







RWI Index Questionnaire: Mozambique 2012

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| 5.2 | Disclosure | N/A | |
| 5.3 | Legal Framework and Practice | N/A | |

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| Indicator | Score |
|--|---------|
| 4.1.1 | Context |
| 4.1.1 Context | |
| 4.1.1.050: Has the government created a special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction? | |
| Score: A <input checked="" type="radio"/> B <input type="radio"/> C | |
| References: No fund created | |

4.1.1.051: What authority is responsible for the natural resource fund?

Score: A B C D E**Comments:**

There is no fund created.

References:

No fund created

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| Indicator | | Score |
|-----------|-----------------------|-------|
| 4.2.1 | Comprehensive reports | N/A |
| 4.2.2.056 | Audited reports | N/A |

4.2.1 Comprehensive reports

4.2.1.052: Are the rules for the fund's deposits and withdrawals published, including the formula(s) for deposits and withdrawals?

Score: A B **C**

Comments:

No fund created

References:

No fund created

4.2.1.053: Does the fund management or authority in charge of the fund publish comprehensive information on its assets, transactions and investments?

Score: A B C D **E**

Comments:

No Fund

References:

No Fund

4.2.1.054: Are the reports containing information on the fund's assets and transactions understandable?

Score: A B C D **E**

Comments:

No Fund

References:

No Fund

4.2.1.055: How often are financial reports published by the fund management or authority in charge?

Score: A B C D **E**

Comments:

No Fund. Information related to the revenues is published in the in year reports

References:

No Fund

4.2.2.056 Audited reports

4.2.2.056a: Are the fund s financial reports audited?

Score: A B C D **(E)**

Comments:

No Fund created

References:

No Fund

4.2.2.056b: Are the audited financial reports published?

Score: A B **(C)**

Comments:

No Fund

References:

No Fund

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| Indicator | Score |
|------------------------------------|-------|
| 4.3.1 Legal Framework and Practice | N/A |

4.3.1 Legal Framework and Practice

4.3.1.057: Are the rules governing deposits into the fund defined by legislation?

Score: A B **C**

Comments:

No Fund

References:

No Fund

4.3.1.058: In practice, does the government follow the rules governing deposits to the natural resource fund?

Score: A B C D **E**

Comments:

No Fund

References:

No Fund

4.3.1.059: Are the rules governing withdrawal or disbursement from the fund defined by legislation?

Score: A B **C**

Comments:

No Fund

References:

No Fund

4.3.1.060: In practice, does the government follow the rules governing withdrawal or spending from natural resource fund?

Score: A B C D **E**

Comments:

No Fund

References:No Fund

4.3.1.061: Are withdrawals or spending from the fund reserves approved by the legislature as part of the budget process?**Score:** A B C**Comments:**

No Fund. all revenues including some from the extractive industries go through the budget and there is no specific fund created for revenues from extractive industries

References:No Fund

4.3.1.062: Are officials of the natural resource fund required to disclose information about their financial interest in any oil, gas or mining projects?**Score:** A B C**Comments:**

No Fund

References:

No Fund

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| Indicator | Score |
|---------------|---------|
| 5.1.1 | Context |
| 5.1.1 Context | |

5.1.1.063: Do central governments transfer resources to subnational authorities based on extraction of mineral resources?

Score: A B C **(D)** E

Comments:

So far nothing has been transferred based on natural resources revenues. However, the petroleum law (article 11 on the local development) states that a certain percentage from the oil has to be transferred to communities where the exploration takes place. This can be considered as transfers. But the law does not set a percentage or how the money should be applied and managed. There is also no evidence that these transfers take place in practice. This is a gap that civil society has been pushing for the government to clarify and come up with a clear legislation.

References:

http://www.inp-mz.com/Downloads/App_Docs/Schedules/Schedule_2_PO/Schedule_2_PO_Portuguese.pdf

Peer Review Comments:

Agreed. A process of fiscal decentralisation has started in Mozambique but it is more symbolic and not much has been achieved. However, going forward it is likely that transfer mechanisms are delevoped for regions, given the overwhelming resource concentrations in traditionally neglected and remote provinces such as Tete and Cabo Delgado. The fragile nature of their economies, community resettlement plans and limited economic development will give rise to populism and a call for transfers and fiscal redistribution.

5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?

Score: A B **(C)**

Comments:

There are social funds for social projects which are allocated by petroleum companies to the national petroleum institute but this is only applied for the petroleum area.

References:

So far nothing is defined on the revenue sharing for sub national governments.

Peer Review Comments:

Note that there is a framework for general revenue sharing between provinces.

Note that the medium term fiscal framework (MTEF) lays the ground for general revenue transfers, much not specifically for revenues tied to extractive resources. A formula is currently applied for the distribution of the budget in the MTEF based on socio-economic criteria, demographics and other factors. This formula is applied by the MPD's Studies and Policies Directorate and the National Planning

Directorate, which then negotiate the budget with the Ministry of Finance (the DNO). This formula is publically available on the MPD DNEAP website.

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| Indicator | Score |
|-----------|------------|
| 5.2.1 | Disclosure |

5.2.1 Disclosure

5.2.1.065: Are the rules for revenue transfers from central to sub national governments published, including the formula(s) for revenue sharing?

Score: A B **C**

References:

So far nothing is defined on the revenue sharing for sub national governments.

Peer Review Comments:

Note that the medium term fiscal framework (MTEF) lays the ground for general revenue transfers, much not specifically for revenues tied to extractive resources. A formula is currently applied for the distribution of the budget in the MTEF based on socio-economic criteria, demographics and other factors. This formula is applied by the MPD's Studies and Policies Directorate and the National Planning Directorate, which then negotiate the budget with the Ministry of Finance (the DNO). This formula is publically available on the MPD DNEAP website.

5.2.1.066: Does the central government publish comprehensive information on transfers of resource related revenues to sub-national governments?

Score: A B C D **E**

Comments:

The central government does not transfer funds to sub national governments.

References:

No information is published

5.2.1.067: Are the reports containing information on transfers of resource related revenues to sub-national governments understandable?

Score: A B C D **E**

Comments:

No transfers, only for the petroleum areas and no information is published.

References:

no transfers

5.2.1.068: How often does the central government publish information on transfers of resource related revenues to sub-national governments?

Score: A B C D **(E)**

Comments:
not published

References:
not published

5.2.1.069: Do sub-national governments publish information on transfers received from central governments?

Score: A B **(C)**

References:
sub nationals do not receive transfers from the central government

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| Indicator | Score |
|------------------------------------|-------|
| 5.3.1 Legal Framework and Practice | N/A |

5.3.1 Legal Framework and Practice

5.3.1.070: Are arrangements (including formulas and responsible institutions) for resource revenue sharing between central and sub-national governments defined by legislation?

Score: A B **C**

References:

no legislation on resource revenue sharing

5.3.1.071: In practice, does the government follow the rules established by resource revenue sharing legislation?

Score: A B C D **E**

Comments:

There are urge gaps in terms of the revenue sharing with the sub national governments. There is no clarity in terms of the revenue sharing and the legal and institutional framework so far does not address effectively this issue. So far there are no transfer as such to sub nationals, only this happens for the province were there is oil exploration taking place and the funds are managed by the national petroleum institute with no clear legal framework on how this has to be channeled, applied and managed, thus giving an discretionary power to the manager.

References:

no legislation

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Mozambique - RWI Index Questionnaire

Context

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| Indicator | Score |
|-----------|---------|
| 1.1 | Context |
| 1.1 | Context |

1.1.001: Does the country have a clear legal definition of ownership of mineral resources?

Score: A B C D E

Comments:

According to the Constitution (article 98), all natural resources belong to the State.

The new Mineral Bill, submitted to the government for approval and later passed by the Parliament, grants ownership of mineral resources to the sovereign State.

Note: Scores in the survey assess the hydrocarbon sector given its higher contribution to GDP and government revenues than the mining sector. However, comments include description of the mining sector too. The government received a total of just under US\$40 million from their extractive sector in 2009: US\$15m from mining and US\$25m from hydrocarbons.

References:

Constituicao da Republica de Mocambique. Artigo 98 (Propriedade do Estado e dominio publico): <http://www.mozambique.mz/pdf/constituicao.pdf>

Lei de Minas. Lei no 14/2002 de 26 de Junho: http://www.mirem.gov.mz/legislacao/Lei_de_Minis.pdf

1.1.002: Who has authority to grant hydrocarbon and mineral rights or licenses?

Score: A B C D E

Comments:

The Ministry of Mineral Resources operates in accordance with the National Mining Directorate and the National Petroleum Institute.

References:

The request for an exploration and exploitation license is channeled to the Ministry of Mineral Resources, which has the authority to approve it or refuse it.

1.1.003: What licensing practices does the government commonly follow?

Score: A B C D E

Comments:

The government follows either a public tender or direct negotiations for natural resource licenses. Ex:

Mozambique launched its First Offshore Licensing Round on 31 March 2000. This bidding round is offering 14 blocks mainly in the Mozambique Basin covering the shallow and deep Zambezi delta area.

References:

http://www.mirem.gov.mz/relatorios/formacao/chibuto/rfp_english.pdf

http://www.mirem.gov.mz/relatorios/formacao/chibuto/terms_of_reference_eng.pdf

<http://www.mbendi.com/indy/oilg/af/mz/p0005.htm>

Peer Review Comments:

The Mining Law 14/2002 states that "Mining titles and permits shall be granted on the basis of first come first served priority taking into account the date of receipt of the respective application by the relevant authority, in accordance with the applicable regulations", while the EITI report states that "Licences/contracts are obtained through public tender; simultaneous negotiation or direct negotiation". This indicates that licensing practices are made up of a combination of tender, direct negotiation and first come first served priority.

1.1.004: What is the fiscal system for mineral resources?

Score: A B C D E

Comments:

Concessions and productions sharing contracts are awarded in the hydrocarbons sector.

References:

Mozambique First EITI Report.2010. Messrs Boas & Associates.

1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?

Score: A B C D E

References:

The National Directorate of Mines. (http://www.mirem.gov.mz/index.php?option=com_content&view=article&id=59&Itemid=67)

The National Petroleum Institute which is under the Ministry of Mineral Resources.
<http://www.inp.gov.mz/About-Us/Mission-and-Vision-2>

Peer Review Comments:

Note that hydrocarbons have their own technical regulator (the National Petroleum Institute) but mining and minerals do not. The answer is thus a mixture of both a technical agency for hydrocarbons and the overall ministry for minerals.

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Disclosure

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| Indicator | Score |
|---|--|
| 1.2.006 Information on licensing process | 33  |
| 1.2 Contract transparency | 0  |
| 1.2.008 Environmental and social impact assessments | 50  |
| 1.2 Access to information and legislation | 34  |

1.2.006 Information on licensing process

1.2.006.a: What information does the government publish on the licensing process before negotiations?

Score: A B C D E

Comments:

The license process is described by the relevant legislation and the government does provide a model contract, but some important issues are missing or not clearly defined. That is the case of the fiscal regime: social and training funds are supported by petroleum companies like Anadarko, ENI, Statoil, among others.

References:

First EITI Report. 2011. Boas & Associates.
 Second EITI Report 2012. Ernst & Young Mozambique.
 Thomas, S & Nombora, D. EITI Implementation, natural resources management and urgency of renegotiating and publishing the contracts with megaprojects: Case of Mozambique. Centro de Integridade Publica. Maputo.

Peer Review Comments:

Agreed. Ex ante there is very little information available about licencing procedures as the cadastre is not publicly available. However, ex post some cases of licenses are published, although not all of them. MIREM is in a process of trying to consolidate its licensing system, given the enormous demand in such a short period of time with the Tete coal and Cabo Delgado natural gas. In fact, it imposed a moratorium on all new coal licenses in 2011 due to a process of giving too many licenses away in Tete too quickly, without proper zoning and consideration of the effect on agriculture and local communities. This is a priority for the government, and most of MIREM's limited capacity is spent here.

1.2.006.b: What information does the government publish on the licensing process after negotiations?

Score: A B C D E

Comments:

Very often, the government fails to provide information (criteria used, decision-making procedures) on

the process of awarding a contract or a license to a specific company.

References:

Thomas, S & Nombora, D. EITI Implementation, natural resources management and urgency of renegotiating and publishing the contracts with megaprojects: Case of Mozambique. Centro de Integridade Publica. Maputo.

Nombora, D. Avancos e Estagnacoes da Transparencia na industria extractiva em Mocambique. Centro de Integridade Publica. Maputo.

1.2 Contract transparency

1.2.007: Are all contracts, agreements or negotiated terms for exploration and production, regardless of the way they are granted, disclosed to the public?

Score: A B C **(D)** E

Comments:

These contracts are not in the public domain, since the government has been reluctant to disclose them. The new Mineral Bill under discussion, in its article 26, stipulates that the main terms of a contract may be published, without prejudice to confidential and strategic information. This formulation is vague, since the 'main terms of the contract' are not defined and no clear timeline is given for their publication, thus giving it a voluntary basis that fits the secretive policy of the government. There is little information on the fiscal regime, including crucial subjects such as social payments allocated by oil companies to the Ministry of mineral resources through the National Petroleum Institute. Although there is a specific piece of legislation that sets out the fiscal regime, negotiations may not necessarily follow the procedures in place; public awareness and scrutiny are therefore utter necessities.

References:

Nombora, D (2012). Avanços e Estagnações da Transparencia na Industria extractiva em Moçambique. Savana (Weekly Newspaper). April 12, 2012. Avanços e Estagnações da Transparencia na Industria extractiva em Moçambique. Maputo.

Selemane, T & Nombora, D (2011). EITI implementation, natural resources management and urgency of renegotiating and publishing the contracts with megaprojects: The case of Mozambique. Centro de Integridade Publica. Maputo.

1.2.008 Environmental and social impact assessments

1.2.008.a: Does legislation require that mining, gas and oil development projects prepare an environmental impact assessment prior to the award of any mineral rights or project implementation?

Score: **(A)** B C

Comments:

The legislation requires all mining, gas and oil development projects to provide an environmental impact assessment prior to the award of any mineral rights or project implementation. However, the companies performing such assessments on behalf of the extractive companies often possess skills and capabilities far superior to those of the government, and therein lies a major problem. Indeed, the government lacks the capacity to make a proper and independent assessment in a context where conflict of interest is omnipresent and therefore, even in cases where negative social and environmental impacts are considerable, the corresponding projects end up being approved.

References:

Mineral Law, 14/2002, 26 June, article 36 (environment management instruments).
http://www.legisambiente.gov.mz/index.php?option=com_docman&task=cat_view&gid=25

1.2.008.b: Are environmental impact assessments for oil, gas and mining projects published by the authority in charge of regulating the sector and is there a consultation process?

Score: A B C D E

Comments:

It is easier to obtain information on the assessments from the companies engaged by the extractive industries to perform them than from the Government itself; indeed, very little information is made available by the Ministry of the Environment.

References:

<http://www.impacto.co.mz/relatorios.html> (Impacto:Projectos e estudos ambientais). It is a private company that undertakes most of the environmental impact assessments in the country.

Peer Review Comments:

This is indeed the case. An extensive consultation process is done with external stakeholders before licenses are granted, and companies are required to conduct social and environmental impact studies.

However, the authorities regulating the sector (MIREM and MICAA) do not actively publish the impact studies themselves. The actual evaluating companies (such as Impacto or Norconsult) make them available online, or studies can be requested.

In the case of the Riversdale / Rio Tinto barging study on Rio Zambézia, consultation was done with communities in watershed of river. The government took the potential impact on fishing and agricultural livelihoods seriously, and rejected the environmental impact report submitted by the mining company, despite the positive independent evaluation. During the consultation process with stakeholders and workshops, local environmental groups expressed concern about the economic impact on communities, which went straight to the Cabinet which rejected the environmental proposal (although this decision was made without consulting the mining company or coal mining association).

1.2.008.c: Does legislation require that mining, gas and oil development projects prepare a social impact assessment?

Score: A B C

Comments:

Neither the Mineral Law nor the Petroleum Law mentions the need for social impact assessments and there is no clear policy in this regard. As a result, very important areas for communities and their agricultural activities have been awarded to companies without their prior consent, let alone a just compensation.

References:

Mineral Law.
Petroleum Law.

1.2.008.d: Are social impact assessments for oil, gas and mining projects published and is there a consultation process?

Score: A B C D E

Comments:

As mentioned before, no social assessments are undertaken. If they were, the negative impact of

mining on local communities could be to a large extent attenuated. Instead, consultations on resettlement are undertaken, quite poorly though, since they fail to give a real voice to local communities, further fueling ongoing conflicts.
<http://allafrica.com/stories/201201171222.html>

References:

Mosca, J & Selemene, T (2010). Questões a volta da mineração em Moçambique. Centro de Integridade Publica. Maputo.

<http://allafrica.com/stories/201201171222.html>

1.2 Access to information and legislation

1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?

Score: A B C D E

Comments:

The Ministry of Mineral Resources website fails to disseminate comprehensive information on relevant legislation. Hence, information is incomplete and scattered among different websites (Ministry of Environment). All pieces of legislation related to the Ministry of Mineral Resources should therefore be gathered at its website to ensure public information and enhance the Ministry's responsiveness.

References:

www.mirem.gov.mz

1.2.010: This country has adopted a rule or legislation that provides for disclosure of information in the oil, gas and mineral sectors.

Score: A B C D E

Comments:

Nevertheless, Mozambique is implementing the EITI, though as a voluntary process, since it is not obliged by any legislation, unlike Liberia, Nigeria and Ghana. That would require the access of information on the extractive industries value chain or contracts.

References:


Second EITI Report. Ernst & Young, 2012.

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Mozambique - RWI Index Questionnaire

Legal Framework and Practices

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| Indicator | Score |
|-----------------------------------|--|
| 1.3 Legal Framework and Practices | 45  |

1.3 Legal Framework and Practices

1.3.011: The authority in charge of awarding licenses or contracts for mineral or hydrocarbon production is independent of the state owned company (SOC) or other operating companies.

Score: A B C

Comments:

The National Petroleum Institute awards licenses or contracts in the petroleum sector; it is independent from the SOC and operates under the authority of the Ministry of Mineral Resources. The same principles apply to the National Mineral Directorate, which also operates under the authority of the Ministry of Mineral Resources.

References:

Decree which creates the National Petroleum Institute.

1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?

Score: A B C D E

Comments:

According to the law, the licensing process is the result of a public tender. However, direct negotiations may take place on areas declared 'available', (where previous tenders are not filled, or there was a rejection or abandonment of the area). But this situation poses numerous problems, since the Government can hardly ensure integrity and independence when selecting a winner after direct negotiations, especially in a context where conflict of interest is widespread and certain companies have close ties with members of the political elite.

References:

Regulamento das Operações petrolíferas - petroleum regulation, article 4, Public Tender.

1.3.013: Does the licensing process or legislation impose limits to discretionary powers of the authority in charge of awarding licenses or contracts?

Score: A B C D E

Comments:

No limits are imposed to the discretionary powers of the National Petroleum Institute, which can be used during direct negotiations in total opacity and far from the procedures imposed by a public tender.

References:

Petroleum regulation.

1.3.014: Does the legislative branch have any oversight role regarding contracts and licenses in the oil, gas and mining sector?

Score: A B C D E

References:

The legislative branch has little or no oversight on contracts and licenses in the oil, gas and mining sector; moreover, its lack of technical capacity prevents it from engaging knowingly in such issues, or even following them effectively. Contracts are submitted to the Supreme Audit Institution. If they were required by law to be approved by the Parliament, like in Sierra Leone, the legislative could in fact play an important role, but currently the government controls such contracts and licenses.

1.3.015: Is there a due process to appeal licensing decisions?

Score: A B C

References:

Decree 15/2010 (Public Tender Law), Article 140.

1.3.016: Is there a legal or regulatory requirement to disclose all beneficial ownership in oil, gas and mining companies or projects?

Score: A B C

References:

Government Gazette.

Peer Review Comments:

The government gazette has broached this issue but full disclosure of the beneficial ownership of companies bidding for extractive rights hasn't become part of legislation in Mozambique yet, but is one of the recommendations under the EITI (Mozambique Extractive Industries Transparency Initiative, Validation Report Final Draft, March 2011, Adam Smith International)

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| Indicator | Score |
|-------------|---|
| 2.1 Context | 100  |

2.1 Context

2.1.017: Does the government receive in-kind payments instead of financial payments from resource companies?

Score: A B C

Comments:

The Government receives both financial and in-kind payments, the former being much higher, while the latter apply so far exclusively to the gas sector.

References:

First Mozambique EITI report. Boas & Associates, 2010.
Second Mozambique EITI report. Ernst & Young Mozambique, 2012.

2.1.018: If the government or state owned companies sell physical commodities (oil, gas or minerals) from in-kind payments or own production, is there information about how these commodities are marketed?

Score: A B C D E

Comments:

There is no information available on what is done with in-kind payments.

References:

Selemane & Nombora (2011). EITI Implementation, natural resources management and urgency of renegotiating and publishing the contracts with mega-projects: the case of Mozambique. Centro de Integridade Publica. Maputo.

2.1.019: What authority actually collects payments from resource companies?

Score: A B C D E

Comments:

The General Tax Directorate, under the authority of the Ministry of Finance, collects royalties, taxes and profit shares. Nevertheless, the National Petroleum Institute (under the Ministry of Mineral Resources) collects the payments from petroleum companies for social funds as well as for capacity building programs. However, there is no information available on how money has been used, especially concerning social funds destined for social projects.

References:

First Mozambique EITI report. Boas & Associates. 2010.

Second Mozambique EITI report. Ernst & Young Mozambique. 2012.

Peer Review Comments:

















Only the NPI receives payments from petroleum companies for social funds and capacity building programmes. In all other cases the General Tax Directorate, under the Ministry of Finance, collects payments.

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Disclosure

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| Indicator | | Score |
|------------|--|---|
| 2.2A.020 | Does the Ministry of Finance publish periodical information on revenue generation? | 0  |
| 2.2A.020.j | Does the Ministry of Finance publish information on disaggregated revenue streams? | 4  |
| 2.2A | Quality of reports | 67  |
| 2.2B.020 | Does the Ministry of the extractive sector publish information on revenue generation? | 4  |
| 2.2B.020.j | Does the Ministry of the extractive sector publish information on disaggregated revenue streams? | 4  |
| 2.2B | Quality of reports | 0  |
| 2.2C.020 | Does a Regulatory Agency publish information on revenue generation? | 7  |
| 2.2C.020.j | Does a Regulatory Agency publish information on disaggregated revenue streams? | 0  |
| 2.2C | Quality of reports | 0  |
| 2.2D.020 | Does the Central Bank publish information on revenue generation? | 11  |
| 2.2D.020.j | Does the Central Bank publish information on disaggregated revenue streams? | 0  |
| 2.2D | Quality of reports | 84  |
| 2.2E.020 | Does any other government agency or entity publish information on revenue generation? | 15  |
| 2.2E.020.j | Does any other government agency or entity publish information on disaggregated revenue streams? | 24  |
| 2.2E | Quality of reports | 50  |
| 2.2 | Public sector balance | 100  |

2.2A.020 Does the Ministry of Finance publish periodical information on revenue generation?

2.2A.020.a: Reserves

Score: A B C **(D)** E

Comments:

The Annual Report contains information on revenue generation but on an aggregate basis (production of energy, petroleum and minerals), as highlighted in page 12. No clear indication is provided as to which project corresponds to which sector. No information on reserves.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

2.2A.020.b: Production volumes

Score: A B C **(D)** E

Comments:

Companies used to publish their expectations in terms of volumes to be produced, subsequently reported by media, but the government per se (including the Ministry of Finance) does not disclose this information. Furthermore, the government depends to an alarming extent on information provided by companies concerning quantity, quality, price and other commercial and technical details related to the riches of the Mozambican subsoil, as the first EITI report has shown.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.c: Information on prices

Score: A B C **(D)** E

Comments:

Media is more likely to provide such information than the Government itself. This may be due to the fact that the government depends to an alarming extent on information provided by companies concerning quantity, quality, price and other commercial and technical details related to the riches of the Mozambican subsoil, as the first EITI report has shown.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.d: Value of resource exports

Score: A B C **(D)** E

Comments:

Mozambique does not publish information on the value of resources exported and has no capacity to monitor the process and no way to evaluate the concrete value of those resources. Indeed, the government depends to an alarming extent on information provided by companies concerning quantity, quality, price and other commercial and technical details related to the richness of the Mozambican subsoil, as the first EITI report has shown.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.e: Estimates of investment in exploration and development

Score: A B C **(D)** E

Comments:

The researcher did not find this information at the Center for investments nor in key government documents though it should be published.

References:

<http://www.cpi.co.mz/>

<http://www.dno.gov.mz/>

Peer Review Comments:

Agreed. The Ministry of Finance does not publish this information. The researcher has referred to the Medium Term Fiscal Framework, which in theory should be a good starting point for forecasts of revenues, but in practice it is not taken seriously by the Mozambican government, and is in a nascent phase in its institutionalisation. In practice the budget is done on an ad hoc basis year by year, with little input from revenues forecasts. The MF arguably takes anticipated extractive revenues into account in its year on year adjustments, but these are not available to the public, and appear to reflect the terms of confidential contracts. All information published by the MF is highly aggregated. In this document attached, for example, the megaproject contributions are only in aggregated value terms, but these figures reflect overall intended investment of the project as logged at the CPI, and not the actual revenues associated. As discussed in a previous comment, the CPI figures are very superficial and act only as an entry point for investment approval, reflecting ex ante investment values, and never ex post. Other MF documents beyond the DNO, such as those released by its Economic Studies or Treasury divisions, yield little information of value.

It is worth commenting that the government does not have a comprehensive database at this stage on anticipated production, investment, exploration and development. The Ministry of Finance does not have all of the information, and MIREM only has very basic information based on partial information shared by the companies. There only two comprehensive attempts so far to bring this together. One was done in 2011 by a consultant for DFID, estimating the fiscal revenue from the Rio Tinto Benga/Zambeze and Vale Moatize mines. The other is an in-house coal revenue model in development in the MPD's Studies directorate. The former was based on industry information shared with the consultant. The latter was based on compiling data from company websites on production and reserve assets, Life of Mine and intended export. Many companies release this information for investors, albeit in not that much detail.

In sum, the government seems to be preoccupied with the terms of contracts and the license cadastre, which is in its infancy.

2.2A.020.f: Production costs

Score: A B C **(D)** E

Comments:

This information is not released to the public.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.g: Names of companies operating in country**Score:** A B C **(D)** E**Comments:**

This information is not published by any authority. However, since 2011, information on companies operating in Mozambique can be obtained through the EITI reports, though not comprehensively. The first report covered only 6 companies, while the second (the latest one), just 31.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.h: Production data by company and/or block**Score:** A B C **(D)** E**Comments:**

No ministry publishes production data by company and/or block. The EITI reports publish only the receipts and payments from extractive industries. Sometimes the government or some companies do report on key findings regarding mineral and petroleum explorations.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.i: Cost of subsidies or social investments paid by mineral revenue**Score:** A B C **(D)** E**Comments:**

Secrecy and opacity are common as far as social investments are concerned. Petroleum companies do pay millions of dollars to the Ministry of Mineral Resources through the National Petroleum Institute for social projects and capacity building, but since 2007 no information has been disclosed on the amount of those payments or their concrete projects they are allocated to. In 2012 the EITI report revealed some information concerning social investments for 2009 (assessed in section related to 'other agencies').

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j Does the Ministry of Finance publish information on disaggregated revenue streams?

2.2A.020.j1: Production streams value

Score: A B C **(D)** E

Comments:

This information is only published through the EITI report, which in Mozambique's case does not cover all revenues – such as signature bonus, capital gains, etc – nor all the companies.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j2: Government s share in PSC

Score: A B **(C)** D E

Comments:

Very little information is published on shares.

References:

www.mpd.gov.mz

<http://www.mf.gov.mz/>

2.2A.020.j3: Royalties

Score: A B C **(D)** E

Comments:

The Ministry does not publish information on disaggregated revenue streams, only on aggregated revenues from minerals and petroleum. This information is only published through the EITI report, which in Mozambique's case does not cover all revenues deriving from the entire value chain.

References:

Annual Report 2011.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

2.2A.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

Comments:

The Ministry of Finance does not publish information on special taxes, and neither does the EITI report.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j5: Dividends

Score: A B C **(D)** E

Comments:

The Ministry of Finance does not publish information on dividends. That information has been disclosed through the second EITI report only for the fiscal year 2009.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j6: Bonuses

Score: A B C **(D)** E

Comments:

The Ministry of Finance does not publish information on bonuses, and neither does the EITI report.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j7: License fees

Score: A B C **(D)** E

Comments:

This information has only been published through the EITI report since 2011 but not by the Ministry of Finance directly.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j8: Acreage fees

Score: A B C **(D)** E

Comments:

Only EITI reports publish information on disaggregated revenue streams, but not on acreage fees.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A.020.j9: Other (Explain in 'comments' box.)

Score: A B C D **E**

Comments:

No information has been published on corporate tax, income tax, royalties, dividends, social funds, capacity building tax, license tax, signature bonus, capital gain, among others by the ministry of finance.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

<http://www.mf.gov.mz/>

2.2A Quality of reports

2.2A.021: Are periodical reports containing information on revenue generation published by the Ministry of Finance understandable?

Score: A B **C** D E

Comments:

The Annual Report contains information on revenue generation but on an aggregated basis (production of energy, petroleum and minerals), as highlighted in page 12. No clear indication is provided as to which project corresponds to which sector.

References:

Annual Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

Peer Review Comments:

The periodic Relatório de Execução de Orçamento do Estado (Report on State Budget Execution) is too aggregated to be of much use, and does not specifically refer to disaggregated extractive industry revenues. At a broader government level, there is no comprehensive revenue forecasting model which takes into account projected revenues from new coal, gas and other sources. The studies and policy directorate in the MPD has a macro-forecasting model which took into account titanium sands and the Sasol natural gas, but this is not updated and not in use. There is even very little information at the mega-projects level, including the Mozal aluminum smelter, and very little data has been released from the executive to parliament on taxes paid.

The Ministry of Finance hence publishes data on a year by year basis, which is more ad hoc, and a function of a precedent of few internal revenue sources, as well dependence on foreign aid.

2.2A.022: How often are the periodical reports containing information on revenue generation published by the Ministry of Finance?

Score: **A** B C D E

Comments:

The Quarterly Report contains information on revenue generation but on an aggregated basis (production of energy, petroleum and minerals). No clear indication is provided as to which project corresponds to which sector.

References:

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Mar_OE2011.pdf

2.2B.020 Does the Ministry of the extractive sector publish information on revenue generation?

2.2B.020.a: Reserves

Score: A B C D E

Comments:

The Ministry of Mineral Resources does not publish that information, which is available only through the EITI report.

References:

www.mirem.org.mz

Peer Review Comments:

However, the Ministry and its officials often make public presentations at conferences, forums, etc where estimations of resource reserves are provided. This is not comprehensive though as the cadastre is still under development and being modernised, and much of the country is still under exploration. Reserve ranges are provided and referred to indirectly in speeches, as well as in other government docs in the Ministry of Finance or the CPI, which are often based on estimations from private exploration companies. This amounts to patchy historical data collected in an ad hoc way.

2.2B.020.b: Production volumes

Score: A B C D E

Comments:

The government depends to an alarming extent on information provided by companies concerning quantity, quality, price and other commercial and technical details related to the riches of the Mozambican subsoil, as the first EITI report has shown.

References:

Not published by the Ministry of Natural Resources.
www.mirem.org.mz

2.2B.020.c: Information on prices

Score: A B C D E

Comments:

The government depends to an alarming extent on information provided by companies concerning quantity, quality, price and other commercial and technical details related to the riches of the Mozambican subsoil, as the first EITI report has shown.

References:

www.mirem.org.mz

2.2B.020.d: Value of resource exports

Score: A B C D E

References:

www.mirem.org.mz

2.2B.020.e: Estimates of investment in exploration and development

Score: A B C D E

References:

www.mirem.org.mz

Peer Review Comments:

MIREM does not publish this information. MIREM, Ministry of Finance and Ministry of Planning and Development often don't even share data with one another. It will be interesting to note what happens when the MPD coal revenue model is finished, as this will form a basis for expected investments and production in one overarching framework. MIREM and MF may then publish some of the data in conjunction with MPD.

2.2B.020.f: Production costs

Score: A B C D E

Comments:

This information is available through EITI, and can be uploaded at the Ministry's website. However, the Ministry could adopt a more proactive role by publishing all information on revenue generation that the public is so keen to know, including on social funds.

References:

www.mirem.org.mz

2.2B.020.g: Names of companies operating in country

Score: A B C D E

Comments:

This information is not published by any authority. However, since 2011, information on companies operating in Mozambique can be obtained through the EITI reports, though not comprehensively.

References:

www.mirem.org.mz

2.2B.020.h: Production data by company and/or block

Score: A B C D E

Comments:

This information is not published, as it is considered confidential and highly strategic.

References:

www.mirem.org.mz

2.2B.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C **(D)** E

Comments:

The Ministry does not publish information on costs of subsidies or social investments paid by mineral revenue.

References:

www.mirem.org.mz

Peer Review Comments:

See earlier comment on the study underway in MIREM to provide a CSR framework for extractive industry investments. This will form the basis of legislation governing CSI costs and investments, which will replace the current framework where the CSI component of a company is negotiated in the actual contract on a case-by-case basis, and hence, as part of the contract, subject to confidentiality clauses. Some of this information is released by companies and the government due to the positive publicity it generates though, but this is done in an ad hoc way, and often in announcements to the media, not in a report.

2.2B.020.j Does the Ministry of the extractive sector publish information on disaggregated revenue streams?

2.2B.020.j1: Production streams value

Score: A B C **(D)** E

Comments:

The Ministry of Mineral Resources does not publish information on production streams value. Some elements are available through the EITI report.

References:

www.mirem.org.mz

2.2B.020.j2: Government s share in PSC

Score: A B **(C)** D E

Comments:

Little information is published on that subject, and the media is more likely to publish it than the Ministry itself.

References:

www.mirem.org.mz

2.2B.020.j3: Royalties

Score: A B C **(D)** E

Comments:

The Ministry of Mineral Resources does not publish that information, which is available only through the EITI report.

References:

www.mirem.org.mz

Peer Review Comments:

There is no actual data available from particular instruments however MIREM does indicate which instruments it uses subject to legislation and the Mining Code.

2.2B.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

Comments:

This information is not available through the Ministry of Finance nor the EITI report.

References:

www.mirem.org.mz

Peer Review Comments:

Agreed. This is particularly elusive information. The only way to infer it would be to look the Mining Code and then use the percentages as applied on estimates of production, etc. However, penalties will be difficult to estimate as done on an ad hoc basis. The ATM (National Revenue Authority) does not publish this type of information.

2.2B.020.j5: Dividends

Score: A B C **(D)** E

Comments:

This information has been published for the first time through the EITI report in 2012.

References:

www.mirem.org.mz

Mozambique First EITI Report. Ernst & Young Mozambique. 2012.

Peer Review Comments:

Agreed with the researcher here. However, one interesting caveat will come from the compulsory secondary listing of large mining companies on the Maputo Stock Exchange. This may be a future source of information on dividends if this comes into force through the revision of the Mining Code.

2.2B.020.j6: Bonuses

Score: A B C **(D)** E

Comments:

Not published.

References:

www.miremorg.mz

2.2B.020.j7: License fees

Score: A B C **(D)** E

Comments:

This information has only been published through the EITI since 2011.

References:

www.mirem.org.mz
Nozambique EITI reports. 2011.. Boas &Associates
Mozambique EITI reports. Ernst & Young Mozambique.

2.2B.020.j8: Acreage fees

Score: A B C D E

Comments:

Not published.

References:

www.mirem.org.mz

Peer Review Comments:

Agreed however this is more transparent than other types of revenues in this section as it is very straight-forward to calculate and information is available on licensing (albeit somewhat out of date and patchy for all companies)

2.2B.020.j9: Other (Explain in 'comments' box.)

Score: A B C D E

References:

www.mirem.org.mz

2.2B Quality of reports

2.2B.021: Are periodical reports containing information on revenue generation published by the Ministry of the extractive sector understandable?

Score: A B C D E

References:

The Ministry of Mineral Resources does not publish much information on revenue collection/generation from the mineral sector. It did publish in 2009 a term bulletin but it does contain relevant information. <http://www.mirem.gov.mz/boletinsRM/BoletimRM03.pdf>

Peer Review Comments:

It is curious that despite the high-level participation from MIREM in the EITI (the vice-minister is the Mozambique EITI chairman), there are no internal reports which either corroborate or extend this information released by MIREM. The website does not have any usable information and it is not a simple process to request any documentation that has already been published by the EITI.

2.2B.022: How often are the periodical reports containing information on revenue generation published by the Ministry of the extractive sector?

Score: A B C **(D)** E

References:
Not published.

2.2C.020 Does a Regulatory Agency publish information on revenue generation?

2.2C.020.a: Reserves

Score: A B C **(D)** E

Comments:
This section assesses what is published by the National Petroleum Institute.

References:
www.inp.gov.mz/

2.2C.020.b: Production volumes

Score: A B C **(D)** E

References:
www.inp.gov.mz/

2.2C.020.c: Information on prices

Score: A B C **(D)** E

References:
www.inp.gov.mz/

2.2C.020.d: Value of resource exports

Score: A B C **(D)** E

Comments:
Information not published and the first EITI report have mentioned this gap.

References:
www.inp.gov.mz/

2.2C.020.e: Estimates of investment in exploration and development

Score: A B **(C)** D E

References:
www.inp.gov.mz/

Peer Review Comments:

The National Petroleum Institute of MIRE does list some information on exploration activities, which includes information on the concession area, ownership, recent activities and investment in some cases (<http://www.inp.gov.mz/News-Events/Mozambique-Basin>) but this is mostly based on licenses, and is more of a bulletin than a proper database.

2.2C.020.f: Production costs

Score: A B C **(D)** E

Comments:

Not published.

References:

www.inp.gov.mz/

2.2C.020.g: Names of companies operating in country

Score: A B **(C)** D E

References:

www.inp.gov.mz/

Peer Review Comments:

The National Petroleum Institute lists some companies that are involved in oil and gas exploration on its website, as well as their ownership shares, but this is more of a bulletin than a proper database.

However, it is not known who owns most of the licenses, and the cadastre is not available publicly in its entirety (although a number of published documents by non-public institutions have built up estimations based on individual cases). It appears that a specific request is required to gain access to elements of the cadastre, and most probably it's a foreign investor who will have access to this before the public at large.

2.2C.020.h: Production data by company and/or block

Score: A B C **(D)** E

Comments:

Not published - considered sensitive information.

References:

www.inp.gov.mz/

2.2C.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C **(D)** E

References:

www.inp.gov.mz/

Peer Review Comments:

CSI and other 'license to operate' spending is negotiated on a case-by-case basis with each investor, depending on their reserve resource, its location and the type, size and strength of the company. The actual figures are part of the contracts therefore, which are confidential. However, the companies and,

often MIREM, itself divulges the result of the CSI component to the media, as it is a politically charged issue, especially as the government wants to be perceived to be bringing about developmental and community benefits through the development of the extractive industry.

Agreed that no blueprint exists yet. However, a study is currently underway paid by the Canadian embassy to design a CSR framework for the extractive industry in Mozambique. It has been a highly consultative process and the final report will form the basis for drafting of relevant legislation, probably in early 2013.

2.2C.020.j Does a Regulatory Agency publish information on disaggregated revenue streams?

2.2C.020.j1: Production streams value

Score: A B C D E

References:

www.inp.gov.mz/

2.2C.020.j2: Government s share in PSC

Score: A B C D E

References:

www.inp.gov.mz/

2.2C.020.j3: Royalties

Score: A B C D E

Comments:

Only through the EITI and not from the regulatory agency. There is secrecy at the national petroleum institution on the social payments channeled from petroleum companies.

References:

www.inp.gov.mz/

2.2C.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

Comments:

Only published through the EITI reports (license fees, royalties, income tax, corporate tax). However, capital gains and signature bonus are not published.

References:

www.inp.gov.mz/

2.2C.020.j5: Dividends

Score: A B C **(D)** E

Comments:

Only through the EITI reports

References:

www.inp.gov.mz/

2.2C.020.j6: Bonuses

Score: A B C **(D)** E

Comments:

not published

References:

www.inp.gov.mz/

2.2C.020.j7: License fees

Score: A B C **(D)** E

Comments:

published through the EITI reports

References:

www.inp.gov.mz/

2.2C.020.j8: Acreage fees

Score: A B C **(D)** E

Comments:

Not published

References:

www.inp.gov.mz/

2.2C.020.j9: Other (Explain in 'comments' box.)

Score: A B C D **(E)**

References:

www.inp.gov.mz/

2.2C Quality of reports

2.2C.021: Are periodical reports containing information on revenue generation published by the Regulatory Agency understandable?

Score: A B C **(D)** E

Comments:

The petroleum and mining regulatory agency do not publish information on revenue generation. This is done through the EITI or through the ministry of finance which publish very aggregated information and lacks important details.

References:

www.inp.gov.mz/

Peer Review Comments:

Agreed. As stated in question 1.1.005 the regulating authorities are identified by the researcher as the National Petroleum Institute and the National Directorate of Mines, both of which fall under the Ministry of Mineral Resources. The NPI does not publish periodical reports on revenue generation.

The EITI reconciliation reports are the most comprehensive source so far of revenues from the mining companies (see the Ernst and Young EITI reconciliation report March 2012)

2.2C.022: How often are the periodical reports containing information on revenue generation published by the Regulatory Agency?

Score: A B C **(D)** E

Comments:

Information is published by the ministry of finance or EITI, not by regulatory entity.

References:

www.inp.gov.mz/

2.2D.020 Does the Central Bank publish information on revenue generation?

2.2D.020.a: Reserves

Score: A B C **(D)** E

Comments:

There is information on currency reserves but not on the amount of natural resources.

References:

http://www.bancomoc.mz/Files/CDI/RA_2010pt.pdf

2.2D.020.b: Production volumes

Score: A B C **(D)** E

References:

<http://www.bancomoc.mz>

2.2D.020.c: Information on prices

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.d: Value of resource exports

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.e: Estimates of investment in exploration and development

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.f: Production costs

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.g: Names of companies operating in country

Score: A B C D E

Comments:

Only the EITI processes this information which does not cover all companies.

References:

<http://www.bancomoc.mz>

2.2D.020.h: Production data by company and/or block

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

Comments:

/

References:

<http://www.bancomoc.mz>

2.2D.020.j Does the Central Bank publish information on disaggregated revenue streams?

2.2D.020.j1: Production streams value

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.j2: Government s share in PSC

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.j3: Royalties

Score: A B C D E

Comments:

Beside the EITI reports since 2011, the public agencies or authorities do not give the public a blueprint on desegregated receipts from royalties.

References:

<http://www.bancomoc.mz>

2.2D.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

<http://www.bancomoc.mz>

2.2D.020.j5: Dividends

Score: A B C D E

Comments:

desegregated information is provided through the EITI

References:

<http://www.bancomoc.mz>

2.2D.020.j6: Bonuses**Score:** A B C D E**Comments:**

/

References:<http://www.bancomoc.mz/>

2.2D.020.j7: License fees**Score:** A B C D E**Comments:**

/

References:http://www.bancomoc.mz

2.2D.020.j8: Acreage fees**Score:** A B C D E**Comments:**

/

References:http://www.bancomoc.mz

2.2D.020.j9: Other (Explain in 'comments' box.)**Score:** A B C D E**Comments:**

The receipts are not desegregated in terms of the sources

References:http://www.bancomoc.mz

2.2D Quality of reports

2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?**Score:** A B C D E**Comments:**

The only information related to the extractive sector that is published by the Central Bank is about

prices.

References:

http://www.bancomoc.mz/Files/CDI/RA_2010pt.pdf

2.2D.022: How often are the periodical reports containing information on revenue generation published by the Central Bank?

Score: A B C D E

References:

<http://www.bancomoc.mz/>

2.2E.020 Does any other government agency or entity publish information on revenue generation?

2.2E.020.a: Reserves

Score: A B C D E

Comments:

This section assesses what is published in EITI reports. Mozambique has published two reports, covering data for 2008 and 2009, the last one published in March 2012.

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

For further reference it mentions publications by the Ministry of Planning and Development when relevant, scores reflect EITI reports only.

References:

EITI reports:

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

2.2E.020.b: Production volumes

Score: A B C D E

References:

Not published

2.2E.020.c: Information on prices

Score: A B C D E

References:

Not published. EITI reports focus on taxes and royalties paid by resource companies in Mozambique. despite its potential, the sector makes a small contribution to the economy, in 2009 payments to the government reached US\$40 million, with the hydrocarbon sector contributing 61% of it.

2.2E.020.d: Value of resource exports**Score:** A B C **(D)** E**References:**

Not published

2.2E.020.e: Estimates of investment in exploration and development**Score:** A B **(C)** D E**Comments:**

No information published in the EITI reports but the Ministry of Planning and Development (MPD) provide some historical information. The Ministry of Planning publishes studies that are often inconsistent with the rest of the government, or independently produced from the Central Bank, Ministry of Finance or MIREM.

References:

http://www.mpd.gov.mz/index.php?option=com_docman&Itemid=50&lang=en0

Peer Review Comments:

The Investment Promotion Agency (CPI) does have a database of intended investments for all mega-projects and external investors. This is from external investors which submit their plans to the CPI, under the tutelage of the MPD. However, there is no monitoring of these investments so the data is not very indicative as to whether these investments are likely or not.

2.2E.020.f: Production costs**Score:** A B C **(D)** E**References:**

EITI reports

Peer Review Comments:

The second EITI report doesn't include production costs, as in operation costs, but it does include information on dividends, taxes, royalties etc.

2.2E.020.g: Names of companies operating in country**Score:** A **(B)** C D E**References:**

EITI reports provides a list of companies participating in the initiative.

EITI reports:

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

2.2E.020.h: Production data by company and/or block**Score:** A B C **(D)** E

Comments:

It is seen as confidential.

References:

EITI reports

2.2E.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

Comments:

Social investments reporting started in 2012 only.

References:

EITI reports contributions to the social projects fund for 2009 only. Information prior to 2010 is considered historic only.

EITI reports:

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

2.2E.020.j Does any other government agency or entity publish information on disaggregated revenue streams?

2.2E.020.j1: Production streams value

Score: A B C D E

References:

EITI reports contributions by hydrocarbons and minerals in payments to the government, which amounts to US\$40 million in 2009. Information prior to 2010 is considered historic only.

EITI reports:

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

2.2E.020.j2: Government s share in PSC

Score: A B C D E

References:

Not published

2.2E.020.j3: Royalties

Score: A B C D E

Comments:

Royalties or petroleum/mineral production tax contributes only 5% of payments from resource companies. The main sources of fiscal income from the sector are the personal income tax (25%), corporate tax (51%), funds for institutional capacity building (9%) and contribution to social projects

funds (6%).

References:

EITI reports contributions by hydrocarbons and minerals in payments to the government, which amounts to US\$40 million in 2009. Information prior to 2010 is considered historic only.

EITI reports:

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

2.2E.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

EITI reports (2011/2012). See previous note. Environmental tax contributes approx. 1% to government receipts from resource companies.

2.2E.020.j5: Dividends

Score: A B C D E

References:

See previous notes. Dividends contribute 1% of resource companies payments.

EITI reports:

<http://eiti.org/report/mozambique/2009>

<http://www.itie-mozambique.org/report.pdf>

<http://eiti.org/files/Mozambique-2009-EITI-Report.pdf>

Second EITI report (2012). Ernst & Young Mozambique.

2.2E.020.j6: Bonuses

Score: A B C D E

References:

Not published

2.2E.020.j7: License fees

Score: A B C D E

References:

EITI reports. see notes before.

2.2E.020.j8: Acreage fees

Score: A B C D E

References:

surface tax accounts for 1% of company payments.

2.2E.020.j9: Other (Explain in 'comments' box.)**Score:** A B C D E**References:**

N/A

2.2E Quality of reports

2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?**Score:** A B C D E**References:**<http://www.itie-mozambique.org/report.pdf>

2.2E.022: How often are the periodical reports containing information on revenue generation published by the any other governmental agency or entity?**Score:** A B C D E**References:**<http://www.itie-mozambique.org/report.pdf>**Peer Review Comments:**

EITI reports are published annually. The data for 2008 and 2009 was published in the 2011 and 2012 EITI reports respectively.

2.2 Public sector balance

2.2.023: Does the government include the SOC financial balance (its assets and liabilities) within the public sector balance or overall balance of general government in reports to the legislature?**Score:** A B C D E**References:**

In Year Report 2011. Ministry of Finance.

http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

2.2.024: Does the government include projections of transactions, accounts of actual spending by the natural resource funds, and their assets and liabilities, within the public sector balance or overall balance of general government in reports to the legislature?**Score:** A B C D E**References:**

No fund created.

2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?**Score:** A B C**Comments:**

The Mozambican budget is, however, not comprehensive according to the OECD best practice for budget transparency. Mozambique has performed poorly in the last 2012 open budget index of the International Budget partnership and one of the issue was related to the comprehensiveness of the budget.

References:

www.dno.org.mz

In Year Report 2011. Ministry of Finance.


http://www.dno.gov.mz/docs/orc_estado/execucao/Relatorio_Execucao_Jan_Dez_OE2011.pdf

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Legal Framework and Practices

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| Indicator | Score |
|-----------------------------------|--|
| 2.3 Legal Framework and Practices | 52  |

2.3 Legal Framework and Practices

2.3.026: In the legal framework, what government agencies have authority to collect taxes and payments from resource companies?

Score: A B C D E

References:

Direccao Geral de Impostos (DGI) under the ministry of finance.
National petroleum institute under the ministry of mineral resources (for social payments from petroleum companies)

2.3.027: Are all resource related revenues, including those collected by state owned companies, regulatory agencies, ministries, special funds or by the tax authority placed in the national treasury?

Score: A B C D E

Comments:

Social funds and funds for capacity building channeled by the petroleum companies go directly to the national petroleum institute. No information is published on how they are managed.

References:

Second Mozambique. EITI report. Ernst & Young Mozambique. 2012

2.3.028: Are government officials with a role in the oversight of the oil, gas or mining sector required to disclose information about their financial interest in any extractive activity or projects?

Score: A B C

Comments:

This issue is now being discussed at the parliament, to address the situation of conflict of interest in the extractive industries which is very high in Mozambique.

References:

No they are not required to disclose that type of information.

2.3.029: Is there independent external validation of internal controls of agencies in charge of

receiving payments from resource companies with the objective of providing assurances of integrity of public funds and sound financial management?Score: A B C D E**Comments:**

The problem is that the government in most circumstance does not follow the recommendation made by the SAI.

References:

www.ta.org.mz (suprem audit institution)

2.3.030: Does the national audit office (or similar independent organization) report regularly to the legislature on its findings, including an objective analysis of agencies in charge of managing resource revenues, and are these reports published?Score: A B C D E**References:**

www.at.org.mz

Peer Review Comments:

A national audit entity does exist through the functions provided by the Tribunal Administrativo. All public entities are required to be audited accordingly with programmes evaluated through the Mozambique National Auditors Office. All audits are then submitted to the National Assembly/parliament . However, I am not entirely convinced as to whether these audits are all publically available and published in practice, despite the legal instruments governing the audits requiring this to be the case.

The IGEPE audit, for example, which is an institution in charge of public sector carried interest in investment projects in Mozambique, is publically available. I cannot verify that this is the case for all of the institutions which will have some share of the revenues accrued from the extractive industry.

In addition, there is currently no specific legislation requiring audits to be submitted to international standards (Adam Smith International, EITI Validation, March 2011), raising questions about the quality of the audits, which are done using local accounting procedures (General Accounting Plan). Despite this, the 2011 validation indicated that government reports are indeed audited to international standards, with the indicator met.

2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if so, when does this occur?Score: A B C D E**References:**

Parliament is not following actively the extractive industries.

2.3.032: Is this country an EITI candidate or compliant country?Score: A B C D E**Comments:**

Mozambique is EITI compliant since 26 October 2012.

On 30 March 2012 Mozambique launched its 2009 EITI Report. The government received a total of just

under US\$40 million from their extractives sector in 2009: US\$15m from mining and US\$25m from hydrocarbons. The 2010 report is due to be published by the end of 2012.

References:


First Mozambique. EITI report. Boas & Associates. 2011

Second EITI report. Ernst & Young Mozambique. 2012

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| Indicator | | Score |
|-----------|---------|--|
| 3.1.1 | Context | 67  |

3.1.1 Context

3.1.1.033: Is there a state-owned company? If so, what is its role in the extractive sector?

Score: A B C D E

Comments:

ENH operates in the hydrocarbons sector.

References:

www.enh.co.mz

Peer Review Comments:

The Mozambican extractive sector is made up of both private and public sector companies. There are state-owned companies within each of the different industries - ENH is a state-owned hydrocarbon exploration company, EMEM is a state-owned mining company etc. However, the majority of the large projects in the extractive sector are owned, or partially owned by private companies such as Rio Tinto, Vale, BHP Billiton etc. Mozambique also designates specific areas for artisanal and small-scale mining.

3.1.1.034: How is government ownership of resource companies structured in this country?

Score: A B C D E

Comments:

ENH is the National Oil Company of Mozambique and is 100% owned by the State.

References:

<http://www.enh-mz.com/>

3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score: A B C

References:

www.enh.co.mz

Peer Review Comments:

There is more than one state-owned company across the extractive sector in Mozambique. ENH is the state-owned hydrocarbon exploration company, while EMEM was the country's first state company to be licensed in the mining industry. Carbomoc E.E. is a coal mining company owned by the government of Mozambique.

3.1.1.036: Do the roles and responsibilities of the SOC include provision of subsidies or social expenditures (quasi-fiscal activities)?**Score:** A (B) C**Comments:**

The company has been undertaking corporate social responsibility activities.

References:

www.enh.co.mz

Peer Review Comments:

ENH supports a number of community development initiatives:
<http://www.enh.co.mz/Responsabilidade-Social>






The principal objectives of EMEM are: (1) exploring geological mining, production and trade of mining products; (2) advising, consulting and undertaking research, and (3) prospecting for mining resources (Business Monitor International 2010). It is difficult to find exact information on direct social investments by EMEM, but its joint ventures with companies such as Cokal are most likely involved in CSI initiatives.

In addition, it is not possible to assess if it provides subsidies to producers or consumers.

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| Indicator | | Score | |
|-------------|---|-------|---|
| 3.2.1 | Comprehensive reports | 33 |  |
| 3.2.2.038 | Does the SOC publish information on revenue generation? | 22 |  |
| 3.2.3.038.j | Disaggregated Revenue Streams | 25 |  |
| 3.2.4 | Quality of reports | 17 |  |
| 3.2.5.043 | Audited reports | 67 |  |

3.2.1 Comprehensive reports

3.2.1.037: Does the SOC publish comprehensive reports with information about its operations and subsidiaries?

Score: A B C D E

References:

www.enh.co.mz

Peer Review Comments:

This appears to depend on the SOC at hand, but basic information is available on some of them from a financial and operational perspective.

From the ENH website, the PWC audit (demonstração financeira , 2009) , and annual budget report, provide data on operations and subsidiaries, but data is not provided on extractive related revenues.

There are no reports from EMEM, but it was only formed in 2009.

Information from those SOC's which have a carrying interest in extractive related ventures, such as as the Mozambican Pipeline Company that has a stake in the JV Sasol pipeline between South Africa and Mozambique, or Matola Gas Company, is available through the actual JV's audits and company documents.

IGEPE information is similarly available on investment stakes through its published audit.

3.2.2.038 Does the SOC publish information on revenue generation?

3.2.2.038.a: Reserves

Score: A B C D E

References:

www.enh.co.mz

3.2.2.038.b: Production volumes

Score: A B C D E

References:

www.enh.co.mz

3.2.2.038.c: Information on prices

Score: A B C D E

Comments:

/

References:

www.enh.co.mz

3.2.2.038.d: Value of resource exports

Score: A B C D E

Comments:

/

References:

www.enh.co.mz

3.2.2.038.e: Estimates of investment in exploration and development

Score: A B C D E

Comments:

/

References:

www.enh.co.mz

3.2.2.038.f: Production costs

Score: A B C D E

Comments:

/

References:

www.enh.co.mz

3.2.2.038.g: Names of companies operating in country**Score:** (A) B C D E**Comments:**

Published in the website.

References:<http://www.enh.co.mz/Pesquisa-de-Hidrocarbonetos/Interesses-Participativos-nas-Areas-de-Pesquisa>

3.2.2.038.h: Production data by company and/or block**Score:** (A) B C D E**Comments:**

Publish only the block where the companies are operating as well as the percentage of the shares.

References:<http://www.enh.co.mz/Pesquisa-de-Hidrocarbonetos/Interesses-Participativos-nas-Areas-de-Pesquisa>

3.2.2.038.i: Quasi fiscal activities**Score:** A B C (D) E**Comments:**

/

References:www.enh.co.mz

3.2.3.038.j Disaggregated Revenue Streams

3.2.3.038.j1: Production streams value**Score:** A B C (D) E**Comments:**

/

References:www.enh.co.mz

3.2.3.038.j2: Government s share in PSC**Score:** (A) B C D E**Comments:**

The company Empresa Nacional de Hidrocarbonetos (ENH) do represent the government. On its website it publishes the shares of the Empresa Naciona de Hidrocarbonetos on the petroleum exploration and

exploitation.

References:

<http://www.enh.co.mz/Pesquisa-de-Hidrocarbonetos/Interesses-Participativos-nas-Areas-de-Pesquisa>

3.2.3.038.j3: Royalties

Score: A B C D E

Comments:

/

References:

www.enh.co.mz

3.2.3.038.j4: Special taxes

Score: A B C D E

Comments:

There is a report published but it's more an audit of the accounts not really disclosure of the receipts.

References:

<http://www.enh.co.mz/Investidores>

3.2.3.038.j5: Dividends

Score: A B C D E

Comments:

There is information on dividends but it is not comprehensive and detailed with regard to receipts.

References:

<http://www.enh.co.mz/Investidores>

3.2.3.038.j6: Bonuses

Score: A B C D E

References:

www.enh.co.mz

3.2.3.038.j7: License fees

Score: A B C D E

Comments:

It is done through the EITI though. Having government agencies publish such information would give more value and sense of commitment to transparency.

References:

www.enh.co.mz

3.2.3.038.j8: Acreage fees

Score: A B C D E

Comments:

/

References:

www.enh.co.mz

3.2.3.038.j9: Other (Describe below)

Score: A B C D E

References:

www.enh.co.mz

3.2.4 Quality of reports

3.2.4.039: Are the reports published by the state owned company understandable?

Score: A B C D E

Comments:

Reports lack important details on exploration, revenues, etc. The only reports are from 2007 and 2009 and they are audit reports.

References:

<http://www.enh.co.mz/Investidores>

3.2.4.040: How often are the reports or statistical databases containing information on revenue generation published by the state owned company?

Score: A B C D E

Comments:

There has been no reports in the website for the last 2 years. Also, the reports published are not comprehensive in targeting the upstream and downstream, revenues, volume of the productions and so on.

References:

<http://www.enh.co.mz/Investidores>

3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?

Score: A B C

References:

<http://www.enh.co.mz/Responsabilidade-Social>

3.2.4.042: If there are joint ventures, does the SOC (or government) publish information on its share of costs and revenues deriving from its equity participation in joint ventures?

Score: A B C

References:

www.enh.co.mz
www.mf.gov.mz

3.2.5.043 Audited reports

3.2.5.043.a: Is the SOC subject to annual audits conducted by an independent external auditor to ensure that the financial statements represent the financial position and performance of the company?

Score: A B C D E

Comments:

From the ENH website, the PWC audit (demonstração financeira , 2009) , and annual budget report, provide data on operations and subsidiaries, but data is not provided on extractive related revenues.

References:

<http://www.enh.co.mz/Investidores>

3.2.5.043.b: Are SOC audited reports published?

Score: A B C D E


References:

www.enh.co.mz

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| Indicator | Score |
|------------------------------------|--|
| 3.3.1 Legal Framework and Practice | 33  |

3.3.1 Legal Framework and Practice

3.3.1.044: Does the SOC have a legal obligation to publish financial reports?

Score: A B C

References:

www.enh.co.mz

Does not have an obligation to publish the reports

3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score: A B C

References:

www.enh.co.mz

All government agencies do follow international accounting systems and they are audited according to INTOSAI guidelines

3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score: A B C

References:

www.enh.co.mz

3.3.1.047: Are officials of the SOC required to disclose information about their financial interest in any oil, gas or mining projects?

Score: A B C

Comments:

They are not requested so far by Law. This is a major gap in our legislation and as a result we have experiencing large conflicts of interest in the extractive sector including senior public managers.

References:

www.enh.co.mz

3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score: A B C

References:

<http://www.enh.co.mz/Quem-Somos/Estrutura-Organizacional>

3.3.1.049: Does the SOC publish information about the rules governing decision making by the Board of Directors?

Score: A B C

References:

www.enh.co.mz

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