraativa/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extraativa/360_CIP-spinformacao_2015_05_pt.pdf)

meeting this requirement. The 2013-14 EITI Report includes some relevant information on state participation in the extractive industries, including an overview of direct state shareholding in the extractive sector and information on the terms of participation of SOEs in projects. However, the EITI reports do not clearly describe the financial relationships between the government and the various SOEs, such as practices related to dividends, financing, loans and reinvestments. Changes in state ownership during the reporting years are not described.

The MSG and Independent Administrator should ensure that the next report clarifies the state's participation in the sector through other entities, such as IGEPE, and discloses i) an explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing; ii) changes in the level of ownership during the reporting period; and iii) details of the terms attached to their equity stake, including level of responsibility to cover expenses at various phases of the project cycle. If the government and state governments have granted loans or loan guarantees to extractive companies, the details of such transactions should be disclosed. Where this information is already available, the report could refer to these sources of information.

The multi-stakeholder should consider discussing and documenting its definition of SOEs taking into account national laws and government structures. This could be particularly useful in light of ongoing reforms to the legal and regulatory frameworks applicable to SOEs.

**Table 2- Summary initial assessment table: Award of contracts and licenses**

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#2.1)	The 2013-14 EITI Report provides a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies involved in the governance of the petroleum and mining sectors.	Satisfactory progress
License allocations (#2.2)	The 2013-14 EITI Report describes the licensing process and details on some of the licenses awarded. There is limited information on the process for transferring licenses and technical and financial criteria used.	Meaningful progress
License registers (#2.3)	The 2013-14 EITI Report refers to the license cadaster, which includes	Meaningful progress

	detailed information on mining licenses including. There is useful information on hydrocarbon licenses, but should also include a comprehensive overview of active hydrocarbon licenses/concessions, including date of application, date of award and duration of the license, or reference to where this information is accessible.	
Contract disclosures (#2.4)	The 2013-14 EITI Report outlines the government's policy on contract transparency as mandated by the 2014 Petroleum and Mining Laws, as well as actual practice.	Satisfactory progress
Beneficial ownership disclosure (#2.5)	The MSG has produced a beneficial ownership roadmap which identifies national objectives for beneficial ownership disclosure	
State-participation (#2.6)	The 2013-14 EITI Report includes relevant information on state participation in the extractive industries, including an overview of direct state shareholding in the extractive sector and information on the terms of participation of SOEs in projects. The report does however not clearly describe the financial relationship between the government and the various SOEs, such as practices related to dividends, financing, loans and reinvestments. Changes in state ownership during the reporting years are not described.	Inadequate progress
<p>Initial conclusions and recommendations:</p> <ul style="list-style-type: none"> <li>• The MSG may wish to encourage INAM to make laws and regulations governing the mining sector accessible from their website. Given the comments provided by stakeholders on the lack of enforcement of the laws, the MSG may wish to consider including activities in the work plan or tasking the Independent Administrator to review or provide commentary on the lack of enforcement if the laws and regulations governing the extractive sector.</li> <li>• The MSG should ensure that the next EITI Report includes information on the process for transferring licenses and technical and financial criteria used. The MSG is encouraged to ensure that the next EITI Report refers to the resources and documents available from the INP websites. The MSG could also consider tasking the Independent Administrator to provide an evaluation of the licensing process and make recommendations for its improvement.</li> <li>• The MSG should ensure that the next EITI Report includes a comprehensive overview of active hydrocarbon licenses/concessions, including date of application, date of award and duration of the license, or reference to where this information is accessible. The MSG is encouraged to collaborate with Mining Cadastre regarding the Flexicadastre, using the EITI Report to</li> </ul>		



highlight existing data and drawing attention to any gaps and inconsistencies. The MSG is also encouraged to consider opportunities to link cadastre data with other data, for example, on production, exports, tax payments and beneficial ownership. If these other data are collected in different systems and agencies, the MSG may wish to consider opportunities to harmonise data standards in line with international best practice.<sup>70</sup>

- The MSG is encouraged to continue monitoring contract disclosure in the extractive sectors, both through EITI reporting and work plan objectives and activities related to contract transparency.
- The MSG and Independent Administrator should ensure that the next report clarifies the state's participation in the sector through other entities, such as IGEPE, and discloses i) an explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing; ii) changes in the level of ownership during the reporting period; and iii) details of the terms attached to their equity stake, including level of responsibility to cover expenses at various phases of the project cycle. If the government and state governments have granted loans or loan guarantees to extractive companies, the details of such transactions should be disclosed. Where this information is already available, the report could refer to these sources of information.
- The MSG should consider discussing and documenting its definition of SOEs taking into account national laws and government structures. This could be particularly useful in light of ongoing reforms to the legal and regulatory frameworks applicable to SOEs.

---

<sup>70</sup> <https://openknowledge.worldbank.org/handle/10986/23779>

## 3. Monitoring and production

### 3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

### 3.2 Assessment

#### Overview of the extractive sector, including exploration activities (#3.1)

##### Documentation of progress

Section 2 (pp. 13-24) in the 2013-14 EITI Report includes a comprehensive overview of both the mining and oil and hydrocarbon sector, including reserves, new development projects and ongoing exploration activities. It also provides a description of the hydrocarbon value chain and main actors involved, and a timeline with key milestones since 2000 (p. 34).

##### Stakeholder views

Civil society representatives called for more regular publication by MIREME of information on resource reserves.

##### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement.

#### Production data (#3.2)

##### Documentation of progress

###### *Production volumes and values:*

Section 8.4 in the 2013-14 EITI Report (pp. 99-104) provides information on production data. Tables 29 and 31 include information on production volumes, value and price by commodity type, and compares planned and actual produced volumes for both reporting years. Values are provided both in USD and MZN. Prices are provided for 2012-2013, and the basis for reference year for prices is explained on p. 99. The information is based on data from MIREME and the National Institute of Statistics.

Production volumes disaggregated by company and commodity as reported by companies included in the reconciliation process are also provided in Annex 1 (pp. 142-144). According to the report only seven of the companies included in the scope of the reconciliation provided information on production, although the annex lists 15 companies. The annex indicates how much of the volumes produced were used for domestic consumption or exported. The report notes possible discrepancies in production and export data due to companies carrying over unsold production from one year to another.

###### *Location:*

A map of the areas where productions is concentrated is provided on p. 19.

## Stakeholder views

Civil society representatives called for more regular publication by MIREME on production and sales values, as well as production costs.

## Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The 2013-14 EITI Report includes information on production values and volumes, and has attempted to obtain more detailed information disaggregated by company through the EITI reporting process.

## Export data (#3.3)

### Documentation of progress

#### Production volumes and values:

Section 8.4 in the report (pp. 102-104) provides information on export data. Export volumes and values per commodity are listed in tables 30 (p. 101) and 32 (p. 104) on "Annual export of resources in US Dollars" for 2013 and 2014. Some reporting companies provided information on how much of their production was exported. These export volumes as reported by ten of the companies are included in Annex 1 (pp. 142-144).

## Stakeholder views

Civil society representatives called for more regular publication by MIREME on export values and volumes.

## Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The 2013-14 EITI Report includes information on export values and volumes, and has attempted to obtain more detailed information disaggregated by company through the EITI reporting process.

**Table 3-Summary initial assessment table: Monitoring and production**

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)	The 2013-14 EITI Report includes a comprehensive overview of both the mining and oil and hydrocarbon sector, including reserves, new development projects and ongoing exploration activities.	Satisfactory progress
Production data (#3.2)	The 2013-14 EITI Report includes	Satisfactory progress

	information on production values and volumes as well as average realized prices, and has attempted to obtain more detailed information disaggregated by company through the EITI reporting process.	
Export data (#3.3)	The 2013-14 EITI Report includes information on export values and volumes, and has attempted to obtain more detailed information disaggregated by company through the EITI reporting process.	Satisfactory progress
Initial conclusions and recommendations:		
<ul style="list-style-type: none"> <li>The MSG way wish to work with MIREME to encourage regular publication of data on resource reserves, volume of production, selling prices, exports and production costs.</li> </ul>		

## 4. Revenue collection

### 4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

### 4.2 Assessment

#### Comprehensive disclosure of taxes and revenues (#4.1)

##### Documentation of progress

###### Materiality threshold

For the mining sector, the MSG agreed a materiality threshold of 500,000.00 MZN (approximately USD 9000) for total company payments. The same materiality threshold was used for previous EITI Reports covering 2010-2012. For the oil and gas sector, all companies were included regardless of size of payments, due to the significance of the sector. While the materiality threshold for company payments of 500,000 MZN is explained in the inception report, the report does not explain the rationale for agreeing the materiality threshold and the revenue streams to be included. Total government revenue from the sector 21,279,837,071.62 MZN in 2013 and 32,175,056.15 MZN for 2014. The report states that the companies selected in the scope of the reconciliation made payments covering 99.6% of total government revenue collected from the extractive industries in 2013 and 99.98% in 2014 (this is shown in graphs 9 and 10 on p. 111).

###### Descriptions of material revenue streams

The report contains a list of revenue streams that are covered (p. 87). The report highlights that some revenue streams were not applicable for the years covered by the report (p. 87), and according to the

inception report, there were no signature bonuses during the reporting period. Applicable taxes are described in section 3.1.1. on the “National Tax System” (pp. 42-50). Other sector-specific revenue flows are described in section 3.2 “Taxes, Fees and Other Specific Contributions in the Extractive Industry” (pp. 50-55 for mining, p. 56 for oil and gas, and pp. 57-58 for other specific revenue streams). The inception report lists the revenue streams that were not considered material by the MSG.

#### Material companies and reporting

Reporting companies and commodities produced are listed on pp. 91-97. For oil/gas, all 20 operating companies were selected in accordance with the agreed materiality threshold. For mining, 50 of 148 active companies for 2013 and 51 of 156 for 2014 were part of the scope of reconciliation, in accordance with the agreed materiality threshold. Total reporting companies were 70 (2013) and 71 (2014). State-owned companies included in the scope are ENH, CMH, CMG, while EMEM is not included (see section on “Transactions between SOEs and government (#4.5). The Republic of Mozambique Pipeline Investment Company (ROMPCO) was also requested to report on tariffs and other transportation revenue, but did not report (see the section on “Transportation revenues (#4.4)). Mining companies in the exploration stage were excluded, as has been done for all past EITI Reports, as their payments are below the materiality threshold.

The report lists the companies not included in past reconciliation processes, and those that were previously included but that did not make material payments during the reporting years (pp. 99-100). Non-reporting companies who made material payments are also listed (pp. 101 and 117). A total of seventeen companies did not submit the requested information for the two reporting years (listed on p. 113). Due to the missing company reports, actual coverage of the reconciliation was 68% for 2013 and 99,51% for 2014 (p. 117).

#### Material government entities and reporting

Section 7.4 of the report documents the government entities that receive the revenues, but it is not clear from the report whether all government agencies provided the requested information. ROMPCO did not provide the requested information on transportation revenues (see section on requirement 4.4, “Transport revenues”).

#### Discrepancies and non-reporting

As in previous EITI Reports, the threshold for investigating discrepancies was 3% (meaning that these were only investigated if there is a plus or minus 3% difference between what the company and the government reported explained in the Inception Report p. 18).

Table 35 (p. 113) lists the 17 companies that were asked to report in either or both of the years did not report and the corresponding reasons (either delays in responses or lack of available contact details). 16 of the 17 were mining companies, while one was a petroleum company. Fourteen of the companies were required to submit data for 2013 and did not report, while 13 of the companies asked to submit data for 2014 did not report.<sup>71</sup> Tables 36 and 37 on the “Reconciliation Process Outcome” (p. 116) summarise the

---

<sup>71</sup> Ten companies were asked to submit for 2013-2014 and did not report, four companies were asked to submit for 2013 only and did not report and three companies were asked to submit for 2014 only and did not report (for an overview see Table 35 on p. 113).

discrepancies (32.1% for 2013 and 1.0% for 2014), while Tables 34 and 35 show the results of reconciliation of the reported figures, excluding those that did not report. Table 40 (pp. 116-118) breaks down the reconciliation results (including discrepancies) by company.

The Independent Administrator noted that most of the discrepancies relate to non-reporting by companies (p. 116). The report does not make any further comment on how this affects the comprehensiveness of the data.

#### Full government disclosure

An aggregate figure of the total government revenue is provided (p. 109), and the percentage shares of revenues disclosed by government are presented by revenue stream in Graph 12 (p. 112), which means that effectively there is full government disclosure by revenue stream.

### Stakeholder views

A government representative noted that the inclusion of capital gains tax in the reconciliation and the figures on total government revenue from extractives could lead to misleading conclusions, as a large capital gains tax payment made one year could make it seem like revenue would significantly decrease the following year. The representative added that this should be clearly explained in the analysis of government revenue in the reports.

### Initial assessment

The International Secretariat's assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The MSG has agreed a materiality threshold for company payments, although the rationale for setting the threshold at this level was not clearly documented. Notwithstanding this concern, the report appears to provide a comprehensive reconciliation of government revenues and company payments in accordance with the agreed scope. In 2014, 13 of the 71 companies included within the scope of the reporting exercise did not participate. However, the contribution of these firms was small, with the overall coverage of reconciliation being 99.51%. The reliability of this information is addressed separately in the section on requirement 4.9.

In the next EITI Report, the MSG should ensure that the rationale for setting the materiality threshold is clearly documented, and that full government disclosure is clearly presented by revenue stream. The MSG may also wish to review the materiality threshold, and list the revenue streams deemed immaterial in the final report, and not only in the inception report.

### In-kind revenues (#4.2)

#### Documentation of progress

ENH is mandated to participate in all projects on behalf of the state by the 2014 Petroleum Law. Once gas production starts in other fields, ENH will be collecting profit oil on the behalf of the government. In the future, ENH might have to report on the sales of the state's share of oil and gas, although this is not applicable to the current assessment.

As part of the government's efforts to maximise the use of gas for domestic consumption to help support

the local gas industry, the state may choose to receive royalties in-kind in accordance with the amendments to the Petroleum Law 12/2007 (only applies to agreements made after the amendment). The EITI Report explains that these are normally paid in cash, but that one company (Sasol) made royalty payments in kind. The 2013-14 EITI Report includes a description of the sale of in-kind gas revenues by ENH and Matola Gas Company (MGC), a gas distribution company in which ENH holds a 25% share (pp. 31, 56 and 105-106).

#### Materiality:

The report does not discuss whether the payments from the sale of gas royalties are material, and this does not appear to be documented in MSG minutes. The value of the monthly royalty in-kind payments made by Sasol range from 3,000,000-24,000,000 MZN, which is above the 500,000 MZN threshold used for total company payments for selection of companies in the reconciliation.

#### Volumes collected:

The volumes and values of in-kind royalty payments by Sasol per month are disclosed and reconciled with INP figures (pp. 105-106).

#### Volumes sold:

The report states that the majority of the gas royalty collected in-kind is sold to MGC, which markets the gas to the domestic market (some of the companies are described) (pp. 31-32 and 106). The rest is allocated to ENH (which sells it to EDM and ElGas). Tables 33 and 34 (pp. 105-106) show reconciled figures of the volumes allocated to ENH and MGC, including volumes and values disaggregated per month. (The descriptive section on pp. 32-33 indicate that MGC and ENH receive 3MGj and 0,2 MGj respectively per year, while the tables indicate that they receive more than this.)

#### Sales proceeds:

The total revenue paid by ENH and MGC (in USD and MZN) to the treasury each month are reconciled in Tables 33-34. The revenues from the sale of gas royalties are collected by the National Treasury Directorate under MEF, while INP verifies the payments (p. 31). The values (not volumes) of the gas sold to EDM are disclosed by month (Table 5, p. 32).

#### Discrepancies:

The report notes that there were no discrepancies in the figures provided by Sasol and INP.

#### Disaggregation:

The volumes collected (from one company) are disaggregated by month paid/received. The volumes distributed to MGC and ENH and corresponding values collected are disaggregated by month paid/received, but not disaggregated by company (MGC and ENH revenues appear to be lumped together). The value of gas sold to one of the buying companies (EDM) is disaggregated by month.

Under follow-up issues for the next EITI Report, the report notes the need to “gather detailed information on in-kind gas royalty payments to MGC and ENH” (p. 122).

### **Stakeholder views**

A representative from ENH explained that the company did not retain revenues from the sale of in-kind

revenues collected on behalf of the government, but that a service fee was collected from buying companies to contribute to cover ENH's costs related to the marketing of gas.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful progress** in meeting this requirement. The 2013-14 EITI Report describes the collection on in-kind revenue of material value, and reconciles the volumes of in-kind revenue collected by government agencies/SOEs. The data is disaggregated by buying company. The arrangements are however not clearly explained and there appear to be some inconsistencies in the reported volumes. It is not clear from the report whether there is comprehensive disclosure of the revenues collected from the sales of in-kind revenues by ENH and MGC. The next EITI Report should consistently and comprehensively describe the rules and practices regarding ENH's and MGC's management of revenue from the sale of in-kind gas. The revenues transferred to the treasury from the sale of in-kind gas royalties by MGC and ENH should be disaggregated by each of these companies. The revenue ENH receives from the marketing of these in-kind revenues to domestic buyers should be disclosed, unless considered immaterial by the MSG. The Independent Administrator should provide a clear opinion on the comprehensiveness of the reported data.

## Barter and infrastructure transactions (#4.3)

### Documentation of progress

Section 5 of the 2013-14 EITI Report on "Infrastructure Provision and exchange operations" (p. 74) briefly outlines an agreement signed between ENI and the government in 2013 in which ENI will finance and build a central electric power plant, for a maximum period of three years from the end of 2013. According to the report, USD 130,000,000 of the project's net revenue is recoverable. The report notes that this agreement will be concluded "provided that obtaining the licenses and permits and signed the necessary contracts in the light of current legislation in Mozambique" (p. 74). ENI would hold a 20% stake in the project, while the Mozambican government would hold 80%. The 2013-14 report does not comment on the status of the execution of the agreement.

The Annual Activity Report 2015 briefly refers to the provision stating that the 2013-14 EITI Report mentions the provision of infrastructure and barter arrangements (p. 15).

### Stakeholder views

The Independent Administrator explained that the MSG had agreed that while the agreement with ENI was separate from any license agreement and did not apply to requirement 4.3 on barter and infrastructure transactions, they had decided to include information on this in the report as this was considered relevant by stakeholders on the MSG.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful progress** in meeting this requirement. While the report describes an infrastructure agreement between the government and ENI, this appears to be a standalone agreement and there does not appear to be a link to an extractive license. It is however not clear whether the report comprehensively addresses the possible existence of other agreements which might involving the provision of goods and services in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such



commodities, in line with provision 4.3. It is possible that the requirement is not applicable, but this requires further examination.

The MSG should consider whether there are any similar agreements, or sets of agreements, involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities, and clearly document if no such agreements exist.

## Transport revenues (#4.4)

### Documentation of progress

The fully state-owned Mozambican Pipeline Company (CMG), overseen by IGEPE, was established to provide natural gas and other hydrocarbons transportation services through pipelines as well as related activities, as well as the provision of services related to the Pande and Temane project (p. 79).

The 2013-14 EITI Report describes a pipeline contract agreement between the government and Sasol for transportation of natural gas from Temane to South Africa (pp. 72-74). The pipeline is operated by Republic of Mozambique Pipeline Investment Company (ROMPCO), owned by Sasol (50%), CMG (25%) and iGas (25%).

The report notes that information on taxes, tariffs and other transport payments, and methodology for calculating these, the volumes of commodities transported and other revenues from transportation was requested by ROMPCO. Only information on the volumes transported were reported (p. 73), due to confidentiality agreements. It is reported that this information will be accessible in future reports as a result of the Freedom of Information Act (Law 34/2014) and a Decree that will define the tariff methodology for gas transports (under review at the time the 2013-14 EITI Report was produced). This issue has been brought up by MSG members in their discussions on the report.<sup>72</sup>

Regarding coal transport, the report notes under follow-up points that CFM should be contacted regarding possible information on tariffs and revenues from coal transportation (p. 122).

### Stakeholder views

Stakeholders consulted did not express any views related to transportation revenues. The Independent Administrator confirmed that it had not been possible to obtain the requested information, adding that revenues from transportation was likely to be material. A publication by CIP on the 2012 EITI Report expresses concerns regarding lack of transparency in transportation revenues, noting in particular from coal, and that both the methodology for calculating these tariffs and the revenue accrued to the government from coal transportation is unknown.<sup>73</sup>

---

<sup>72</sup> Minutes of MSG meeting 16 March 2015.

<sup>73</sup> CIP (2015), *Avanços na disponibilização de informação, mas insuficientes para transparência* (Progress in availability of information, but insufficient for transparency), [http://cipmoz.org/images/Documentos/Industria\\_Extraativa/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extraativa/360_CIP-spinformacao_2015_05_pt.pdf)

## Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **inadequate progress** in meeting this requirement. The MSG and Independent Administrator have reached out to the relevant government agencies to collect data on transportation revenue collected by these entities. While the companies did not respond, information on transportation tariffs should be accessible for the next EITI Report under the Freedom of Information Act.

The MSG should continue to investigate the tariffs and revenues received by ROMPCO, CMG and CFM, consider whether any revenues are material and whether to include these and other relevant information revenues in the next EITI Report.

## Transactions between SOEs and government (#4.5)

### Documentation of progress

The 2013-14 EITI Report includes limited information on the transactions related to SOEs, and is not very clear on whether they make material payments to the government or collect material revenues on behalf of the state. Figure 19 on "Institutions responsible for Collecting Taxes" indicates that ENH collects a bidding fee (p. 89). The only bidding fee recorded is from 2013 (p. 161). ENH also collects some gas royalties in-kind (described on pp. 85-86 and under the section "In-kind revenues (#4.2) of this report).

ENH, CMH, CMG and ROMPCO are reporting companies and disclose payments such as corporate income tax, personal tax, dividends (pp. 160-169). Two companies, Cimentos de Mozambique (in which IGEPE holds 11,89%) and CMH reported dividends for 2013-14 (pp. 155 and 165).

ROMCO did not provide the information requested related to tariffs and other transportation revenue (see the section on "Transportation revenues (#4.4) of this report). EMEM is not included as a reporting company, and there is limited information regarding how SOEs manage dividends collected from shareholding in the extractive sector. No transfers from the government to SOEs are disclosed.

### Stakeholder views

Regarding transfers between the government and SOEs, civil society has been raising concerns regarding this, and a publication by CIP highlighted that there was no clear policy on dividends and not a clear record of transfers of these.<sup>74</sup> The publication explains that SOEs managed by IGEPE do not transfer dividends consistently, and that in cases where there SOEs are exempted from paying dividends such exemptions need to be explained and clarified. Minutes from MSG meetings show that the issue of discrepancies in figures reported by ENH was an issue that needed to be addressed.<sup>75</sup>

## Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **inadequate progress** in meeting this requirement. The 2013-14 EITI Report includes limited information on the transactions

---

<sup>74</sup> CIP (2015), Avanços na disponibilização de informação, mas insuficientes para transparência (Progress in availability of information, but insufficient for transparency),

[http://cipmoz.org/images/Documentos/Industria\\_Extractiva/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extractiva/360_CIP-spinformacao_2015_05_pt.pdf)

<sup>75</sup> Minutes of MSG meeting 16 March 2015.

between the government and SOEs. While SOEs are included in the scope of the reconciliation, it is not clear whether these have been reported comprehensively, in particular with regards to dividends collected and how they are managed.

The MSG should reach out to relevant government agencies and work with the Independent Administrator to obtain information about possible transactions between SOEs and government to ensure that this is covered in a comprehensive and clear manner.

## Subnational direct payments (#4.6)

### Documentation of progress

Section 3.2.1 of the municipal tax system describes the revenues collected at the municipal level, referring to the relevant legal frameworks, which are not specific to the extractive sector but may apply to extractive companies operating within a municipality including vehicle tax, property transfer tax, personal municipal tax and municipal real estate tax (pp. 48-50). Under “Other Municipal Revenues” (p. 50), the report explains that municipalities may charge fees on licenses, economic activities, use of municipality land and other company activities within the municipality.

The Terms of Reference for the Independent Administrator state on p. 12 that sub-national payments are not applicable in Mozambique, but that the Administrator is mandated to search and report any other source of revenues that may exist.

### Stakeholder views

An MSG industry representative explained that they made some direct payments to subnational governments but that these were unlikely to be material. While some payments were provided by law, other payments are more ad-hoc and of necessity to enable the government to perform some monitoring activities. One example cited was the auditing by the Environment Department which sometime needed financial support to cover travel and associated costs. Another stakeholder noted that a share of surface tax was in some cases allocated to the respective municipality/province.

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **meaningful progress** in meeting this requirement. The 2013-14 EITI Report describes the different revenues collected at the municipal level, but does not document whether there are direct payments and does not mention cases in which municipalities or district authorities collect revenue directly from extractives companies. Companies operating in the sector appear to be making some smaller payments to municipalities. Following further investigation of this issue, the Independent Administrator and MSG may be in a position to confirm that sub-national payments are not material. However, this should be more clearly established and documented.

The report should document whether direct payments from companies to provinces or municipalities exist, and whether these are material. If payments made by companies directly to sub-national levels of government are found material, these should be disclosed and reconciled.

## Level of disaggregation (#4.7)

### Documentation of progress

The financial data is disaggregated by company in tables 41 and 42 (pp. 116-121), and Annexes IV and V provides a detailed breakdown of the reconciliation results by company for each of the revenue streams. The data is not explicitly disaggregated by government entity, although it clearly indicates which entity receives each revenue stream in Figure 19 “Institutions responsible for Collecting Taxes” (p. 89).

### Stakeholder views

Stakeholders consulted did not raise any views regarding the level of disaggregation of EITI data. In a CIP publication, civil society calls for more regular publication of more disaggregated payment data by the government, and encourages companies to publish more detailed annual reports on their operations at project level.<sup>76</sup>

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **satisfactory progress** in meeting this requirement. The 2013-14 EITI Report contains financial data disaggregated by individual company and revenue flow. The data is not explicitly disaggregated by government entity, although it indicates which entity receives each revenue stream.

## Data timeliness (#4.8)

### Documentation of progress

The EITI Report covering data for 2013 and 2014 was published in December 2015, less than one year following the end of the financial year covered by the report. The preceding report covering data for 2012 was published in December 2014.

### Stakeholder views

A government representative commented that the report data could be made more timely, as the two-year gap was considered to be long. Civil society representatives have called for more regular publication of the payments made by the international companies operating in the extractive sector, and to include an annex on the revenues paid, disaggregated by revenue stream, in the reports on the execution of the state budget and accounts (Conta Geral do Estado).

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **satisfactory progress** towards meeting this requirement. The 2013-14 EITI Report was published less than one year following the end of the latest financial year covered by the report.

---

<sup>76</sup> CIP (2015), Avanços na disponibilização de informação, mas insuficientes para transparência (Progress in availability of information, but insufficient for transparency), [http://cipmoz.org/images/Documentos/Industria\\_Extractiva/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extractiva/360_CIP-spinformacao_2015_05_pt.pdf)

The MSG may wish to work with MIREME and other government agencies to ensure more regular publication of payment information.

## Data quality (#4.9)

### Documentation of progress

#### Appointment of the Independent Administrator (IA):

The MSG agreed to appoint Intellica as the Independent Administrator on 8 June 2015,<sup>77</sup> following a call for tenders launched in February in 2015. A sub-committee of the MSG was appointed to evaluate the bids<sup>78</sup> and found Intellica to score highest against the selection criteria.<sup>79</sup> The MSG had at an earlier point discussed gaps in the report not addressed by the Independent Administrator, and raised questions of whether the same consultant should be eligible to be selected to produce the 2013-14 EITI Report.<sup>80</sup> MSG members have since proposed to revise the selection criteria and to include a provision stating that a consultant cannot be selected to produce more than two consecutive reports.<sup>81</sup>

#### Terms of Reference (TORs) for the Independent Administrator:

The TORs for the IA are in line with the Standard TORs agreed by the EITI Board reflecting the 2013 EITI Standard. Under 'Additional commentary on scope', the TORs add that the MSG will approve the materiality threshold while the IA shall make suggestions or advice, and that the IA is mandated to investigate whether any subnational payments exist and to work closely with the SOEs to improve disclosure of payment flows between these and the state.<sup>82</sup>

#### Agreement on the reporting templates:

There is no available documentation of the MSG having agreed on the reporting templates.

#### Review of audit practices:

The report contains a review of government auditing rules (p. 81). A review of practices related to company auditing does not appear to be included. According to the report "it was found that the contacted government entities as well as selected companies that responded to the request for information comply with audit procedures and are aligned with international standards" (p. 134). The report notes that "through the data collection forms and statement of accounts sent as attachments, it was found that private companies and public entities participating in the report, conducted auditing to their financial demonstrations" (p. 133).

#### Assurance methodology:

Quality assurance mechanisms are described on p. 123. It was requested that companies signed and stamped reporting templates, along with the supporting documentation on payment of taxes and other financial contributions. In the absence of the supporting documents, a letter signed by an external auditor

---

<sup>77</sup> Minutes of MSG meeting 8 June 2015.

<sup>78</sup> Minutes of MSG meeting 16 March 2015.

<sup>79</sup> Minutes of MSG meeting 8 June 2015.

<sup>80</sup> Minutes of MSG meeting 16 March 2015.

<sup>81</sup> Minutes of MSG meeting 8 June 2015.

<sup>82</sup> Terms of Reference Independent Administrator for prepare the 6th EITI Report, Mozambique, p. 17.

confirming that the information submitted is comprehensive and consistent with their audited financial statements, as well as a signature by a senior officer of the company or government institution is requested. There does not appear to be any documentation of MSG discussion related to the assurance methodology.

Reconciliation coverage:

The payments made by the companies selected for 2013 correspond to 99.96% of government revenue, while for 2014 it constituted 99.98% (p. 111). However, as 17 companies did not submit the requested information (listed on p. 113), the actual coverage of the reconciliation was 68% for 2013 and 99,51% for 2014. Based on the unilateral disclosure by government entities of payments made by non-reporting companies, the IA notes that these constituted 25% of total government revenue in 2013, while in 2014 they amounted to 1% (p. 117). No further comments are made on how this affects the comprehensiveness of the data.

Assurance omissions:

The report does not name any government entities and companies that did not provide the requested assurances. The report notes that government entities submitted the reporting templates along with financial statements accessible from their websites, and companies provided duly signed and stamped templates with supporting documents attached (p. 133).

Data reliability assessment

Regarding the reliability of the data reported, the IA notes that “it is considered that the data provided by the companies/selected projects as well as the state institutions involved in the process satisfy the criteria of reliability and quality required and they can be used since the source of their provenance is quoted” (Section 11, “Quality and reliability of the data collected”, p. 123). Apart from outlining the implications of non-reporting for the scope of the reconciliation (pp. 113-120), the IA does not provide an assessment of the comprehensiveness of the data reported or comment on whether the non-reporting has had any material impact on the comprehensiveness of the report. The IA notes that “the share of companies that did not reply to the request represent 0.49 % of the total revenue confirmed by the government in 2014” (p. 114), while in 2013 the share of payments made by companies that did not submit data represented 32% of the total payments in the scope of reconciliation.

Sourcing of information:

The non-revenue information in the report is adequately sourced, most often citing government agencies are providers of the information. In some cases, direct links to documents (such as contracts, laws and financial reports) could be provided to facilitate access to such resources.

Past recommendations:

The TORs for IA tasks the IA with making recommendations for strengthening the reporting process including any recommendations regarding audit practices and reforms needed. Section 13.2 (pp. 134-135) lists recommendations that emerged from the reporting exercise (see further details on these recommendations in section “Lessons learned and follow-up on recommendations (#7.3)).

Current recommendations:

Section 12 on “Follow up of the Recommendations of Previous Reports” (pp. 124-132) lists the recommendations from all past EITI Reports and notes the status of implementation of the

recommendation.

#### Electronic files:

Summary data from the 2014-13 EITI Report have been submitted electronically to the International Secretariat in accordance with the standardised reporting format.<sup>83</sup>

### Stakeholder views

Stakeholders from all constituencies highlighted how the first report had highlighted serious discrepancies between company and government figures, while this had improved significantly over the years. A representative from the Tax Authority explained that the EITI reconciliation had helped improve the reliability of information and revenue collection systems at the Tax Authority, by highlighting inconsistencies in records of payments made at the provincial level and improving oversight of concession transfer to facilitate applicable tax collection (see section 8 on impact analysis under “Technical improvements to revenue management systems”). .

The Independent Administrator confirmed that all reporting entities had complied with the data reliability assurances that had been requested, and that they considered the financial data to be credible and in accordance with international standards.

A representative from the SOE commented that the guidance accompanying the reporting template, in particular for SOEs, could be improved to ensure that there was clarity with regards to what information was being requested.

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **meaningful progress** towards meeting this requirement. While the report refers to government agencies having been audited, the MSG should ensure that the next report includes a review of whether government agencies have been audited in accordance with the legislation and a review of company auditing practices and relevant regulations. The MSG may wish to ensure that direct links to resources referred to in the report, such as public documents and reports, are included. The MSG should also agree the reporting templates used for the reconciliation and document the decision.

**Table 4 - Summary initial assessment table: Revenue collection**

EITI provisions	Summary of main findings	International Secretariat’s initial assessment of progress with the EITI provisions (to be completed for ‘required’ provisions)
Comprehensiveness (#4.1)	The MSG has agreed a materiality threshold for company payments,	Satisfactory progress

<sup>83</sup> Available from: <https://drive.google.com/open?id=0B9BI74fkjArzMG9ZR2drVW5ZYXc>

	<p>although the rationale for setting the threshold does not appear to have been documented. The report appears to provide a comprehensive reconciliation of the government revenues and company payments in accordance with the agreed scope.</p>	
In-kind revenues (#4.2)	<p>The 2013-14 EITI Report describes the collection on in-kind revenue of material value, and reconciles the volumes of in-kind revenue collected by government agencies/SOEs. The data is disaggregated by buying company. The arrangements are however not clearly explained and there appear to be some inconsistencies in the reported volumes. It is not clear from the report whether there is comprehensive disclosure of the revenues collected from the sales of in-kind revenues by ENH and MGC.</p>	Meaningful progress
Barter and infrastructure transactions (#4.3)	<p>While the report describes an infrastructure agreement between the government and ENI, this appears to be a standalone agreement and there does not appear to be a link to an extractive license. It is not clear whether the report comprehensively addresses the possible existence of other agreements which might involving the provision of goods and services in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities, in line with provision 4.3.</p>	Meaningful progress
Transport revenues (#4.4)	<p>The MSG and Independent Administrator has sought to collect information from government agencies on revenue from gas and coals transportation. The requested information was not provided by the reporting entities.</p>	Inadequate progress



Transactions between SOEs and government (#4.5)	The 2013-14 EITI Report includes limited information on the transactions between the government and SOEs. While SOEs are included in the scope of the reconciliation, it is not clear whether these have been reported comprehensively, in particular with regards to dividends collected and how they are managed.	Inadequate progress
Subnational direct payments (#4.6)	The 2013-14 EITI Report describes the different revenues collected at the municipal level, but does not appear to document whether or not there are direct payments made and does not mention cases in which municipalities or district authorities collect revenue directly from extractives companies. Companies operating in the sector appear to be making some smaller payments to municipalities, while these appear unlikely to be material.	Meaningful progress
Level of disaggregation (#4.7)	The 2013-14 EITI Report contains financial data disaggregated by individual company and revenue flow. The data is not explicitly disaggregated by government entity, although it indicates which entity receives each revenue stream.	Satisfactory progress
Data timeliness (#4.8)	The EITI Report covering data for 2013 and 2014 was published in December 2015, less than one year following the end of the latest financial year covered by the report.	Satisfactory progress
Data quality (#4.9)	While the report refers to government agencies having been audited, it does not include a review of whether government agencies have been audited in accordance with the legislation, nor does it give an overview of company auditing practices and relevant regulations. The MSG's agreement on the reporting templates is not documented.	Meaningful progress
Initial conclusions and recommendations:		

- In the next EITI Report, the MSG should ensure that the rationale for setting the materiality threshold is clearly documented, and that full government disclosure is clearly presented by revenue stream. The MSG may also wish to review the materiality threshold, and list the revenue streams deemed immaterial in the final report, and not only in the inception report. . The MSG might want to ensure that the absolute amounts of the revenues collected by the disaggregated by revenue stream are clearly presented.
- The next EITI Report should consistently and comprehensively describe the rules and practices regarding ENH's and MCG's management of revenue from the sale of in-kind gas. The revenues transferred to the treasury from the sale of in-kind gas royalties by MGC and ENH should be disaggregated by each of these companies. The revenue ENH receives from the marketing of these in-kind revenues to domestic buyers should be disclosed, unless considered immaterial by the MSG. The Independent Administrator should provide a clear opinion on the comprehensiveness of the reported data.
- The MSG should continue to investigate the tariffs and revenues received by ROMPCO, CMG and CFM, consider whether any revenues are material and whether to include these and other relevant information revenues in the next EITI Report. The MSG and MIREME should work with the relevant companies to ensure that the requested information is provided for the next EITI Report.
- The MSG should reach out to relevant government agencies and work with the Independent Administrator to obtain information about possible transactions between SOEs and government to ensure that this is covered in a comprehensive and clear manner.
- The MSG should ensure that the next EITI Report documents whether direct payments from companies to provinces or municipalities exist, and whether these are material. If payments made by companies directly to sub-national levels of government are found material, these should be disclosed and reconciled. may wish to explicitly state whether direct payments from companies to provinces or municipalities specifically related to extractives activities exist, and whether these are considered material or not.
- The MSG may wish to work with MIREME and other government agencies to ensure more regular publication of payment information, as part of mainstreaming EITI disclosures.
- While the 2014-13 EITI Report makes reference to government agencies having been audited, the MSG should ensure that the next report includes a review of whether government agencies have been audited in accordance with the legislation and a review of company auditing practices and relevant regulations. The report should include a list of government entities and companies that did not provide the requested assurances. The MSG may wish to ensure that direct links to resources referred to in the report, such as public documents and reports, are included. The MSG should also agree the reporting templates used for the reconciliation and document the decision.

## 5. Revenue management and distribution

### 5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

## 5.2 Assessment

### Distribution of revenues (#5.1)

#### Documentation of progress

Section 7.1 “Flow of state Revenue” (pp. 82-85) in the 2013-14 EITI Report refers to the laws and systems regulating the management of revenue from the extractive industries. Figure 17 (p. 82) outlines the “Flow of Revenues from Mega Projects in the Extractive Industry” and indicates the responsibilities of key agencies in overseeing the collection of revenue and deposits to the treasury, although the roles and relationships between the different agencies and the revenue flows are not entirely clear from the figure. The report notes that payments are made to MEF, which channels the revenues to the single Treasury Account (p. 83).

As the institution responsible for monitoring the production of hydrocarbons, INP manages contributions from the hydrocarbon sector to the funds on institutional capacity-building, social projects and institutional contribution. Income and expenditure related to the social projects fund is documented in section 7.1. Table 22 (pp. 83-84) shows the contributions received by company for each of the two reporting years allocated for training, disaggregated by type of activity/expense. Table 23 and 24 (p. 87-88) discloses payments made by companies to the social projects fund in each of the reporting years, and the allocations from the fund to each of the projects and recipient localities.

Sub-national payments are outlined (“Municipal Tax System”, pp. 48-59) and it is unclear whether they are recorded in the state budget.

#### Stakeholder views

Stakeholders consulted did not express any views regarding the coverage of distribution of revenues.

#### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **meaningful progress** in meeting this requirement. The 2013-14 EITI Report describes the legal framework to the laws and systems regulating the management of revenue from the extractive industries and outlines the distribution of the main revenues and the agencies responsible for collecting them. The report does not make it clear whether all payments are recorded in the state budget or if some revenues are retained by government entities.

The MSG should ensure that the EITI Report indicates which revenues from the extractive sector are recorded in the state budget. The MSG should investigate whether all revenues, including those collected by IGEPE, ENH and INP, and those collected at the sub-national level, are recorded in the state budget. In the cases revenue is not recorded in the state budget, the allocation of these revenues should be explained. The report should also explain the management of the contributions to the funds on institutional capacity-building, social projects and institutional contribution.

## Sub-national transfers (#5.2)

### Documentation of progress

The 2013-14 EITI Report refers to the Petroleum Act and the Mining Act passed in 2014 which state that a percentage of the revenues generated in the petroleum and mining activities should be channelled towards community development where the respective projects are located. This contribution is reflected in the state budget, whereby an amount is determined depending on the objectives of each year (pp. 86-87). The report does not explain how revenue is distributed among communities affected by mining. It refers to criteria applied in the implementation of projects funded by these revenues (p. 86), although the link to the cited circular does not work.<sup>84</sup>

The 2012 EITI Report noted that the 2013 state budget included the transfer of 2.75% of revenue from extractives to local governments for the first time. The 2013-14 EITI Report refers to the 2013 and 2014 state budgets that allocated 2,75% of extractive revenue for community development programmes. The report includes the actual amounts transferred and their receiving communities, and notes the discrepancies between the actual amounts transferred and the amount calculated based on the formula. The aggregate figures on the transfers provided for each year do however not correspond to the sum of the sums disaggregated by region (p. 87). The report does not reconcile the transfers.

### Stakeholder views

A government representative commented that reforms in the past years had provided for the transfers of a percentage to affected communities (which included Pande, Moatize and Moma). It was added that there had been some misunderstanding among stakeholders on how these would be managed, and that these revenues would go to specific projects (to be determined together with these local communities) and not be distributed directly among community members. Some stakeholders expressed that there was lack of clarity with regards to how the transfers are calculated and the basis for selection of communities who are eligible to receive such transfers.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful progress** towards meeting this requirement. The 2013-14 EITI Report describes the system for allocating a percentage of the revenue from petroleum and mining to affected communities and discloses the transfers by community. There are however some inconsistencies in the figures provided, and the report does not explain how revenues are distributed among communities affected by mining.

The MSG may wish to consider reconciling these transfers in future reports as encouraged by provision 5.2, to assess whether the reported value of the transfers correspond with the revenue received at the local level and are made in accordance with the law. The MSG might also wish to task the Independent Administrator with identifying gaps in the way these transfers are managed and provide recommendations for how to address these.

---

<sup>84</sup> [http://www.dno.gov.mz/docs/orc\\_estado/execucao/normas/Circular\\_01\\_MPD\\_MF\\_2013\\_CriteriosProyectos\\_Co](http://www.dno.gov.mz/docs/orc_estado/execucao/normas/Circular_01_MPD_MF_2013_CriteriosProyectos_Co)

## Revenue management and expenditures (#5.3)

### Documentation of progress

The 2013-14 EITI Report includes a description on allocation of revenue from extractives for specific programs and geographic regions (pp. 86-87) and describes the legal framework and practices related to auditing of government institutions (p. 81). There is no additional information such as projected production, commodity prices and revenue forecasts.

### Stakeholder views

Stakeholders consulted did not express any views regarding additional information on revenue management. An IMF country report from 2015 notes that “the government fiscal reports do not discuss in detail how fiscal outcomes might differ from forecasts as a result of macroeconomic or specific risks. Long term frameworks are yet to include assumptions about the impact of volatile oil and gas revenues in their assessments” (IMF Country Report No. 15/32, p. 46).<sup>85</sup>

### Initial assessment

Reporting on revenue management and expenditures is encouraged but not required by the EITI Standard and progress with this requirement will not have any implications for a country’s EITI status. It is encouraging that the MSG has made some attempt to including information on the audit process and earmarked revenues from the extractive sector in the EITI Report. There appears to be potential for future EITI Reports to provide relevant information related to commodity prices and forecasts on revenues from the extractive sector which can complement government’s fiscal reports. The MSG may wish to consider additional information of relevance to stakeholders related to revenue management and expenditures, such as projected production, commodity prices and revenue forecasts.

**Table 5 - Summary initial assessment table: Revenue management and distribution**

EITI provisions	Summary of main findings	International Secretariat’s initial assessment of progress with the EITI provisions (to be completed for ‘required’ provisions)
Distribution of revenues (#5.1)	The 2013-14 EITI Report describes the legal framework to the laws and systems regulating the management of revenue from the extractive industries and outlines the distribution of the main revenues and the agencies responsible for collecting them. The report does not make it clear whether all payments are recorded in the state budget or if some revenues are	Meaningful progress

<sup>85</sup> IMF Fiscal Transparency Evaluation, Republic of Mozambique (Country Report No. 15/32) <https://www.imf.org/external/pubs/ft/scr/2015/cr1532.pdf>

	retained by government entities.	
Sub-national transfers (#5.2)	The 2013-14 EITI Report describes the system for allocating a percentage of the revenue from petroleum and mining to affected communities and discloses the transfers by community. There are however some inconsistencies in the figures provided, and the report does not explain how revenues are distributed among communities affected by mining.	Meaningful progress
Information on revenue management and expenditures (#5.3)	The 2013-14 EITI Report includes a description on allocation of revenue from extractives for specific programs and geographic regions. There is no additional information such as projected production, commodity prices and revenue forecasts.	
<p>Initial conclusions and recommendations:</p> <ul style="list-style-type: none"> <li>• The MSG should ensure that the EITI Report indicates which revenues from the extractive sector are recorded in the state budget. The MSG should investigate whether all revenues, including those collected by IGEPE, ENH and INP, and those collected at the sub-national level, are registered in the state budget. In the cases revenue is not recorded in the state budget, the allocation of these revenues should be explained. The report should also explain the management of the contributions to the funds on institutional capacity-building, social projects and institutional contribution.</li> <li>• The MSG may wish to consider reconciling these transfers in future reports as encouraged by provision 5.2, to assess whether the reported value of the transfers correspond with the revenue received at the local level and are made in accordance with the law. The MSG might also wish to task the Independent Administrator with identifying gaps in the way these transfers are managed and provide recommendations for how to address these.</li> <li>• The MSG may wish to consider additional information of relevance to stakeholders related to revenue management and expenditures, such as projected production, commodity prices and revenue forecasts.</li> </ul>		

## 6. Social and economic spending

### 6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).

### 6.2 Assessment

#### Social expenditures (#6.1)

The validator is expected to document the MSG's definition of materiality with regards to mandatory social expenditures. Where mandatory social expenditures exist and are material, the validator is

expected to verify whether these have been disclosed and reconciled in accordance with provision 6.1.a, including any gaps.

The validator is expected to document whether the MSG has disclosed discretionary social expenditures in accordance with provision 6.1.b. Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.

### **Documentation of progress**

The 2013-2014 EITI Report does not explicitly state whether there are mandatory or voluntary social expenditures exist and if these are material, although it discloses details on mandatory social payments made by companies to the Institutional Capacity Building Fund, Social Project Fund and Institutional Contribution.

The section describing the licensing process mentions Training and Institutional Support and Social Support as part of the financial aspects taken into consideration when evaluating bids (p. 30), and the section describing the revenue streams to be covered by the report explains that the Contribution to Institutional Capacity Building Fund, Contribution to Social Projects Funds and Institutional Contribution are agreed between the government and the companies as part of the concession, in line with the model agreement (p. 58). INP collects the contributions to the social projects fund from concessionaries in accordance with the contract provisions (p. 58). These are allocated to social projects in areas affected by petroleum activities. The basis for selection of beneficiaries of the social fund is not described.

Based on the descriptions of these revenue streams in the report, mandatory social expenditures appear to exist as part of contract.

Contributions made by companies to the various funds are disclosed for each of the reporting years (pp. 83-85). Table 22 provides information on the revenues allocated for training by receiving government agency (p. 83), and Tables 23 and 24 include expenditure on social projects by type of project, receiving locality and type of expenditure (pp. 84-85). It is not clear whether the funds allocated for training are disbursed from the Institutional Capacity Building Fund, and where the revenues from Institutional Contribution are allocated.

The report does not explicitly mention voluntary social expenditures, but refers to the Corporate Social Responsibility (CSR) Policy for Extractive Industries in the Mining Sector, which aims at making the extractive industry to more strategic in its CSR programs (p. 35).

### **Stakeholder views**

A government representative explained that with the Mining Law 2014, companies entering an agreement were required to enter a Memorandum of Understanding (MoU) with a representative of local government and a community representative to agree on what the company should fund as part of their social expenditure. According to the representative a guide on such MoUs is currently being developed by MIREME. A government representative noted that there were challenges related to communicating to local communities what they were entitled to with regards to extractive sector activities in their locality.

Industry representatives confirmed that there were no mandatory social payments they were aware of by

law, although but that contracts signed after 2014 might include provisions related to social expenditure. A company representative explained that their CSR projects and related payments were published in their annual reports.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **meaningful** progress towards meeting this requirement.

The 2013-14 EITI Report provides detailed information on the contributions made by companies to the social projects fund and training activities as well as their recipients. It is not clear whether the funds allocated for training are disbursed from the Institutional Capacity Building Fund, and where the revenues from Institutional Contribution are allocated. The basis for selection of beneficiaries of the social fund is not described.

## SOE quasi fiscal expenditures (#6.2)

### Documentation of progress

The report does not disclose any information regarding quasi-fiscal expenditures by SOEs.

IMF's fiscal transparency evaluation from February 2015 notes that notes that "there is no qualitative discussion of quasi-fiscal activities undertaken by public corporations (public enterprises/private companies) in the budget."<sup>86</sup> The report further notes that "the government sets a cap for annual subsidies in the budget, but may make additional transfers as needed. In addition to capital transfers, the government uses other financing instruments to ensure that public enterprises have the necessary funding for infrastructure projects."

In light of risks identified related to off-budget operations of state-owned enterprises in Mozambique, none of which are directly related to the extractive sector but whose activities are related, there appears to be reason to investigate whether such expenditures exist in the extractives sector and whether they are material.

### Stakeholder views

Stakeholders consulted did not express any views on the coverage of quasi-fiscal expenditures by SOEs.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **no progress** towards meeting this requirement. The report does not document whether quasi-fiscal expenditures by SOEs exist and whether they are material.

The MSG should consider whether there are any material quasi-fiscal expenditures by SOEs in accordance with EITI Requirement 6.2, and develop a reporting process with a view to achieving a level of

---

<sup>86</sup> <https://www.imf.org/external/pubs/ft/scr/2015/cr1532.pdf> (p. 63).



transparency commensurate with other payments and revenue streams.

## Contribution of the extractive sector to the economy (#6.3)

### Documentation of progress

The 2013-14 provides an overview of the contribution of the extractive industry to the economy on pp. 12-14.

#### Share of GDP:

The report does not include figures on the size of the sector as share of GDP in absolute terms or as % share. The report notes that the contribution to GDP growth was 18% (2013) and 13% (2014), and absolute and % share contribution of the extractive sector to total foreign direct investment is included.

#### Government revenues:

There total revenue figures are provided on pp. 109, 121 and 133 (32,182,525,170.27), p. 119 and 133. One government revenue figure provided (sourced to an annual report by the Ministry of Work, Employment and Social Security<sup>87</sup>) is 42,400,884,296 MZN for 2014 (p. 109), which is significantly higher than the government figure from the report reconciliation (32,182,525,170). The contribution of government revenue from extractives as % share of total is provided (p. 109).

#### Exports:

Exports from the extractive sector constituted 30% of total in 2013, and there was a notable decrease in 2014. The absolute figures are not provided in total, although this can be estimated from the disaggregated export data in Annex 1 (pp. 142-144).

#### Employment:

Section 7.6 (p. 80) notes that the information is available in Annex 3 (pp. 146-149), but reporting on this by companies was not comprehensive. Annex 3 includes employment figures for most companies, divided into national (local, other) and foreign employees.

#### Location:

A map outlining the key producing areas and location of where extractives activities are concentrated is provided on p. 19.

### Stakeholder views

Civil society representatives called for more regular publication by MIREME of information on annual investments by companies and employment figures. A government representative noted that it would

---

<sup>87</sup> Annual Review Report (BdPES) 2014. The EITI Report refers to page 47, while the report only has 27 pages.  
<http://www.mitess.gov.mz/sites/default/files/documents/files/BdPES%202014%20Versao%20para%20pagina%20web.pdf>

have been useful for local content provisions (as provided for in the 2014 reforms) to be included in EITI reporting. In reference to the 2012 EITI Report, a publication by CIP states that “overall, the report shows that corporate tax contributions are insignificant, despite optimistic prospects put forward by the government, proving that the extractive sector still has minimal impact on revenue generation, in particular by excessive tax benefits, as well as job creation.”<sup>88</sup>

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **meaningful progress** towards meeting this requirement. The 2013-14 EITI Report provides information on the contribution of the extractive sector to the economy, although there is some inconsistency in total revenue figures and some missing details related to GDP contribution and employment.

The MSG should ensure consistency in the figures provided on total government revenue from the sector, and that the next EITI Report indicates i) the size of the extractive sector in absolute terms and as % of GDP, ii) exports from the extractive industry in absolute terms, iii) employment in extractive sector as % of total employment. If any of this information is not available, the MSG should ensure that the report describes the efforts made to obtain the information. The MSG may also wish to consider including information on local content provisions and commentary on whether these have been applied with.

**Table 6 - Summary initial assessment table: Social and economic spending**

EITI provisions	Summary of main findings	International Secretariat’s initial assessment of progress with the EITI provisions (to be completed for ‘required’ provisions)
Social expenditures (#6.1)	The 2013-14 EITI Report provides information on the contribution of the extractive sector to the economy, although there is some inconsistency in total revenue figures and some missing details related to GDP contribution and employment.	Meaningful progress
SOE quasi fiscal expenditures (#6.2)	The 2013-14 EITI Report does not document whether quasi-fiscal expenditures by SOEs exist and whether they are material.	No progress
Contribution of the extractive sector to the economy (#6.3)	The 2013-14 EITI Report provides information on the contribution of the extractive sector to the economy, although there is some inconsistency in total revenue figures and some missing details related to GDP contribution and	Meaningful progress

<sup>88</sup> [http://cipmoz.org/images/Documentos/Industria\\_Extractiva/360\\_CIP-spinformacao\\_2015\\_05\\_pt.pdf](http://cipmoz.org/images/Documentos/Industria_Extractiva/360_CIP-spinformacao_2015_05_pt.pdf)

	employment.	
Initial conclusions and recommendations:		
<ul style="list-style-type: none"> <li>• The MSG should ensure that EITI Reports comprehensively addresses social expenditures and clarifies whether the funds allocated for training are disbursed from the Institutional Capacity Building Fund, and describes how Institutional Contribution payments are allocated. The MSG may also wish to consider including a description of the basis for selection of beneficiaries of the social fund.</li> <li>• The MSG should consider whether there are any material quasi-fiscal expenditures by SOEs including ENH and EMEM, in accordance with EITI Requirement 2.6, and develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams. The MSG should consider whether there are any material quasi-fiscal expenditures by SOEs, EMEM, in accordance with EITI Requirement 6.2, and develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams.</li> <li>• The MSG should ensure consistency in the figures provided on total government revenue from the sector, and that the next EITI Report indicates i) the size of the extractive sector in absolute terms and as % of GDP, ii) exports from the extractive industry in absolute terms, iii) employment in extractive sector as % of total employment. If any of this information is not available, the MSG should ensure that the report describes the efforts made to obtain the information. The MSG may also wish to consider including information on local content provisions and commentary on whether these have been applied with.</li> </ul>		

## Part III – Outcomes and Impact

### 7. Outcomes and Impact

#### 7.1 Overview

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

#### 7.2 Assessment

##### Public debate (#7.1)

##### Documentation of progress

##### Making the reports comprehensible and accessible

“Training, sharing and dissemination of Mozambique EITI information” is one of the main objective of 2016-18 EITI work plan. To achieve this objective, the MSG has defined following activities: 1) empower civil society and civil society to understand EITI Reports and data, 2) improve the knowledge about EITI process and 3) produce programs and outreach material to raise awareness about EITI (Annual Activity Report 2014, p. 10). As a result, Mozambique EITI has made various efforts to ensure that EITI disclosures are actively promoted.

The Mozambique EITI website contains key documents related to EITI implementation. The website was down for a couple of months during 2016. Currently, all six Mozambique EITI Reports are accessible from

the website, including the 2013-14 EITI Report in both Portuguese and English.<sup>89</sup> The EITI Reports are in PDF format and are not machine-readable. Summary data for 2013 and 2014 were shared with the International Secretariat in December 2016.

500 paper copies of the 2013-14 EITI Report were printed in paper copies and distributed. Various materials for dissemination support were also produced, such as brochures of the EITI reports in the Portuguese and English, comic book posters (in Portuguese, Sena and Macua languages), leaflets on the implementation of the EITI and advertising material such as pens, T-shirts and key chains.

A series of dissemination workshops were held during 2014 and 215 at provincial level, covering Capo Delgado, Nampula, Niassa, Tete and Zambezia. Participation in the workshops seems to be quite wide and include representatives from regional and local governments, civil society organisations, companies etc. (Annual Activity Report 2014, p. 14 and Annual Progress Report 2015 p. 3).

Dissemination activities performed in 2014 and 2015 were:

- With the support of GIZ and MAGTAP, two seminars in Niassa (23 May 2014) and Tete (July) during 2014. These seminars were held under the name "Promoting and Strengthening Good Governance through Transparency, Accountability, Participation and Sustainable Exploitation of Mineral Resources" and organized by Mozambique EITI. Each seminar was attended by approximately 100 participants (Annual Activity Report 2014, p. 14).
- Seminar to launch the fourth EITI Report in April 2014 which was broadly attended by 100 participants, including the Minister of Mineral Resources (Annual Activity Report 2014 p. 16).
- During 2015, three dissemination seminars held in Capo Delgado, Nampula and Tete with the support of UNDP to improve knowledge and understanding of EITI data (Annual Progress Report 2015, p. 3). Each seminar was attended by 80 participants.
- Dissemination sessions with provincial governments of Nampula, Tete and Zambia in December 2015 (Annual Progress Report 2015, p. 3).
- Various dissemination activities carried out by civil society MSG representatives (Kuwuka JDA) including the production of radio programmes and lectures at universities during 2015 (Annual Progress Report 2015, p. 4).
- During 2015, dissemination of EITI data at FACIM, a multi-sectoral trade fair in Mozambique (Annual Progress Report 2015, p.4).
- The national secretariat participated an event by GIZ named "Challenges and Opportunities of the Extractive Industry in Inhassoro and Govuro Districts" in October 2015 (Annual Progress Report 2015, p. 4).
- In December 2015, EITI dissemination activities took place in the provinces of Nampula, Tete and Zambezia. Two EITI representatives held a presentation for local governments on EITI implementation, results and findings of the 2013-14 EITI Report including challenges identified (Annual Progress Report 2015, p. 9).

In December 2016, MSG agreed on an open data policy on the access, release and re-use of EITI data.<sup>90</sup>

---

<sup>89</sup> <http://www.itie.org.mz/index.php/publicacoes/relatorios-do-itie>

<sup>90</sup> <https://eiti.org/document/mozambique-open-data-policy>

There is limited evidence of outreach activities undertaken by the MSG, such as strategic outreach to media, parliament, industry and key extractive sector players.

### Stakeholder views

MSG members expressed that more efforts were needed for the EITI in Mozambique to contribute meaningfully to public debate and to raise awareness of how the sector is managed, especially in affected communities. They explained that this was one of the most important objectives in their work plan, but that they had been constrained by lack of funding.

A civil society representative on the MSG added that efforts had been made by the secretariat and MSG members to make the EITI Reports available in more user-friendly versions such as briefs and brochures. She/he added that EITI had the potential to contribute to public debate but much more work is needed to create public understanding about how the sector is managed, and stated that few people in the communities were aware of the EITI.

Civil society representatives explained that they had provided trainings and sessions in communities to increase the understanding of the findings from the EITI Reports. They have noted that there is a broad interest among communities in government revenues and expenditure, in particular from extractives. However, they noted that the language of the reports could be less technical for wider stakeholders to understand, and simplified versions of the reports should be widely circulated including to media and parliamentarians. Summary briefs should be translated to local languages.

One journalist who has followed the work on EITI also expressed that MSG needs to work more strategic with media and journalists to help increase their understanding of the issues raised in the EITI Reports. He added that the reports are often too technical and beyond capacity of many journalists. The representative had participated in a training on EITI in 2016 and welcomed more such events and outreach targeting media representatives.

Development partners were also of the understanding that MSG had not been successful in communicating the messages and results of the EITI reports to communities, and noted that this had resulted in limited impact of EITI in the country.

### Initial assessment

The International Secretariat's initial assessment is that **Mozambique** has made **meaningful** progress in meeting this requirement. Various efforts have been made to ensure that EITI Reports are comprehensible and actively promoted and publicly accessible. There is limited evidence of strategic outreach activities and that EITI has led to public debate in the country.

The MSG should continue disseminating EITI data across the country and consider undertaking outreach activities strategically targeting media, parliament, industry and key extractive sector players to ensure that EITI objectives are in line with stakeholder priorities and can help contribute to public debate and policy discussion on extractive sector management.

## Data Accessibility (#7.2)

### Documentation of progress

All EITI Reports published by Mozambique EITI are in PDF format and are not machine-readable. Brief summary reports have been produced and disseminated. For the 2013-14 EITI Report, 600 summary briefs were produced in Portuguese and 200 in English. With the support of the Canadian government an additional 1000 brochures were produced in English, Portuguese and local languages to be distributed in the provinces of Manica, Nampula, Zambezia and Cabo Delgado<sup>91</sup>.

There is limited evidence of discussions related to the recommendations in provisions 5.1b regarding references to revenue classification systems. The 2013/2014 EITI Report include a comparison of the shares of each revenue stream in accordance with provision 7.2.b) (p. 211).

According to the 2015 annual progress report, more efforts need to be made in terms of capacity building to increase awareness of the EITI process and to improve understanding of the information and data from EITI reporting. Due to financial constraints, not all planned activities were possible to carry out during 2015. Capacity building activities performed during 2014 and 2015 were:

- 20 representatives from natural resources and extractive industries platform from resource-rich regions were trained during 2013 and 2014, together with some MSG-members. The aim of the training was to improve understanding of the information and data from reports and to be acting as resource persons in their provinces (Annual Activity Report 2014 p. 11).
- With the support of World Bank, Kuwuka JDA, a civil society MSG-representative, trained 130 people including civil society members, community leaders, public and company officials in Moma, Larde and Angocha districts in Capo Delgado, Nampula and Tete province (Annual Activity Report 2014, p. 11-13).
- A training session in 2014 held by the Independent Administrator responsible for producing the fifth EITI Report, Intellica. The focus of this training was data collection and introducing main EITI requirements. It was attended broadly by both government agencies, civil society, media and companies. The attended 33 companies were also provided information about required templates (Annual Activity Report 2014, p. 12).
- Two-day training of 50 journalists in September 2016 with the support of UNDP. Topics discusses were 1) mining and petroleum legislation; 2) policy and strategy of mineral resources; 3) implementation of EITI in Mozambique; 4) tax collection and management; 5) environmental and resettlement policies of affected communities; 5) laws on access to information; 6) investigative journalism and 7) the role of state-owned companies.<sup>92</sup>

### Stakeholder views

The MSG expressed that more capacity-building efforts is needed, within MSG but also among citizens and media to increase the awareness of the process and improve the understanding of the information and data from the reports. MSG members confirmed that due to financial constraints, not all planned activities in the work plan were possible to carry out during 2015.

One civil society representative said that MSG members and development partners should put emphasis

---

<sup>91</sup> This information was shared with the International Secretariat in an email dated 1 March 2017.

<sup>92</sup> The report was shared with the International Secretariat in an email dated 1 March 2017.

on capacity building to help important they want to see more public debate, reforms and change. He/she said that they are increasingly involved in development policy, and recognised the need to use evidence and engage with policy processes more effectively. The representative added that capacity building is important, early on, to establish a common position and vocabulary as a starting point for engagement with potential partners.

The national secretariat explained that the training of journalists in 2016 with the support of UNDP had led to more news about extractive governance in the newspapers. The secretariat added that more training of parliamentarians will be organised in 2017.

One development partner expressed that capacity is generally a challenge in Mozambique. Nationally, 43 % of children under five are stunted, but regional variations persist, with the highest rates of stunting in affected communities such as Nampula and Cabo Delgado provinces. He/she expressed the need to improve the understanding of the information and data from EITI Reports to encourage the use of this information in especially affected communities.

### Initial assessment

Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. Such efforts are encouraged but not required and are not assessed in determining compliance with the EITI Standard. The MSG has made various efforts to make data available such as producing summary briefs and brochures. However, all EITI Reports published by Mozambique EITI are in PDF format and are not machine-readable which makes accessibility to data files challenging. MSG is encouraged to undertake further capacity building efforts to increase awareness of the process, improve understanding of the information and data from the reports.

## Lessons learned and follow-up on recommendations (#7.3)

### Documentation of progress

The Terms of Reference of the MSG mandates the MSG to “identify weaknesses and capacity constraints in the transparency of the extractive industry in Mozambique and propose solutions for improvement” (Provision 11.g). While the recommendations from EITI have highlighted some gaps and led to some technical improvements, there is scope for Mozambique EITI to do more to propose relevant recommendations based on lessons learned from reporting and to follow up on such recommendations.

#### Recommendations from the Independent Administrator:

Mozambique EITI Reports have generally provided recommendations for sector reforms and improved extractive resource governance in line with the TORs for IA which tasks the IA to make recommendations for strengthening the reporting process including any recommendations regarding audit practices and reforms needed. All six reports contain a component in response to the Independent Administrator's recommendations, which are indicated in a table on p. 124 in the 2013-14 EITI Report. The 2012 EITI Report highlighted incomplete or outdated information in the Mining Cadastre and recommended that the Mining Cadastre should have all properly updated relevant information about licensed projects, including NUIT, address and contact details representatives of the projects. The Independent Administrator also highlighted challenges related to data collection. National Institute of Mines records of data of companies operating in the mining sector is still recorded in handwritten format which makes

hinders access to such data complicated.

The 2013-14 EITI Report contained the following recommendations:

- Reporting under the EITI be institutionalised, especially for companies operating in the extractive industry. As an alternative, the MSG should put in place activities aimed to raise awareness of the private sector and explain the importance of the initiative as well as the relevance of timely reporting.
- The National Mining Institute, through the Mining Cadastre, must cross-check the data on the contact details of the companies with the information contained the Tax Authority database (SICR).
- Extractive companies' Tax Identification Numbers (NUITs) be effectively used which requires better coordination between Provincial Directorates of Mineral Resources and Energy (PDMRE) and Provincial Departments of Economy and Finance (DPEF). The Mining Cadastre should have all relevant data on the licensed projects duly updated, including NUIT, address and contact details of companies and their representatives, which is currently missing.
- Updating the Collection Control System to allow that information obtained by this institution encompasses entirely all payments made by companies for the reconciliation process to be efficient (2013-14 EITI Report, pp. 134-135).

Follow-up on the recommendations:

The production of six EITI Reports since 2011 has implicitly strengthened government systems over time. Production of the reports have led to better data systems as the reports have pointed to inconsistencies in data collected from the mining cadastre and the General Taxation Directorate (DGI) as well as to incomplete information, which initially prevented adequate reconciliation of revenues. During the early years, there were significant problems with companies not reporting under their individual NUIT, but rather entering the MIREME's NUIT on their reporting templates, making reconciliation of company payments and government receipts practically impossible, as companies could not be distinguished from each other. As this problem has been resolved over time, the government is now able to track extractive revenue by individual company.

Additionally, several recommendations from the EITI Reports are being implemented to (i) improve the effectiveness and completeness of data recording between the Mining Cadaster and the Tax Authority; (ii) implement accurate recordings of payments by companies at the Tax Authority in the provinces and the Tax Authority at the central level, so that cross checking of information is automatic; and (iii) to improve oversight by MIREME of concession transfers and the proper documentation of such transactions, which would allow collection taxes applicable to such transfers.<sup>93</sup>

"Review and implementation of the report's recommendations" is listed as one of the main activities in the MSG's work plan (Annual Activity Report 2014, p. 20). As a result, the 2014 Annual Activity Report lists all the recommendations made in the last five reports, the institution in charge for the follow-up and the status of implementation (pp. 23-30). According to the table, most of the recommendations from the 2012 EITI Report seem to have been followed up and resolved. The 2015 Annual Progress Report repeats the same exercise from the AAR 2014, without giving any further or new details (Annual Progress Report

---

<sup>93</sup> GIZ study on impact of EITI in Mozambique, p. 81.



2015, p. 23-30). The recommendations from the 2013-14 EITI Report were not reflected in the 2015 Annual Progress Report.

From 31 December 2016, in accordance with the transitional arrangements of the 2016 EITI Standard, the MSG will be expected to outline the plans for implementing the recommendations from Validation and EITI reporting, including the rationale for deciding not to implement a recommendation. The requirement for annual progress reports (APRs) to include “an overview of the multi-stakeholder group’s responses to and progress made in addressing the recommendations from reconciliation and Validation” (requirement 7.4.a.iii) will come into force for 2016 APRs onwards.

### Stakeholder views

MSG members expressed that the recommendations in the EITI Reports had been useful for the group and that discussions had been around the follow-up, in particular during the drafting of the annual progress reports. They explained that there is no formal mechanism or sub-group that follows up on the recommendations but that this is done on an ad-hoc basis. Stakeholders did not have any particular views on why the recommendations from the 2013-14 EITI Report were not reflected in the 2015 Annual Progress Report.

Civil society expressed the importance of following up on the recommendations from the reports. The follow up on these recommendations had been useful and strengthened government systems over time, but more is needed. One civil society said that they would like to include more from their own reflections and recommendations.

### Initial assessment

The International Secretariat’s initial assessment is that Mozambique has made **satisfactory progress** in meeting this requirement. The MSG has considered the recommendations from the EITI reporting and followed up and addressed most of the recommendations. More systematic follow-up by the MSG on the EITI Report recommendations and ensuring that these highlight gaps identified through the reporting process could help ensure that the EITI could serve as a tool for improved extractive sector governance.

## Outcomes and impact of implementation (#7.4)

### Documentation of progress

The MSG has produced an Annual Progress Report covering 2015 and gives a detailed overview of activities undertaken by the MSG. These activities are linked to the 2015 work plan objectives (2015 Annual Progress Report, p.5-10).

The 2015 Annual Progress Report gives an assessment of progress with meeting a selected number of EITI requirements<sup>94</sup> (see table on pp. 13-14 in the 2015 Annual Progress Report). Actions undertaken to address issues such as revenue management and expenditure, transportation payments, discretionary

---

<sup>94</sup> Based on the requirements as structured in the 2013 EITI Standard.

social expenditures and ad-hoc subnational transfers are not mentioned.

The 2015 Annual Progress Report also includes a brief overview of MSG's response to recommendations from the last five reports and an assessment of progress/status against each recommendation (pp. 17-27). The recommendations from the 2013-14 EITI Report are not reflected in the table (see section on requirement 7.3 for more information).

The MSG briefly highlights a few challenges in achieving objectives set out in its work plan. This is mainly related to objective II (capacity building and training) and lack of funding. The Mozambique EITI process has been primarily donor funded since the country became an EITI candidate in 2009. Insufficient and sometimes delayed financing for its core activities has constrained Mozambique EITI from implementing all of its planned activities in a timely manner. GIZ has also undertaken an impact study to assess progress which MSG highlights will also help them to identify strengths and weaknesses (Annual Progress Report 2015, p. 28). During the mission to collect stakeholder views, the International Secretariat was informed that the MSG did not approve of the GIZ impact study and finds some of the findings to be incorrect. The MSG has communicated this to GIZ.

### Stakeholder views

Stakeholders did not have any particular views related to the Annual Progress Report. The MSG confirmed that its members were given opportunity to participate in the production of the 2015 Annual Progress Report and reviewing the impact of the EITI implementation.

### Initial assessment

The International Secretariat's initial assessment is that Mozambique has made **satisfactory progress** in meeting this requirement. The MSG has reviewed the outcomes and impact of EITI implementation on natural resource governance through the production of annual progress reports.

**Table 7 - Summary initial assessment table: Outcomes and impact**

EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Public debate (#7.1)	Various efforts have been made to ensure that EITI Reports are comprehensible and actively promoted and publicly accessible. There is however limited evidence of outreach activities and that EITI has led to public debate.	Meaningful progress
Data accessibility (#7.2)	The MSG has made various efforts to make data available such as producing summary briefs and brochures. However, all EITI Reports are published in pdf format and	

	are not machine-readable, which makes accessibility to data files challenging.	
Lessons learned and follow up on recommendations (7.3)	The MSG has considered the recommendations from the EITI reporting and followed up and completed most of the recommendations. The recommendations from the 2013-14 EITI Report were not reflected in the 2015 Annual Progress Report.	Satisfactory progress
Outcomes and impact of implementation (#7.4)	The MSG has reviewed the outcomes and impact of EITI implementation on natural resource governance through the production of annual reports.	Satisfactory progress
<p>Initial conclusions and recommendations:</p> <ul style="list-style-type: none"> <li>• To help ensure that the EITI can contribute more meaningfully to public debate and policy discussion on extractive sector management, the MSG should continue disseminating EITI data across the country and consider undertaking outreach activities strategically targeting media, parliament, industry and key extractive sector players.</li> <li>• The MSG is encouraged to make EITI Reports available in a machine-readable and open data format.</li> <li>• More systematic follow-up by the MSG on the EITI Report recommendations and ensuring that these highlight gaps identified through the reporting process could help ensure that the EITI could serve as a tool for improved extractive sector governance.</li> <li>• The MSG should ensure that the plans for implementing the recommendations from Validation and EITI reporting, including the rationale for deciding not to implement a recommendation, are reflected in the 2016 Annual Progress Report, in accordance with the transitional arrangements to the 2016 EITI Standard.</li> </ul>		

## 8. Impact analysis (not to be considered in assessing compliance with the EITI provisions)

Based on available documentation and consultations with stakeholders, EITI in Mozambique appears to have had some tangible impacts with regards to bringing issues around transparency on the agenda, building trust between stakeholders and some technical improvements related to revenue management systems. It does however appear that the full potential of Mozambique EITI is yet to be reached, and that the process could be more meaningful and impactful if the government, together with stakeholders, take more ownership of the process and use it to address key challenges of natural resource governance in the country.

### Impacts

- *Making extractives data available and placing transparency on the agenda:* A government representative stated that with EITI Reports in the public, people now know what is received from the extractive sector in terms of revenue. Several stakeholders explained that the first EITI Report had had significant discrepancies which raised many concerns. With the implementation of EITI, the public now had more access to information, less discrepancies, an online cadastre, contract transparency and more transparent governance of extractive sector. A representative from the Tax Authority explained that the EITI had contributed to fiscal transparency as it could disclose disaggregated data on revenues that the state had not been able to publish. This has provided a basis for fiscal transparency. According to civil society representatives, the EITI has contributed to the establishment of the mining cadastre, progress on contract transparency, publication of contracts, as well as the creation of a specific unit with the Tax Authority to deal with extractive industry issues in general and with EITI in particular.
- *Mainstreaming transparency into law:* A government representative explained that the requirements in the EITI Standard had been taken into account in the drafting of the 2014 sector laws, and aspects related to transparency had been integrated in the provisions. The Assembly of the Republic introduced some changes in the Mining Law and Petroleum Law that will allow Mozambicans to have periodic information on the revenues collected by the government from oil and mining operations. The new laws require that companies must be listed on the Stock Exchange, which according to civil society stakeholders mean that Mozambicans will have first-hand access to the operations of these companies in the country.
- *Technical improvements to revenue management systems:* The production of six EITI reports since 2011 has implicitly strengthened government systems over time. Production of the reports have led to better data systems as the reports have pointed to inconsistencies in data collected from the mining cadastre and the General Taxation Directorate (DGI) as well as to incomplete information, which initially prevented adequate reconciliation of revenues. During the early years, there were significant problems with companies not reporting under their individual Tax Identification Numbers (NUIT), but rather entering the MIREME's NUIT on their reporting templates, making reconciliation of company payments and government receipts practically impossible, as companies could not be distinguished from each other. As this problem has been resolved over time, the government is now able to track extractive revenue by individual company.

A government representative explained that the EITI reporting process had helped identify some technical challenges with regards to collection and verification of company data to help inform the basis for company payments. For example, MIREME provides the data on size of license areas that companies report to the Tax Authority for the calculation of surface rent. The reporting process also highlighted issues to address that would require improved inter-agency cooperation, such as how to deal with companies headquartered in Maputo but with activities in another province. These issues had been partially addressed by the improved license cadastre and more regular inter-agency discussions resulting from the EITI reporting process.

Additionally, several recommendations from the EITI Reports are being implemented to (i) improve the effectiveness and completeness of data recording between the Mining Cadaster and the Tax Authority; (ii) implement accurate recordings of payments by companies at the Tax Authority in the provinces and the Tax Authority at the central level, so that cross checking of information is automatic; and (iii) to improve oversight by MIREME of concession transfers and the proper documentation of such transactions, which would allow collection taxes applicable to such transfers.<sup>95</sup>

- ***Bringing stakeholders together and building trust:*** Initially, the Mozambique EITI process was primarily led by the government, with civil society playing only a minor role. To increase their influence, the three CSOs represented in the MSG – the Institute for Social and Economic Research (IESE), CIP, and Youth Kuwuka JDA - supported the creation of an extractive industries CSO platform, which now comprises 40 organizations and allowing stakeholders beyond MSG to provide feedback on the EITI process. The platform has been vocal in pushing for enhanced impacts of Mozambique EITI by ensuring that transparency in extractive industries goes beyond the revenue figures to focus on promoting efficient management of resources and enhancing public dialogue around the extractive industries. The Mozambique EITI has become a platform for all three MSG member groups to discuss issues that go beyond just the revenue numbers, e.g., the MSG meetings have fruitfully covered topics related to revenue sharing formulas with local communities, resettlement issues, and contract transparency that have fed into higher level policy discussions in the country.<sup>96</sup> A member of parliament explained that EITI had impact by bringing all stakeholders to the same table, creating space for dialogue of the management of extractive sector. This view was confirmed by a private sector stakeholder.

## Challenges raised

EITI Reports published so far provide rich information on the extractive sector's contribution to the country, and demonstrate the government's commitment to be transparent about the way the extractive sector is managed. However, there is more potential to make use of the process to improve government systems, build trust, increase revenue and inform policy in the sector. Some of the challenges raised by stakeholders were the following:

- ***Lack of enforcement of laws and regulation:*** Stakeholders from all groups emphasised the point that while laws were in place, these were not consistently enforced. One of the causes raised was low institutional and human capacity.
- ***Limited outreach and dissemination of EITI Reports:*** While Mozambique EITI has made efforts to make their reports accessible and disseminated these to a wider audience, a civil society representative noted that few people in rural and extraction affected areas have heard of EITI. There needs to be more outreach activities. Development partners stated that there had been attempts to disseminate the EITI Reports that these had not been successful in communicating the results of the findings. High illiteracy rates also pose a challenge for communicating technical issues.
- ***Timelier information:*** A government stakeholder mentioned timeliness of reports as a challenge. In order to make the reports more relevant, more recent data is crucial.
- ***Need to move from transparency to accountability:*** Civil society representatives noted that the EITI should be more than just providing the relevant information on the sector, and could also be a tool for addressing the challenges the information revealed. Civil society in particular has also

---

<sup>95</sup> GIZ Impact study on implementation of EITI in Mozambique, p.81.

<sup>96</sup> GIZ Impact study, p. 81.

often highlighted that the EITI has been assumed by the government as an end in itself, and not as a means to promote reforms aimed at broadening transparency and improving accountability, which has limited some of the impacts EITI has had.

- *Need for stronger links to sector challenges and government priorities:* A government representative explained that the government had aimed at making recent legal reforms address transfer pricing (e.g. there is now a maximum 3% limit on the deductible administrative costs related to parent companies). It was added that the EITI could possibly help address such issues, but that the links between e.g. the work of the extractives unit at the Tax Authority and EITI had not been made, and that the Tax Authority was merely a provider of information to EITI reporting.
- *Lack of funding:* Lacking funds has been a key challenge to sustainable implementation of EITI in Mozambique, which was highlighted by most stakeholders. The sustainability of the EITI will depend on the government and whether there is a decision to institutionalise EITI and how to take the process forward.

## Annexes

### Annex A - List of MSG members and contact details

#### PRINCIPAL MEMBERS

Name	Sector	Institution
S Excia Letícia Klemens	Public	Ministério dos Recursos Minerais e Energia ( <b>Ministra</b> )
<b>GOVERNMENT</b>		
1. Custódio Nguetana	Public	Ministério dos Recursos Minerais e Energia <b>(Coordenador da Iniciativa)</b>
2. Ângelo Nhalidade	Public	Ministério da Economia e Finanças
3. Vilela de Sousa	Public	Ministério da Planificação e Desenvolvimento
4. Vilela de Sousa	Public	Ministério da Terra, Ambiente e Desenvolvimento Rural
<b>INDUSTRY</b>		
5. Helena Sarmento	Mineiro	Vale Moçambique ( <b>representa a AMDCM<sup>97</sup></b> )
6. Gert Klok	Mineiro	Grafite Kropfmuehl ( <b>representa a Câmara de Minas - CM</b> )
7. Alexandre Jossias	Petrolífero	Anadarko ( <b>representa a AMOPI<sup>98</sup></b> )
8. Stefano Saviano	Petrolífero	ENI ( <b>representa a AMOPI<sup>99</sup></b> )
<b>CIVIL SOCIETY</b>		
9. Fátima Mimbire	Investigação	Centro de Integridade Pública (representa a Plataforma dos Recursos Naturais e Indústria Extractiva)

<sup>97</sup> Associação Moçambicana para o Desenvolvimento do Carvão Mineral

<sup>98</sup> Associação Moçambicana de Operadores Petrolíferos Internacionais

<sup>99</sup> Associação Moçambicana de Operadores Petrolíferos Internacionais

10. Camilo Nhancale	Investigação	Kuwuka JDA (representa a Plataforma dos Recursos Naturais e Indústria Extractiva)
11. Alda Salomão	Investigação	Centro Terra Viva (representa a Plataforma dos Recursos Naturais e Indústria Extractiva)
12. Fernando Menete	Advocacia	Ruth Rede Uthende (representa a Plataforma dos Recursos Naturais e Indústria Extractiva)
<b>OBSERVERS</b>		
13. Estevão Sumburane	Academico	Associação Geologica Mineira de Moçambique (AGMM)
14 Eduardo Constantino	Jornalista	Sindicato Nacional de Jornalistas (SNJ)

**ALTERNATES**

Name	Sector	Institution
<b>GOVERNO</b>		
1. Luís Mahoque	Public	Ministério dos Recursos Minerais e Energia
2. Finório Castigo	Public	Ministério da Economia e Finanças
3. João Cipriano	Public	Ministério da Terra, Ambiente e Desenvolvimento Rural
<b>INDUSTRY</b>		
4. Gareth Clifton	Mining	Kenmare Moma Mining (CM)
5. Eurico de Azevedo	Oil and gas	ENI (AMOPI)
<b>CIVIL SOCIETY</b>		
6. Borges Nhamire	Inves	Centro de Integridade Pública
7. Gilda Homo	Investigação	Kuwuka JDA



8. Tânia Pereira	Investigação	Centro Terra Viva
9. Milissão Nuvunga	Investigação	Ruth Rede Uthende
<b>OBSERVERS</b>		
10. Belmiro Adamugy	Jornalist	Jornal Notícias (SNJ)

## Annex B – MSG meeting attendance

28 Nov 2016 – 5<sup>th</sup> meeting - Chairperson, Government 4, Industry 5, Civil Society 2

18 Oct 2016- 4<sup>th</sup> meeting - Government 1, Industry 0, Civil Society 2

22 July 2016- 3<sup>rd</sup> meeting - Chairperson, Government 3, Industry 3, Civil Society 4

16 July 2016- 2<sup>nd</sup> meeting - Government 3, Industry 3 and Civil Society 3

5 April 2016- 1<sup>st</sup> meeting - Government 3, Industry 5 and Civil Society 3

10 Dec 2015- 6<sup>th</sup> meeting - Government 4, Industry 2 and Civil Society 2

20 Nov 2015- 5<sup>th</sup> meeting - Chairperson, Government 4, Industry 2 and Civil Society 2

10 June 2015- 4<sup>th</sup> meeting - Government 3, Industry 4 and Civil Society 3

8 June 2015- 3<sup>rd</sup> meeting - Government 4, Industry 4 and Civil Society 4

19 March 2015- 2<sup>nd</sup> meeting - Government 4, Industry 0 and Civil Society 3

16 March 2015- 1<sup>st</sup> meeting - Government 5 Industry 4 and Civil Society 4

## Annex C – Cost of EITI Reports

Year	EITI Report	Cost (USD)	Source
2014	2011 EITI Report	61,000	MDTF
2015	2012 EITI Report	140,000	MDTF
2015	2013-14 EITI Report	132,000	MDTF
<u>Source: Mozambique EITI Annual Progress Reports</u>			

## Annex D - List of stakeholders consulted

### Government

Ângelo Nhalidede, MEF

Anibal Mbalango, Tax Authority

Amisal Mdalango, TA

Augusto E. Macuvele, INP

Benjamim Chilenge, ENH

Dulce Palalane, INAMO

Edson Ribeiro, TA

Finório Castigo, MEF

Geraldo Simao Valoi, INAMI

Helder V. C. Mavhaene, INAMO

Helder Siteo, INP

Humberto Aloga, TA

Ines Cumbane Nhaule, TA

Jorgina Manhregane, INP

Leticia da Silva Klemens, Minister of Mineral Resources and Energy

Marcelina Joel, Legal Department, MIREME

Nelson Samuel Zumbene, INAMO

Raimundo Matule, IGEPE

Telma Matavel, Legal Department, MIREME

Vanda Nhea, Legal Department, MIREME

Vilela de Sousa, Ministry of Planning and Development

## Parliament

Esperança Bias, Member of Parliament and former EITI Chair

## Industry

Gareth Clifton, KENMARE

Helena Sarmento, Vale Mozambique

Stefano Saviano, ENI

Mario Deus, Gondwana

Siri Farstad, Statoil

## Civil Society

Belmiro Adamugi, SNJ

Camilo Nhancale, KUWUKA

Clemencio Fijamo, STV

Fatima Mimbire, CIP

Joao Pereira , MASC

Tânia Pereira, Centro Terra Viva

Tomas Vieira Mario, Sekelekane

## Independent administrators

Eugenio Simbine, Intellica

Valerio Bie, Intellica

## Development partners

Bakhtiyar Karimov, World Bank

Ekaterina Mikaylova, World Bank

Esther Palacio, IMF

Jaakko Jakkila, Finland

Kjersti Lindøe, Norway

Lars Ekman, Norway

Further members of the Extractive Industries Working Group in Mozambique

## Annex E - List of reference documents / Bibliography

### Workplans and Annual activity reports:

- Mozambique EITI 2016-2018 Work Plan, <https://eiti.org/document/mozambique-eiti-20162018-work-plan>
- Mozambique EITI 2013-2015 Work Plan, <https://eiti.org/document/mozambique-eiti-20132015-work-plan>
- Annual progress report 2015, <https://eiti.org/document/mozambique-2015-annual-progress-report>
- Annual Activity Report 2014, <https://eiti.org/document/mozambique-eiti-2014-annual-progress-report>

### EITI Reports, Summaries, Validation Report and Secretariat Review:

- 2013-2014 Mozambique EITI Report, <https://eiti.org/document/20132014-mozambique-eiti-report>
- 2012 Mozambique EITI Report, <https://eiti.org/document/2012-mozambique-eiti-report>
- 2011 Mozambique EITI Report, <https://eiti.org/document/2011-mozambique-eiti-report>
- 2010 Mozambique EITI Report, <https://eiti.org/document/2010-mozambique-eiti-report>
- 2009 Mozambique EITI Report, <https://eiti.org/document/2009-mozambique-eiti-report>
- 2008 Mozambique EITI Report, <https://eiti.org/document/2008-mozambique-eiti-report>
- Mozambique EITI Validation 2011, <https://eiti.org/document/2011-mozambique-eiti-validation-report>
- Mozambique EITI 2012 Secretariat Review, <https://eiti.org/document/mozambique-eiti-2012-secretariat-review>

### Legal documents and ToRs related to EITI implementation:

- Terms of Reference, Independent Administrator for the 6th EITI Report, Mozambique. *Not published*
- Terms of Reference MEITI MSG 2014. *Not published*
- Mozambique open data policy, <https://eiti.org/document/mozambique-open-data-policy>

- Mozambique Beneficial ownership roadmap, <https://eiti.org/document/mozambique-beneficial-ownership-roadmap>

#### Other government documents/reports:

- Mining Law 2014 / Lei 20 2014, Lei de Minas, [http://www.mireme.gov.mz/index.php?option=com\\_phocadownload&view=category&download=3:lei-20-2014-de-18-de-agosto-lei-de-minas&id=5:lei&Itemid=150](http://www.mireme.gov.mz/index.php?option=com_phocadownload&view=category&download=3:lei-20-2014-de-18-de-agosto-lei-de-minas&id=5:lei&Itemid=150)
- Petroleum Law 2014 / Lei 21 2014, Lei dos Petroleos, <http://www.inp.gov.mz/pt/Politicac-Regime-Legal/Legislacao-Regime/Lei-21-2014-Lei-Petroleos>
- Other laws and regulations: [http://www.mireme.gov.mz/index.php?option=com\\_phocadownload&view=category&id=5:lei&Itemid=150](http://www.mireme.gov.mz/index.php?option=com_phocadownload&view=category&id=5:lei&Itemid=150)

#### External websites:

- Ministry of Mineral Resources and Energy: [www.mireme.gov.mz](http://www.mireme.gov.mz)
- National Petroleum Institute (INP): [inp.gov.mz](http://inp.gov.mz)

#### Secondary literature:

- Castel-Branco and Massarongo (2016) Chronic of a crisis foretold: public debt in the context of the extractive economy. [http://www.iese.ac.mz/wp-content/uploads/2016/07/IESE\\_Ideias89e.pdf](http://www.iese.ac.mz/wp-content/uploads/2016/07/IESE_Ideias89e.pdf)
- CIP (2011) EITI Implementation, natural resources management and urgency of renegotiating and publishing the contracts with mega-projects: The case of Mozambique [http://www.cip.org.mz/cipdoc%5C84\\_ANALISE%20ITIE%20MO%3%87AMBIQUE\\_English.pdf](http://www.cip.org.mz/cipdoc%5C84_ANALISE%20ITIE%20MO%3%87AMBIQUE_English.pdf)
- CIP (2012) Advances and stagnation of transparency in the extractive industry in Mozambique [http://www.cip.org.mz/cipdoc/127\\_Advances%20and%20stagnation%20of%20transparency%20in%20the%20extractive%20industry%20in%20Mozambique.pdf](http://www.cip.org.mz/cipdoc/127_Advances%20and%20stagnation%20of%20transparency%20in%20the%20extractive%20industry%20in%20Mozambique.pdf)
- CIP (2014) Sasol's Response to CIP's Claim of a Bad Deal for Mozambique? Vague Assurances, No Details [http://www.cip.org.mz/cipdoc/288\\_Response%20to%20Sasol%20on%20Cip%60s%20Report.pdf](http://www.cip.org.mz/cipdoc/288_Response%20to%20Sasol%20on%20Cip%60s%20Report.pdf)
- CIP (2014) A Commitment to Disclose? Mozambique EITI Commitment v Draft Law Provisions on Disclosure. [http://www.cip.org.mz/cipdoc/288\\_Response%20to%20Sasol%20on%20Cip%60s%20Report.pdf](http://www.cip.org.mz/cipdoc/288_Response%20to%20Sasol%20on%20Cip%60s%20Report.pdf)
- CMI (2016) Corruption and state-backed debts in Mozambique. What can external actors do? <https://www.cmi.no/publications/file/6024-corruption-and-state-backed-debts-in->



[mozambique.pdf](#)

- Demo Finland (2016) Improving oversight in Mozambique's governance. *Not published*
- GIZ (2016) Assessing the Effectiveness and Impact of the Extractive Industries Transparency Initiative (EITI). [https://eiti.org/sites/default/files/documents/eiti\\_impact\\_study\\_giz\\_2016.pdf](https://eiti.org/sites/default/files/documents/eiti_impact_study_giz_2016.pdf)
- IMF (2015) Republic of Mozambique Fiscal Transparency Evaluation. IMF Country Report No. 15/32 <https://www.imf.org/external/pubs/ft/scr/2015/cr1532.pdf>
- Nhancale, Camilo (2013) Civil Society Engagement with EITI in Mozambique: Challenges and Opportunities. *Not published*
- Ossemane, Rogerio (2013) Is the Extractive Industries Transparency Initiative Relevant for Reducing Diversions of Public Revenue? The Mozambican Experience. <http://www.saiia.org.za/policy-briefings/is-the-extractive-industries-transparency-initiative-relevant-for-reducing-diversions-of-public-revenue-the-mozambican-experience>
- Ossemane, Rogerio (2012) Analysis of the Reconciliation Exercise in the Second Report of EITI in Mozambique. [http://www.iese.ac.mz/lib/publication/outras/ideias/ideias\\_42E.pdf](http://www.iese.ac.mz/lib/publication/outras/ideias/ideias_42E.pdf)
- Ossemane, Rogerio (2012) MEITI – Analysis of the Legal Obstacles, Transparency of the Fiscal Regime and Full Accession to EITI. [http://www.iese.ac.mz/lib/publication/outras/ideias/ideias\\_43E.pdf](http://www.iese.ac.mz/lib/publication/outras/ideias/ideias_43E.pdf)
- World Bank (2016) Mozambique Economic Update – Navigating Low Prices. <http://documents.worldbank.org/curated/en/698961467989521291/pdf/105088-BRI-ADD-SERIES-P156495-Mozambique-Economic-Update-March-2016-EN.pdf>