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INTERNATIONAL

Mozambique Extractive
Industries Transparency
Initiative

Validation Report
Final

May 2011

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ACRONYMS

ADB	African Development Bank
AMOPI	Associação Moçambicana de Operadores Petrolíferos Internacionais
AMOMINE	Mozambican Association of Mining Operators
ASI	Adam Smith International
MSG/CC	Coordinating Committee (the name for the Multi-Stakeholder Group in Mozambique)
CIP	Centro de Integridade Pública
CMH	Companhia Moçambicana de Hidrocarbonetos
CSO	Civil Society Organisations
DFID	Department for International Development
DGI	General Directorate of Taxes
FAO	Food and Agriculture Organisation of the United Nations
GDI	General Directorate of Taxes
GDP	Gross Domestic Product
GoM	Government of Mozambique
G20	Civil society platform in Mozambique
IESE	Instituto de Estudos Sociais e Económicos
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INP	Instituto Nacional de Petróleo
INTOSAI	Organização Internacional de Tribunais de Contas
IOC	International Oil Companies
ITIE	Iniciativa de Transparência na Indústria Extractiva
MDTF	Multi-Donor Trust Fund
MICOA	Ministério de Coordenação da Acção Ambiental (Ministry of the Environment)
MIREM	Ministério dos Recursos Minerais (Ministry of Mineral Resources)
MSG	Multi-Stakeholder Group
MT	Meticais (Mozambique currency)
PSI	Policy Support Instrument
PWYP	Publish What You Pay
SISTAFE	Sistema de Administração Financeira do Estado
SNJ	Sindicato Nacional de Journalistas
TOR	Terms of Reference
UEM	Universidade Eduardo Mondlane

The MEITI validation team comprised consultants from Adam Smith International (ASI): Jeremy Weate, Emma Irwin and Benjamim Nandja.

A. INTRODUCTION

1. BACKGROUND

Mozambique's economy is based largely on agriculture, which employs roughly 80% of the country's working population and generates 25% of GDP. Mozambique is one of the world's poorest countries, with an estimated per capita GDP of just USD 900 in 2009.¹ The high levels of poverty in the country have led to an increasingly sensitive relationship to fluctuations in commodity prices in recent years. For example, the spike in the global price of wheat in 2010 led to food riots in Maputo and Chimoio. According to the Food and Agriculture Organisation (FAO), 63% of the population of Mozambique are undernourished.²

However, the economy is in rapid transition and set for sustained growth. The country has an emerging tourist sector, in part thanks to its proximity to South Africa. South Africa is again Mozambique's largest trading partner. Mozal, the largest (by revenue) company in Mozambique, is a USD 1.4 billion aluminium processing/smelting facility which now produces approximately 530,000 tonnes of aluminium annually. Mozal is the second largest aluminium plant on the continent and is owned by BHP Billiton, Mitsubishi, the IFC and the Government of Mozambique (GoM). Meanwhile, the South African company Sasol produces 300 million standard cubic feet per day of gas, 80% of which is piped to South Africa.

Although the extractive sector in Mozambique is still in its infancy, it is also set for strong growth over the next few years. The Manica belt spanning western Mozambique is the primary source for gold, copper, iron ore, bauxite and lead. Meanwhile, there are an estimated five million Terajoules of natural gas in the Pande/Temane fields in Inhambane. Again, there are an estimated 6 billion tonnes of coal reserves in the country, including Moatize and Mucanha-Vuzi coal mines in Tete. Mozambique is set to become the second largest coal producer on the African continent by 2012. In 2006, USD 217 million was invested in the country's mining sector, up from USD 169 million in 2005. Again, in 2006, the sector contributed 1.6% of GDP. It is projected to become 5% of GDP in 2011. It's in the context of Mozambique as an emerging extractive economy that the GoM became an EITI candidate country in May 2009.

2. THE IMPORTANCE OF EITI IN MOZAMBIQUE

Mozambique is set for an imminent boom in the extractive sector. In the near future (2011-12), facilities based on high-grade coal deposits will move into production phase, with Vale and Riversdale being the two leading companies. Vale alone hopes to be producing 11 million tonnes per annum by 2012. In the medium term of 5-10 years, the newly discovered high-grade gas footages off the coast in Windjammer, Baquentine and Lagosta amongst others will move into production. Already, International Oil Companies (IOCs) are moving in (such as Anadarko and ENI), with exploration at an advanced stage in certain areas. A boom in royalties from mining will therefore be augmented by a boom in earnings from the gas sector. The question is whether there will be transparency of payments to government from the extractive sector, and again, whether increased government earnings will improve the lives of ordinary Mozambicans.

¹ www.indexmundi.com

² www.fao.org/FOCUS/E/SOFI/malM-e.htm

As a backdrop to this anticipated growth, Mozambique is currently 116th on Transparency International's Corruption Perception Index (2010 figures), with a score of 2.7, similar to Tanzania, Guyana and Vietnam. This is to say, Mozambique has a perceived corruption problem. The onus is now on the dominant political force and long-term party of government, Frelimo, to work harder to enable a more transparent and accountable framework of governance in Mozambique.

Finally, EITI implementation in Mozambique is a structural benchmark of the International Monetary Fund's Policy Support Instrument (PSI). This gives the Mozambique Extractive Industries Transparency Initiative (MEITI) high visibility both within government in Mozambique but also among international partners.

3. CALENDAR OF EVENTS FOR THE MEITI

- In May 2008 – The GoM defines the Ministry of Mineral Resources (MIREM) as the lead organisation in sign-up to EITI
- October 2008 - EITI launch workshop in Maputo. The EITI Coordinating Committee is established and the initial work plan is approved
- April 2009 – Mozambique submits its application to sign-up to EITI
- May 2009 – EITI Secretariat in Oslo accepts Mozambique's application as an EITI candidate country
- October 2009 – President of Mozambique makes a public statement of the GoM's commitment to the EITI
- February 2010 – The Coordinating Committee in partnership with the World Bank and the EITI International Secretariat updates the work plan
- May 2010 – The MEITI National Secretariat is established
- May 2010 – MEITI workshop takes place in Maputo
- In June 2010 – study tour to Ghana and Liberia for both members of the Coordinating Committee and the MEITI Secretariat
- From July to October 2010 – Agreements are signed with the World Bank and the African Development Fund on the concession of a Multi-Donor Trust Fund (MDTF)
- October 2010 – The first independent auditing company is selected to draft the first EITI report
- October 2010 – The second MEITI workshop takes place in Beira (focusing on companies)
- October 2010 – The validation process begins with the procurement of a consultancy firm
- December 2010 – Validation consultancy selected
- December 2010 – Communication Consultant selected with the responsibility to drafting the Communication Strategy
- January 2011 – Completion of the first Reconciliation Report
- February 2011 – Start of the Validation Exercise

- February 18th 2011 – Organised the first EITI Workshop to disseminate the first Reconciliation Report in Nampula
- March 2011 – Participation of the President of Mozambique at the 5th EITI Global Conference in Paris

B. APPROACH AND METHODOLOGY

Our approach to the MEITI Validation exercise comprised three components:

- Desk study of key documents (the Work Plan, minutes to MSG/CC meetings and other reports)
- Consultation with over 20 key stakeholders in Maputo
- Presentation of the initial findings to the MSG/CC
- Writing of draft report

1. DESK STUDY OF KEY DOCUMENTS

We analysed the following:

- Laws and regulations (where possible)
- The first MEITI reconciliation report (2008)
- MEITI minutes, press releases and other communications
- Stakeholder reports and documents.

2. CONSULTATION WITH OVER 20 KEY STAKEHOLDERS IN MAPUTO

The Validator arrived in country on Sunday 30th January 2011. There was an initial meeting with the MEITI Executive Secretary, Mr Milagre Langa in the afternoon. During the course of the following eight working days, we met with:

- Government officials
- Company representatives
- Civil society representatives
- Donor partners

One member of the Validation team, Benjamim Nandja, also attended the MEITI Report dissemination workshop in Nampula on the 18th February. The draft final validation report was then submitted to the MSG/CC on the 15th March. A member of the Validation team then visited Maputo to receive and discuss feedback on the draft final report on the 21st March. Formal feedback from the MEITI Secretariat was sent to the EITI International Secretariat on the 23rd March. This final version of the validation report takes into account both the feedback given during the meeting on the 21st March as well as the formal written feedback sent on the 23rd March. Where disagreements exist between the Validator's opinion and the MSG/CC, they are captured in footnotes in what follows.

Note that the full list of consulted stakeholders is in *Annex B*.

3. PRESENTATION OF INITIAL FINDINGS TO THE MSG

Towards the end of our field mission we presented our initial findings to the MSG/CC. This was an opportunity to hear the MEITI MSG/CC discuss its perspective on validation and to respond to our findings. The MSG/CC was receptive, enthusiastic and cooperative during this meeting.

4. INDICATOR JUDGEMENTS

For each of the 18 validation indicators, we have followed the guidelines in the EITI Rules closely. Each indicator is therefore judged to be either ‘met’ or ‘not been met’. The overall result for MEITI is then given in *Section F* below.

5. A NOTE ON TERMINOLOGY

The first report on the extractive sector in MEITI simply reconciled payments made by companies with receipts lodged with the government. The report was therefore not a full audit and for this reason, it is referred to at different times in this report as either the “reconciliation report” or as simply the “Report” or the “MEITI Report”. These terms should be regarded as inter-changeable. Although there were three members of our team, for formal purposes, we refer to ourselves in this report as “the Validator”. Finally, the Multi-Stakeholder Group in Mozambique is known as the “Coordinating Committee”. We refer to the MSG and the Coordinating Committee as the “MSG/CC” or interchangeably.

C. PROGRESS AGAINST THE WORK PLAN

This section of the report presents a summary of the main items listed in the MEITI Work Plan. Next to each of the items listed is the Validator's summary assessment of the progress made against the item. This assessment is based on the Validator's meetings with the National Coordinator and MSG/CC during the Validation mission. This is followed by a brief overall assessment of the progress made against the MEITI Work Plan as required by the EITI Validation Guide. The judgement has been made based on four categories (adapted from the EITI Rules guidelines):

1. **Limited/no progress**
2. **Meaningful progress**
3. **Close to completed**
4. **Completed**

Work plan activity	Validator's judgement
Accession to EITI	Completed
Creation of MEITI website	Completed
Capacity-building, training and information sharing	Completed
Produce brochures on MEITI	Completed
Additional communications-related activities	Close to completed (dissemination of EITI Report, additional workshops during 2011)
Preparation of 1 st EITI report	Completed
Conclusion and approval of 1 st EITI report	Completed
Validation	Close to completed
Sustainability and continuation of EITI implementation	Close to completed

The Validator was initially provided with two versions of the Work Plan. The correct version was not clarified until the penultimate day of the first validation mission.

The correct version is dated February 2010 and contains measurable targets and a timeframe for completion of targets. A quarter of the targets in this version of the Work Plan are retrospective, dating back to 2008 and relate to the launch and accession of MEITI. This version of the Work Plan is quite detailed. However, as of the time of the first Validation mission, there was *no* indication of progress against yet to be achieved targets.

The other document provided to the Validator is called 'EITI Validation for Mozambique: Roadmap'. This document is not dated, however the Validator was informed that it was produced in August 2010 and represents a timetable for validation agreed by the MSG/CC. Essentially, it comprises a timetable for reconciliation and validation, and also contains a couple of targets relating to the implementation of the communications strategy (by October 2010, which have not been met). During the second mission to Mozambique, the Validator was shown a Procurement Plan that corresponds to each of the Roadmap items.

Up until the first validation mission, neither of these documents was publicly available. However, the Validator was told during the first meeting with the MSG/CC that the Work Plan

is available to download from the EITI section of the Ministry of Mineral Resources (MIREM) website, and that it had been distributed to stakeholders at the two workshop/seminars carried out to date as well as to the World Bank. The Validator *did* find a version of the Work Plan available to download from MIREM's website.³ It is in the same format as the February 2010 Work Plan but appears to be the original, simpler, first version, dated October 2008, which was discussed and approved during the MEITI launch seminar on 23rd October 2008. During a meeting with the National Coordinator and Executive Secretary towards the end of the validation mission (on 7th February), the Work Plan was discussed and it was agreed that the current version would be uploaded onto the MIREM website as soon as possible, and onto the MEITI website when this is launched at the end of February 2011. As at 14th March 2011, the current version of the Work Plan was not publicly available on either MIREM's website, or on the newly launched MEITI website. Some time after 14th March 2011 however, an apparently updated version of the February Work Plan was uploaded to the new MEITI website. The new version has a new column monitoring for progress and has a different total budget (USD 976,000 instead of USD 1,000,000). This version is publicly available in Portuguese. As at 6th May 2011, the EITI section of MIREM's website does not appear to have been updated for a few months.

The Validator did not receive any specific evidence indicating that progress against targets has been measured, monitored and discussed by the MSG/CC. However, in the same February 7th meeting with the National Coordinator and Executive Secretary, it was confirmed that while progress against targets in the Work Plan are not formally assessed, and no document, or evidence of MSG/CC discussion (in minutes etc.) is available to that effect, the MSG/CC does in fact address all the targets contained in the Work Plan during each meeting, as these represent *de facto* the main objectives and purpose of MEITI.

The Validator was provided with a series of 'reports' on the EITI implementation process on the penultimate day of the validation mission. These include information updates related to targets, e.g. 'contracting reconciler for first EITI reconciliation report', but do not specifically link with or refer to the Work Plan.

Overall, the Validator strongly recommends that a clear, coherent, structured Work Plan is developed which forms the basis of MSG/CC work and discussions, and which is regularly reviewed and approved by consensus within the MSG/CC. Essentially this document can be viewed as the MEITI strategy and action plan, and can contain some longer term objectives in addition to shorter-term actions or targets. Progress against targets should be formally monitored and assessed and clear records of this process should be produced. The Work Plan should then be made publicly available on MEITI's website and published elsewhere (such as in local newspapers).

A detailed evaluation of the MEITI Work Plan is found in *Section D (4)* below.

³ EITI section of MIREM website:

http://www.mirem.gov.mz/index.php?option=com_content&view=category&layout=blog&id=47&Itemid=78

D. PROGRESS AGAINST VALIDATION INDICATORS

This section presents a narrative of the Validator's assessment of progress against the Validation Grid Indicators. For each indicator, we present:

- Evidence – a summary of the relevant evidentiary material
- Stakeholder views – a summary of the views of members of the MSG/CC and other stakeholders
- Our overall judgement – based on the available evidence and stakeholder views

A summary Validation Grid is provided in *Annex A*.

SIGN-UP

1. HAS THE GOVERNMENT ISSUED AN UNEQUIVOCAL PUBLIC STATEMENT OF ITS INTENTION TO IMPLEMENT EITI?

1.1. Evidence

During the two Validation missions to Mozambique, the Validator was made aware of only one public statement in support of EITI in Mozambique. the President of Mozambique, Armando Guebuza.⁴ This was on the 29th October 2008, in his opening speech at the 11th Annual Private Sector conference. The Validator received a faxed copy of this speech. On page 8, the President reaffirms the commitment to the EITI and to working together with civil society and the private sector in order to implement it, under the auspices of the Ministry of Mineral Resources (MIREM). The President said:

“Mozambique is a potentially rich country in natural re- sources and it is already a producer and exporter of significant quantities of natural gas, minerals extracted from heavy sands, among 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 reaffirm 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.”

EITI implementation in Mozambique has also been included as a structural benchmark in the International Monetary Fund's Policy Support Instrument.⁵ In its Memorandum of Economic

⁴ On the 1st April, the date which the Validator was due to submit the Draft Final Validation Report to the EITI International Secretariat for review, the Validator was sent evidence of a further speech made in favour of EITI given by President Guebuza on the 12th April 2010 in Benga. In its feedback on the draft version of this report, the EITI International Secretariat reminded the Validator that the Vice-Minister of MIREM attended the Doha EITI Conference in 2009 and reiterated Mozambique's intention to implement EITI. The feedback also noted Mozambique's candidate application (received on 15th April 2009) as well as President Guebuza's pledge of strong commitment to EITI at the Paris EITI Conference in March 2011.

⁵ The MSG/CC stated in their feedback that EITI is no longer a structural benchmark in Mozambique. This contrasts with the views given by IMF staff the Validator met while on mission.

and Financial Policies, dated 24th May 2010, the GoM writes that “We are committed to become a compliant member of the EITI by end-May 2011.” The paragraph goes on to give further details of anticipated milestones and activities.

1.2. Stakeholder views

Stakeholders agree that an unequivocal public statement on EITI has been made.

1.3. Validator's judgement

The indicator has been met.

2. HAS THE GOVERNMENT COMMITTED TO WORK WITH CIVIL SOCIETY AND COMPANIES ON EITI IMPLEMENTATION?

2.1. Evidence

The Validator has received a copy of the Deputy Minister of Mines’ (Abdul Razak Noormahomed) official ‘dispatch’ of 8th March 2009 which formally establishes the Multi-Stakeholder Group (known as the Coordinating Committee or also as ‘MSG/CC’ in this report) reconfirming its purpose to, “organise, develop, execute and monitor the implementation of the Initiative in the country”. It also lists each member of the Committee, including company and civil society representatives, by name and organisation.

As in Indicator 1 above, the Validator also received a copy of the President of Republic of Mozambique’s opening speech at the 11th annual private sector conference, dated 29th October 2008. In this, the President reaffirms the commitment to EITI implementation and to working together with civil society and the private sector under the auspices of MIREM in order to achieve this.

2.2. Stakeholder views

All stakeholders consulted confirmed that the government is committed to EITI implementation and to working with the private sector and civil society to this effect.

2.3. Validator's judgement

The indicator has been met.

3. HAS THE GOVERNMENT APPOINTED A SENIOR INDIVIDUAL TO LEAD ON EITI IMPLEMENTATION?

3.1. Evidence

The official dispatch from MIREM dated 8th March 2009 and mentioned in 2.1 above lists the members of the Coordinating Committee and indicates that Dr. Abdul Razak Noormahomed would be the Chair of the Committee. In preparing the final version of this report, the Validator was sent an official document from MIREM, dated March 23rd 2011, noting that Dr. Abdul Razak Noormahomed is the President of the Coordinating Committee.

Although appointed as Chair of the Coordinating Committee, Dr. Abdul Razak Noormahomed has only attended *three* of the eleven Coordinating Committee meetings for which the Validator has received minutes.⁶ In his absence, the MEITI National Coordinator, Mr. Benjamin Chilenge, chairs the Coordination Committee meetings. The Validator understands that the National Coordinator reports to the Chair of the Coordinating Committee on meeting proceedings, therefore the poor attendance of the Coordinating Committee Chair does not appear to the Validator to affect interaction with key decision-makers in the government. Mr Chilenge was formally appointed as the MEITI National Coordinator on the 8th March 2010, via an official announcement from MIREM. A TOR for the National Coordinator was sent to the Validator in late March, 2011.

3.2. Stakeholder views

All stakeholders agree that Dr. Abdul Razak Noormahomed is the appropriate figurehead for EITI in Mozambique.

3.3. Validator's judgement

The indicator has been met.

The Validator notes that there appears to be no formal arrangements defining the roles and separate responsibilities of the senior EITI representative, the National Coordinator and the Executive Secretary. While the Executive Secretary (and as of late March, 2011) and now the National Coordinator have a TOR, the senior EITI representative does not have one. In the current de facto arrangements, the National Coordinator takes the role of Deputy Chair of the Coordinating Committee and shares his responsibilities in this role with other duties in MIREM. It is therefore recommended that Terms of Reference for the Senior EITI Representative is drawn up and approved and that the issue of how the three roles function distinctly from each other is formally clarified.

4. HAS A FULLY COSTED WORKPLAN BEEN PUBLISHED AND MADE WIDELY AVAILABLE, CONTAINING MEASURABLE TARGETS, A TIMETABLE FOR IMPLEMENTATION AND AN ASSESSMENT OF CAPACITY CONSTRAINTS (GOVERNMENT, PRIVATE SECTOR AND CIVIL SOCIETY)?

4.1. Evidence

The Validator was initially provided with two different versions of the Work Plan (Plan of Activities). The correct version (February 2010) was clarified on the penultimate day of the validation mission. It is available in both Portuguese and in English. What follows addresses all aspects of the indicator (including supporting requirements detailed in Indicator Assessment Tool number four).

Was the Work Plan agreed with stakeholders?

⁶ In a final feedback submission in May 2011, the MEITI Secretariat informed the Validator that the Chair has now attended "more than ten" MEITI-related meetings.

During the launch workshop on 23rd October 2008 the Work Plan was discussed and the first version was approved. None of the MSG/CC minutes provided to the Validator mention the Work Plan being agreed with stakeholders. The Work Plan is seldom referred to in any of the minutes of MSG/CC meetings. The Validator noted references to the Work Plan in the minutes of January 2010 MSG/CC meeting, which highlight discussions about the need to update and review the Work Plan.

The minutes of the April 2010 MSG/CC meeting refer to the Work Plan in respect of funding of the Programme of Activities (see below).

The minutes of the May 2010 capacity building workshop in Maputo also refer to the Work Plan. The Deputy Minister presented the “organisational structure of the Coordinating Committee... its work tools and plans”. The important role of the Work Plan was also referred to by Eddie Rich in his presentation where he discussed the validation process and report. Beyond this, there is no further mention of the Work Plan in any of the MSG/CC minutes provided to the Validator.

Has the Work Plan been made widely available?

At the time of the validation mission, the only publicly available version of the Work Plan was the first version dated October 2008 which was on MIREM’s website. After the Validator pointed out that the current, correct version of the Work Plan (February 2010) was not publicly disclosed, the National Secretariat and MSG/CC agreed to upload it onto MIREM’s website and onto the MEITI website when this launched at the end of February 2011. Shortly after the 14th March 2011, an updated Portuguese version of the Work Plan, dated February 2010, was uploaded to the new MEITI website. This updated version had a column to record progress, the inclusion of a further capacity-building workshop to be held in April 2011 at Pemba, and a budget reduced from USD 1,000,000 to USD 976,000. The latest version of the Work Plan is not available on the EITI section of MIREM’s website, which as at 6th May 2011 appears not to have been updated for a few months.

In the Validator’s first meeting with the MSG/CC, the National Coordinator informed the Validator that the Work Plan had been distributed to MSG/CC members, sent to international organisations and had been made available to the participants of the three (including launch) MEITI workshops held to date.

In addition, the ‘Draft EITI Validation for Mozambique: Roadmap’ (August 2010) has been distributed to MSG/CC members and to the World Bank. Since April 2011, this is also publicly available to download from MEITI’s website.

Does the Work Plan contain measurable targets?

The majority of targets in the February 2010 Work Plan contain measurable actions and timeframes and have an indicated budget where relevant. However, some of the targets, for example those that relate to identifying and securing funding, or to ‘developing and approving the Work Plan and annual programme of activities with budget’ are more vague. The timeframe for these is ‘annually or whenever necessary’.

A quarter of the targets are retrospective, going back to 2008 and relate to the launch and accession of MEITI.

The Validator did not receive any written evidence indicating that progress against targets has been formally measured, monitored and discussed in the MSG/CC meetings. However, the latest version of the Work Plan that was amended after the validation mission and uploaded to MEITI’s new website during March 2011 does contain a new column indicating progress against targets.

Does the Work Plan include an assessment of capacity constraints?

The Work Plan does not specifically include an assessment or identification of capacity constraints, but does include targets for capacity-building, training and sharing of information. To date, three workshops have been held (in addition to the 'MEITI launch seminar'), one of which was a capacity-building workshop in Maputo, in May 2010, another which was aimed at the private sector with the objective of learning and understanding reporting templates and process for the reconciliation, and was held in Beira in October 2010. The third workshop was the dissemination of the first MEITI report in Nampula in February 2011. A study/learning tour for a selected number of MSG/CC individuals was also organised to Ghana and Liberia in June 2010.

The updated version of the Work Plan that was made available on MEITI's website during March 2011 also includes a further workshop under section 4, to be held at Pemba in May 2011. The revised target does not specify the purpose of this workshop (i.e. regional dissemination of report or civil society capacity-building etc.). The Validator was not provided with sufficient information to clearly assess the basis on which targets for capacity-building were established.

Does it ensure the multi-stakeholder nature of EITI?

The February 2010 version of the Work Plan contains 23 targets. Of these, 19 are the allocated responsibility of the MSG/CC. The targets that relate to capacity-building, training and workshops, including for government, parliament and civil society also partially ensure the multi-stakeholder nature of MEITI. The private sector is referred to in one capacity-building target. Beyond this, the private sector is only included in targets relating to dissemination – of the MEITI reconciliation report and the validation report – as well as one target about government cooperation with the private sector and civil society for MEITI implementation.

There are *no* targets that specifically address the role of civil society in the EITI process. During the Validator's meeting with civil society, civil society highlighted their expectations regarding a more visible role in the EITI process to be clarified and confirmed in the forthcoming communications strategy. However, in response to the draft of this report, MEITI's 'MEC Comments' of 12th May 2011 stated that, "The dissemination workshop and road shows realized focused specially on the civil society."

The 'Draft EITI Validation for Mozambique: Roadmap' document contains 31 targets, and comprises a timeframe from "September 1st- April 4th", although no year or budget is specified. The MSG/CC is indicated as having the assigned responsibility for 6 of these targets, while the majority are the responsibility of the MEITI Secretariat. MIREM and Consultants are responsible for the remaining targets. Three of the targets relate to carrying out workshops, which would contribute towards ensuring the multi-stakeholder nature of the EITI. One target specifically relates to the private sector (e.g. 'organise a technical workshop for the companies on reporting' with an indicated timeframe of between September 15th – 30th, while the other two are more general (e.g. 'ADB outreach workshop in mining area' to be held on 18 November; and, 'ADB-World Bank joint EITI workshop' to be held on 8th February).

On the basis of the written information made available to the Validator regarding the Work Plan(s), the lack of discussion about the Work Plan in MSG/CC meeting minutes, and stakeholder responses to questions about the Work Plan during the validation mission, it is not possible to ascertain the extent to which the multi-stakeholder nature of EITI has been ensured in the Work Plan.

Does the plan contain a timetable for validation?

The 'Draft EITI Validation for Mozambique: Roadmap' document, which was initially provided to the Validator as the Work Plan, is in fact a timetable for validation. The timetable laid out

for validation begins at the end of September and concludes with the submission of the final report to EITI International Secretariat by 4th April. This timetable for implementation document was produced in August 2010, includes an adjusted timeframe and supersedes the timetable for implementation included in the Work Plan. The Validator was shown a Procurement Plan that corresponds to each of the Roadmap items.

Does the plan elaborate on how government will pay for validation?

The February 2010 Work Plan includes a budget for certain items, amounting to a total budget of USD 1 million. There are no specific targets or indicators elaborating on how the government will pay for validation (although the Validator was informed that validation has been funded by the GoM). However, it does include two funding-related targets, e.g.:

- ‘Identify sources of funding for annual EITI activities’, which includes 2 actions:
 - Identify cooperation partners or donors to support EITI implementation
 - Ensure complementary funds from State budget are allocated to EITI.’

The timeframe indicated for this target is ‘annually, or whenever necessary’.

The Validator received a number of ‘reports on the EITI implementation process’ produced by MIREM. In the latest report dated 19th January 2011, it states that “EITI implementation has been allocated the following budget for 2011:

- Internal funds: approximately 2.400 mil MTC
- ADB: 5.300 mil
- World Bank: 5.300 mil”

Therefore the 2011 total budget for MEITI is 13 million Meticaïs (MZN) or USD 417,000.

In addition, according to the December 2010 report, under section 8, ‘Financing of the Initiative’, it mentions that approximately 170 thousand (USD 5000) MZN was allocated to MEITI by the Treasury, but because the money was not entered into the Integrated Financial Administration system (E-SISTAFE) by the Budget Directorate the funds could not be used by MEITI, but could be included in the 2011 budget.

In response to the draft of this report, MEITI’s ‘MEC Comments’ of 12th May 2011 state that,

“The activities funded by Government budget are defined and approved annually. The reporting on execution is made regularly and targets achievements reported at CC. For example, last year the CC targeted the acquisition of vehicle for the Secretariat which target was done; the amount to pay the validation fees is registered in the 2011 budget and is been used to pay their invoices.

In relation to the 'developing and approving the Work Plan and annual programme of activities with budget' activity the time frame is annually, i.e., the design of annual programmes cannot take more than a year. However, if the need for a revision arises the MSG can undertake a revision within a period shorter than a year. This gives some flexibility to the MSG to undertake some corrective actions in this learning process.

Under the donor's funds, in 2010 an implementation plan was approved lining out the critical activities under the Work Plan which require special attention for the compliance with the Country validation process. Those activities are targeted in terms of dates and results, including the amounts allocated. At all MSG meeting that implementation plan is followed and evaluated. Regular meetings are held to evaluate the budget execution and achievements on

the agreed targets. For example presently a mission of the World is currently in Maputo to evaluate the implementation plan and budget allocated and secure and discuss the funding for the upcoming EITI activities.”

4.2. Stakeholder views

During the Validator’s first meeting with the Coordinating Committee, it was confirmed by all members present that the Work Plan (February 2010 version) had been agreed by consensus. Some MSG/CC members agreed that it is regularly referred to and progress against targets is discussed during MSG/CC meetings. In a separate meeting, the Executive Secretary informed the Validator that before every MSG/CC meeting members are emailed progress against Work Plan targets which are then discussed during MSG/CC meetings. The Validator did not however receive any documented evidence to support this.

During an individual meeting with a private sector MSG/CC representative, in response to a question about how often the Work Plan is discussed or referred to during MSG/CC meetings, he stated that during the earlier MSG/CC meetings it had been the Vice Minister who had explained to MSG/CC members what the plans for the elaboration of MEITI should be.⁷ When asked for clarification regarding the status of the current Work Plan and whether the Roadmap document was the most recently agreed version within the MSG/CC or not, the private sector representative stated that there was no Work Plan as such; instead plans are agreed verbally within the MSG/CC.

During the Validator’s final presentation meeting to the MSG/CC, not all members present appeared to know, understand or recognise the two key Work Plan documents (February 2010 version and Roadmap) or what the difference between them was. At the end of this same meeting it was agreed by all present that a comprehensive, integrated single Work Plan document would be beneficial, and should be developed.⁸

4.3. Validator's judgement

The indicator has not been met.

The latest version of the Work Plan, despite having been amended slightly after the validation mission, remains fairly weak and could be more comprehensive. This latest version was uploaded and made publicly available on MEITI’s recently launched (February 2011) website at some point after 14th March 2011. The Validator did not receive evidence to confirm that all members of the MSG/CC had approved and agreed this version.

To address the current weaknesses in the Work Plan, the Validator recommends that a new, comprehensive and well-structured Work Plan is developed post the Validation exercise which will form the basis of MSG/CC work and discussions.

Essentially, this document can be viewed as the MEITI strategy and action plan, and can contain some longer-term objectives in addition to shorter-term actions or targets. Targets should be S.M.A.R.T (specific, measurable, achievable, realistic and timebound) and should be discussed and agreed by all MSG/CC members.

⁷ During the second review meeting with the MSG/CC on the 21st March, all members present strongly contested this view.

⁸ Again during the second review meeting with the MSG/CC on the 21st March, members rejected the view that the difference between the Work Plan and the Roadmap had been poorly understood. The consensus was that the MSG/CC minutes had done a poor job at recording discussions on the Work Plan.

To ensure the multi-stakeholder nature of EITI has been ensured in the Work Plan, targets that relate to capacity-building of specific stakeholder groups e.g. civil society, or that specifically address the role of civil society in the EITI process, could be considered. In addition, responsibility for meeting particular targets could be assigned to each of the stakeholder groups, i.e. civil society, companies and government, which would also ensure the multi-stakeholder nature of EITI in the Work Plan.

The Work Plan should be referred to during every MSG/CC meeting, and progress against targets assessed by all members. Minutes of MSG/CC meetings should include details about discussions and agreements relating to the Work Plan and progress against targets.

The Validator recommends that a MSG/CC or National Secretariat individual is appointed overall responsibility for overseeing the Work Plan and for monitoring and evaluating progress against targets. A written quarterly review of progress against targets is recommended, which should be approved by the MSG/CC and published on the MEITI website, along with the most up-to-date version of the Work Plan.

The Work Plan should be distributed and made as widely available as possible, using mass media appropriate to Mozambique (such as radio). Civil society should play a role in this. Civil society MSG/CC members could use their leverage as information 'hubs' and disseminate the Work Plan and other EITI-related information out through their networks to reach a broader base of society.

PREPARATION

5. HAS THE GOVERNMENT ESTABLISHED A MULTI-STAKEHOLDER GROUP TO OVERSEE EITI IMPLEMENTATION?

5.1. Evidence

On 8th March 2009 the dispatch from Dr. Abdul Razak Noormahomed from the Minister's Office of MIREM (mentioned in the indicators above) was published, formally establishing the EITI Coordinating Committee in Mozambique. The dispatch lists the thirteen initial members of the MSG/CC as:

Government

Abdul Razak Noormahomed - Chair
Benjamin Chilenge – Ministry of Mineral Resources (MIREM)
Isabel Sumar – Ministry of Finance
Fausto Mafambisse – Ministry of Planning and Development
Paula Panguene – Ministry of Environment (MICOA)

Private Sector

Francisco Vieira – Artumas/AMOPI
Paulino Gomes – Statoil/AMOPI
Gareth Clifton - Kenmare
Amade Mabasso - Vale

Civil Society

Carlos Castel-Branco - IESE
Thomas Selemane - CIP
Daud Jamal - UEM
Angelo Chipanga – SNJ

In the most recent list of Coordinating Committee members, Carlos Castel-Branco of IESE has been replaced by Rogerio Ossemane. Mr Castel-Branco delegated his role to Mr Ossemane because he was too busy to attend meetings. The meetings are chaired by Dr. Abdul Razak Noormahomed whenever available. Mr Benjamin Chilenge chairs the meetings in Dr. Abdul Razak's absence. Prior to Mr Chilenge, Mr Antonio Manhica was the National Coordinator of MEITI.

Is the MSG comprised of appropriate stakeholders?

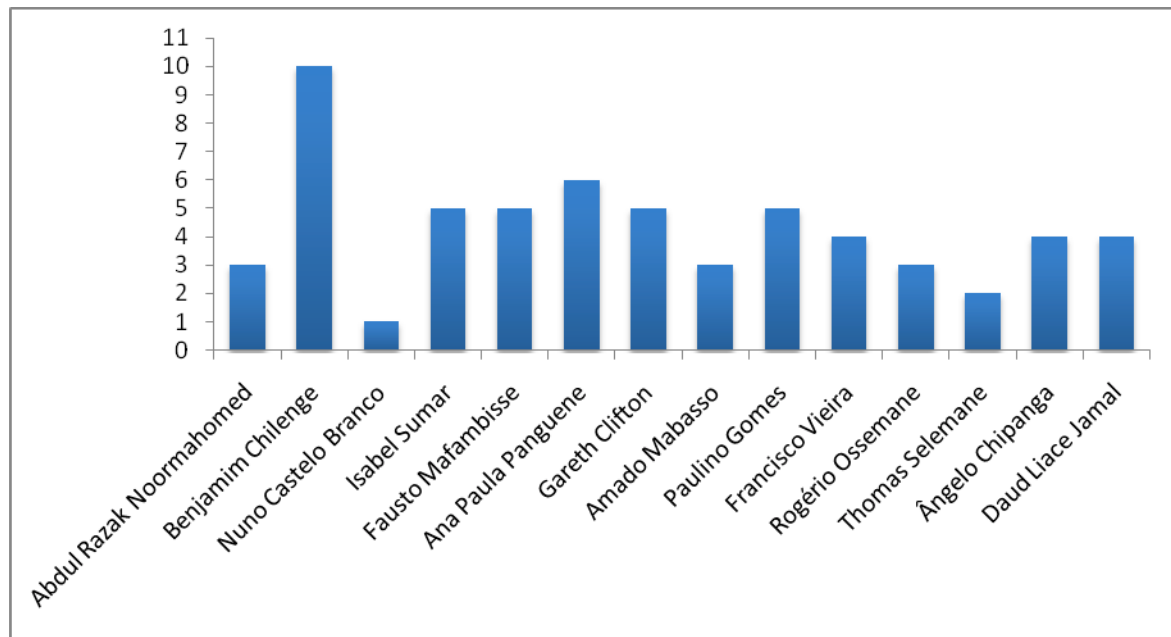
The civil society members of the committee were selected through an open process from among the "G20" coalition. This is a civil society coalition/platform that pre-exists the implementation of EITI in Mozambique.

Meanwhile, private sector participation in the Coordinating Committee on the oil and gas side at least in its current form comes from the oil and gas business association Associação Moçambicana de Operadores Petrolíferos Internacionais (AMOPI), which was set up by the hydrocarbon regulator INP. It is not clear to the Validator whether Artumas is still a player in the sector in Mozambique, having sold its interest in one field to Anadarko. However, Francisco Vieira is a respected private sector extractives expert and continues to be on the MSG/CC.

In terms of mining sector participation, the Validator understands that selection of Vale came via the Coal Producers Association. Meanwhile, Kenmare was proposed and agreed as the second mining company participant, on the basis of already being a significant player in the extractive sector. This is to say, Kenmare was not selected by an association, but because it is an already established extractive company in operation/production phase during the period of the first reconciliation exercise.

In terms of government participation in the MSG/CC, the Validator understands that the President of Mozambique delegated selection and decision-making to the Minister of Mines. The Validator understands that it was the Minister who then called the Ministry of Finance, Planning and Development and MICOA to participate. However, the Validator has not seen any evidence of this chain of decisions.

Analysis of Coordination Committee meeting attendance:



The data visualised in the chart above is based on data given to the Validator by the MEITI Secretariat during the first mission to Mozambique.⁹

It should be noted that participation from civil society is slightly lower (in terms of number of meetings attended) than either government or the private sector (even when Nuno Castelo Branco is excluded from this calculation). If we exclude the Chair of the Coordinating Committee (and therefore summarise on the basis of four members from each group), the disaggregated total meeting attendance is as follows:

Government: 26

Private Sector: 17

Civil Society: 13

During the meeting on the 1st April 2010, the Coordinating Committee discussed possible payment for attendance. The Validator understands that this issue has still to be resolved. During the final MSG/CC validation review meeting on the 21st March, one member of the committee noted that there had been more than eleven meetings of the MSG/CC. However, the Validator pointed out that only minutes for eleven meetings have been made available. Again, another member of the MSG/CC pointed out that in two cases, two individuals in the chart above represent one organisation (Francisco Vieira and Paulino Gomes representing AMOPI, and Nuno Castel Branco and Rogerio Ossemame representing IESE).

Analysis of MSG Terms of Reference

The MSG/CC has a Terms of Reference (TOR). The TOR was discussed and approved during a World Bank-supported workshop on the 23rd October, 2008 and subsequently presented to the Council of Ministers. The TOR has eight sections:

1. General Provisions
2. Organisation of the Coordinating Committee

⁹ On the 1st April 2011 (the agreed deadline for submitting the MEITI Validation report to the EITI International Secretariat), the Validator was sent a second spreadsheet, which included attendance by the MSG/CC at the four workshops, as well as more recent MSG/CC meetings. In the interests of completing this report on time, the Validator used the initial evidence submitted by the MSG/CC. It gives a fair representation of meeting attendance.

3. Duties of the Coordinating Committee
4. Duties of the Secretariat
5. Constitution
6. Terms of Office
7. Decision-making
8. Frequency of meetings

The TOR does *not* state explicitly how members are selected, nor does it include rules for delegated attendance of meetings, nor does it include rules for participation/observation by other stakeholders, nor does it provide any guidelines on a code of conduct, nor finally does it define conflict of interest or provide guidance on this.

5.2. Stakeholder views

Stakeholders agree that the current MSG/CC has the appropriate set of stakeholders and feel adequately represented.

However, some stakeholders in civil society questioned whether the G20 coalition is now fully independent of government, given that the new Chair is perceived in some quarters to be a government appointee and that the G20 has now been co-opted. However, other members of the MSG/CC disputed this. Some stakeholders felt that the selection of private sector participants from the mining sector needs to be reviewed, given that selection is not on the basis of a general mining sector business association.

5.3. Validator's judgement

The indicator has been met.

The MSG/CC is an effective governance framework for EITI implementation in Mozambique and is composed of members with sufficient experience and authority to carry out their duties.

However, there are several weak points in the current TOR which need to be addressed. Firstly, the selection process of members from all three stakeholder groups in the TOR is not clearly and explicitly stated. Again, the rules by which members might delegate participation (and decision-making) have not been made clear. A definition of conflict of interest also needs to be included in the TOR, and guidance on how to address potential issues (a broader Code of Conduct may be considered as part of the TOR). For example, the Validator discovered, during the mission, that a member of the MSG/CC that represents government is also the Chair of an extractive sector company. Whether dual-role represents a conflict of interest or not should be determined by the new TOR. Finally, the rules for the participation of other stakeholders/observers are not clear. Although the TOR was fit for purpose during the initial stages of EITI implementation, the Validator recommends that a new TOR for the Coordinating Committee is developed in light of the weaknesses in the current version identified above. The Validator recommends a new TOR is a condition of Validation.

The Validator also notes that some members of the MSG/CC are not regular attendees. Statistically, government participation is twice as good as civil society participation. It is recommended that civil society participation is reviewed to better reflect ability to attend meetings.

6. IS CIVIL SOCIETY ENGAGED IN THE PROCESS?

6.1. Evidence

Two of the civil society representative organisations, CIP (the Centre for Public Integrity) and IESE (Institute for Social and Economic Studies), were openly elected by the G20 to sit on the MSG/CC. The academic institution representative, Daud Jamal was elected by the Mozambique university association. It is not clear how the journalist, Angelo Chipanga came to sit on the MSG/CC. The Validator understands that Mr Chipanga in fact works for Radio Mozambique, which is entirely state-funded. The Validator did not receive any written evidence clarifying how the four civil society representatives were chosen.

Although there is a level of civil society engagement in the process, it is currently weak and uncoordinated. Civil society lacks any form of organisation, structure or governance (such as an MOU with MEITI) as a stakeholder group. Current outreach by civil society MSG/CC members beyond their own immediate members is very limited, if at all.

It is worth noting that CIP represents the Publish What You Pay (PWYP) coalition in Mozambique, and publishes a regular newsletter of its activities. In January 2010 CIP published a report assessing the implementation of MEITI, which is available to download from CIP's website. The report, which is only available in Portuguese, offers a comprehensive analysis of local context, issues and challenges.

Several activities are currently being implemented by civil society in collaboration of the MEITI Secretariat.

Based on attendance statistics for MSG/CC meeting attendance (see 5.3 above), the Validator notes that civil society represents the stakeholder group with the poorest level of attendance. In the minutes of the 10th June 2010 MSG/CC meeting it was noted by the Executive Secretary that there were some civil society representatives who were never present at meetings, and that the Committee should take action or put measures in place to address this. It was then suggested that the matter first be discussed among the civil society stakeholder group. The upshot of this civil society meeting was that Nuno Castel-Branco was replaced by Rogério Ossemame on the MSG/CC.

In the minutes of the 9th September 2010 meeting, a private sector representative stressed that the question of civil society participation and general involvement in both MSG/CC meetings as well as in the broader EITI process should be addressed. Again, there is no indication how this was taken forward or resolved. In the minutes of the 16th September meeting, one of the civil society representatives noted that delays in communication activities were not only the fault of the National Secretariat, but also of civil society, which was not effectively playing its role in the process. In the minutes of the same meeting, it was agreed by the MSG/CC that the IESE representative who had been unable to attend MSG/CC meetings due to agenda issues and work commitments, would be formally replaced by one of his colleagues.

The Validator also notes that the lists of participants for the two EITI workshops held to date had a low relatively level of civil society representation. Nonetheless, some civil society representatives did attend the first two workshops (including civil society organisations not part of the MSG/CC) and the Validator expected that they would play a more active role at the Nampula EITI Report launch/dissemination workshop on 18th February 2011 and in the dissemination of the report after that. The list of attendees at the Nampula dissemination workshop that was made available to the Validator indicates that approximately 10% of

attendees (excluding journalists) were from civil society. The extent to which civil society has been involved in dissemination of the report since the workshop is not known.

However, the Validator was informed by the National Coordinator, and notes via information now available on the MEITI website, that dissemination events including a roadshow have been held, and summaries of the report were published in the major national newspapers, and discussed on the TV and in radio programmes.

In response to the draft of this report, MEITI's 'MEC Comments' of 12th May 2011 state that the communications strategy was approved by the MSG on 20th January 2011, that this strategy contains information and activities for civil society engagement, and that it is available to download from MEITI's website.

At the end of the validation mission the Validator was informed by the National Coordinator that there are also plans for a civil-society specific workshop in due course. As at 8th May 2011, no further information about these plans has been made publicly available. However, the Validator was informed by MEITI in April 2011 that the plans for this workshop have been finalised.

One week after the launch of the report in Nampula, CIP and IESE hosted a workshop to disseminate the report at the VIP Hotel in Maputo. Both CIP and IESE have published the final reconciliation report on their websites, including reviews and comments on the report. IESE also published an article on the reconciliation report, including comments and reviews in the newspaper O País.

6.2. Stakeholder views

The MSG/CC civil society representatives stated in the MSG/CC meeting held with the Validator that they are engaged in the process. However, in a separate meeting with the CIP, IESE and academic representative, they agreed that their current influence and ability to engage is limited. They are not well organised in terms of the sharing and dissemination of information to a broader public, but would like to be able to do so. They recognise the importance of civil society's role in public outreach, and are hoping that the upcoming MEITI communications strategy will strongly reflect this and will include a clear timetable, budget and programme of activities for civil society outreach.

There was some discussion among stakeholders regarding the leadership of the G20 umbrella group of civil society organisations. Stakeholders informed the Validator that many of the G20 member organisations are unhappy about the current G20 leader, Paulo Cuinica, who is connected to the government, and consequently feel their independence is impeded. As such, there is now an internal 'stalemate' within the G20 with many members feeling disempowered. They acknowledge that a resolution or change in leadership in the short-medium term is unlikely.¹⁰

It was also noted by stakeholders that the journalist from the SNJ (National Society of Journalists) who is part of the civil society stakeholder group on the MSG/CC, also works for

¹⁰ During the final Validation review meeting on 21st March, all but one member present stated that the G20 is a separate issue and not relevant to the discussion. It was pointed out that CIP and IESE participate in the MSG/CC because they are PWYP members, not on account of their membership of the G20.

the Mozambican national radio station: Radio Mozambique. This is the state-owned radio station.

The Validator met with a non MSG/CC member of civil society during the Validation mission, and was informed that civil society in Mozambique is generally weak and inactive, mostly due to being over-stretched and under-resourced. As such they do not have the time or capacity to engage effectively in issues of concern. He indicated that CIP and IESE as organisations are working together to harness the impact of their efforts by focusing on a single issue, that of extractive industry contracts. It is therefore possible that other EITI related issues may slip by unnoticed.

6.3. Validator's judgement

The indicator has not been met.

Civil society could become considerably more engaged in the EITI process, which would make a large contribution to the sustainable implementation of EITI in Mozambique. Civil society is currently restrained by poor capacity to engage comprehensively in the MEITI process.

The Validator recommends that the governance structure of civil society participation be formalised to strengthen its role as a key stakeholder group in the MSG/CC and to improve on outreach to a broader public. Formalisation might take place in a number of ways: devise explicit selection criteria to the MSG/CC; develop a civil society steering committee and develop an MOU between this steering committee and the MSG/CC. The MSG/CC may then also consider whether the G20 is the most appropriate platform from which future MSG/CC members are selected. The MSG could also agree on a process for ensuring that civil society representatives are fully independent.

Outreach to civil society stakeholders beyond Maputo could be improved. Such stakeholders should be identified and included in any EITI civil society strengthening activities.

The Validator welcomes the plans to hold a civil society capacity-building workshop and would expect this to be held as soon as possible and certainly by the end of 2011. Civil society representatives on the MSG/CC should play a key role in the preparation and planning of the workshop, the key themes of which should be agreed by the MSG/CC.

7. ARE COMPANIES ENGAGED IN THE PROCESS?

7.1. Evidence

Companies have been engaged in the MEITI process since its inception. The Coal Producers Association was engaged to suggest a representative for the MSG/CC. A Chamber of Mines has yet to be inaugurated in Mozambique, which means that an overarching formal engagement with MEITI from the mining sector is not yet possible. Meanwhile, as stated in Indicator 5 above, the government hydrocarbon sector regulator, INP helped to set up AMOPI, a business association for companies doing business in Mozambique.¹¹ The companies on the

¹¹ In their feedback on the 1st April 2011, the MSG/CC contested this view. However, the Validator was informed by a member of staff at the INP that INP did in fact support the setting up of AMOPI. The nature of this support – financial or otherwise – was not specified during the meeting.

MSG/CC, Vale, Kenmare, Statoil and Artumas, have a good attendance record at MSG/CC meetings. Meanwhile, the wider private sector engagement in the MEITI process has picked up rapidly.

Letters were sent from MEITI to companies requesting that they participate in the EITI reconciliation process (including completing templates, self-assessment declaration forms, collaborating with the reconciler etc.) However, only two of the companies reconciled have made public statements in support of MEITI, according to the company self-assessment forms. It is not clear to the Validator why only two companies have made public statements. The MSG/CC informed the Validator on May 12th 2011 that it intends to follow up with the companies who have yet to make public statements.

The second MEITI workshop in Beira in October 2010 focused on both introducing EITI to companies and also explaining the templates that would be used in the first reconciliation exercise. A variety of companies attended: Artumas, Statoil and Kenmare from the MSG/CC, but also ENI, DNO, Petronas and Highland and African Mining (HAMC) among others. In total, 11 out of 23 companies initially identified for reconciliation (see indicator 9 below) attended.

Of the companies that were reconciled in the first report, Sasol, HAMC, Kenmare, Statoil, Rio Tinto and Vale attended the Paris EITI conference in March 2011.

7.2. Stakeholder views

Extractive industry stakeholders that the Validator met were unanimously enthusiastic about MEITI. However, some were dissatisfied with communications from the Secretariat, reporting last minute notice for the Beira workshop, for example. They also noted that there was too little time to gather the information required for the templates and insufficient guidance on reporting requirements. Civil society and government stakeholders also agree that there is a commitment among extractive companies to MEITI.

7.3. Validator's judgement

The indicator has been met.

However, the Validator recognises that there is a capacity constraint within the MEITI Secretariat in terms of ability to effectively engage with companies. It is recommended that company liaison is included as a formal activity for a member of staff within the MEITI Secretariat.

8. DID THE GOVERNMENT REMOVE ANY OBSTACLES TO EITI IMPLEMENTATION?

8.1. Evidence

In Mozambique, companies are obliged to publish their annual reports from a given year in the immediately ensuing year. This information is mandatory by law. EITI is in its infancy in Mozambique, and is considered to be one of a range of actions implemented anyway by the government to generally increase levels of transparency. The GoM has therefore not specifically removed any obstacles to EITI implementation.

Publicly available and up-to-date copies of relevant mining, minerals and petroleum-related information were difficult to find. Copies of the Mining Law, Petroleum Law and associated Fiscal Regimes are available in Portuguese to download from MIREM's website and from the

National Directorate of Mines. It is not clear however whether these are the most current versions, and whether they are all complete or not. The Validator requested copies of all relevant legislation (in English) but only received a copy of the Mining Regulations (2002). This document stipulates conditions, procedures and payments for granting of licenses and concessions, but does not refer at any point to transparency. None of the other legislation or other such documents requested (e.g. Model Law, Fiscal Regimes) were given or made available to the Validator.

Other relevant legislation that is in place in Mozambique includes:

- Mining Law and Regulations (Law 14/2002 and Decree No. 28/2003)
- Petroleum Law and Regulations (Law 3/2001 and Decree No. 24/2004)
- Mining and petroleum law amendments (in progress 2010-2011)
- Model contract (2007)
- Fiscal regime – mining and petroleum (2007)
- Fiscal law amendments (2010)
- PPP/megaprojects legislation (2010)
- Tax incentives for mining and petroleum activities (Law 13/2007)
- Tax legislation and mining amendment and regulations (Law 11/2007 and Decree No. 5/2008)
- Petroleum Production Law and Tax regulation (June 2007 and Decree No. 4/2008)
- IFRS and new accounting standards (2010/in progress)

The Validator notes that a Freedom of Information Bill has been stuck in Parliament since 2005.

In response to the draft of this report, MEITI's 'MEC Comments' of 12th May 2011 state that,

"All legislation in Mozambique is published in the government official gazette (Boletim da Republica) which is available to the public. Further, copies of the Mining Law, Petroleum Law and associated Fiscal Regimes are available in Portuguese (Mozambique is a country which officially speaks Portuguese) to download from MIREM's website and from the National Directorate of Mines, from Petroleum National Institute (INP) website and now from MEITI website."

8.2. Stakeholder views

Some stakeholders referred to an institutional misalignment of EITI within government, and a 'visible conflict' was observed between two government departments at the Beira workshop when discussing EITI-related tax issues. MIREM and the Ministry of Finance are currently the two ministries that interact with EITI, and within each of these there are different departments that handle different aspects of EITI-related matters. There appears to be a disjuncture and general lack of coordination between these different government stakeholders.

The Executive Secretary informed the Validator that in the Maputo workshop held in May 2010, the MSG/CC and donors had agreed that there is no need to make company reporting mandatory for EITI, because in Mozambique all companies are already obliged to publish revenues and accounts as both a fiscal and corporate governance obligation. It is assumed and hoped that both government and companies will provide transparent information, since it is in their interest to do so.

In the Validator’s first meeting with the MSG/CC, the National Coordinator emphasised that there are ‘no obstacles’ to EITI implementation in Mozambique.

8.3. Validator's judgement

The indicator has not been met.

This indicator was the source of considerable debate during the Validator’s mission. The government is strongly of the opinion that there are no obstacles to EITI implementation. The Validator is sympathetic to this view, however, in line with the assessment tool for this indicator, the Validator reiterates the value of, and strongly recommends, the commissioning of an independent assessment of any potential obstacles, legal, institutional or otherwise to the implementation of EITI in Mozambique. It is only once such an assessment has been undertaken that the question of obstacles rises above the level of opinion, no matter how collective.

During the Validator’s final presentation to the MSG/CC this was suggested and briefly discussed, however, the National Coordinator re-emphasised that since there is agreement by the MSG that there are no obstacles to EITI implementation in Mozambique, there is no need to carry out such an assessment.

In addition, despite not being a core requirement of validation, it is recommended that copies of all relevant mining, minerals and petroleum legislation and a copy of the ‘model contract’ be posted on the MEITI website.¹²

The scope of this Indicator can be broadly interpreted, for example, obstacles could be legal, institutional or even administrative. The Validator notes that administrative obstacles may currently also exist, in terms of the National Secretariat’s capacity. For example, the quality of general administration (including record-keeping and minute-taking) as well as communication (internal and external, and dedicated company liaison as mentioned above) could be improved. Some of these may be easily addressed through a tailored capacity-building/training programme for the National Secretariat, while it is possible that some may already be being addressed, for example through the newly produced communications strategy.

9. HAVE REPORTING TEMPLATES BEEN AGREED?

9.1. Evidence

It was decided by the MSG/CC in a meeting held on the 19th May 2010 that the EITI templates should cover all companies in the mining and petroleum sector (including research and prospecting) - whether public or private that meet the criteria defined as conditions for the companies to be included in the reconciliation report. It was also decided that the relevant payment are related to licence fees, surface tax, royalties, profit tax and dividend and all other payments made by the companies to the government or as social fund should be mentioned in the report separately. The Validator understands the process by which companies were agreed to be reconciled was as follows:

1. The MEITI Executive Secretary visited the Ministry of Finance to obtain a list of all extractive companies registered in Mozambique in the “A Group”. The A Group refers to companies with

¹² <http://itie-mozambique.org/>

an organised accounting structure. Approximately 90 extractive companies were listed in this category.

2. The MEITI Executive Secretary then visited the Mining Cadastre Office at MIREM to obtain historical data on payments. In the Financial Year of 2008, 23 companies were listed as fee-paying entities.

3. The MEITI Executive Secretary visited the upstream petroleum regulator, INP, to obtain a list of registered oil and gas companies and details of their operations.

5. The MEITI Executive Secretary then made a presentation to the Mineral Resource Board (as part of MEITI's regular reporting requirements) to review the proposed reconciliation list of 23 companies. The Board recommended that the list of 23 companies submitted for reconciliation should be reviewed, as some are not yet in operation and are not making significant payments to government.

6. Finally, at a Coordinating Committee meeting on the 9th December, it was agreed the minimum threshold should be set at 1.5 million MZN (just under USD 50,000), resulting in the list of 23 being reduced to six companies. However, by this stage, the reconciliation process had already begun, and the 23 companies had, the Validator understands, already been sent a template to fill.

Two templates were then agreed for the two sectors – oil and gas and minerals – one for company payments and the second for government receipts, resulting in four templates in all.

The Validator notes that Mozambique's largest company (by revenue), Mozal, was not included as a potential candidate for MEITI reconciliation. Although not engaged directly in extraction in Mozambique, Mozal is an aluminium processing company in the extractive sector. The Validator also notes that CMG (Companhia Moçambicana de Gasoduto/Mozambique Gas Pipeline Company) was one of the 23 companies requested to complete templates for reconciliation. Like Mozal, CMG does not 'extract' per se, it is a gas pipeline company. It is therefore not clear to what extent the definition of 'extraction' has been discussed by the MSG/CC – this topic is not present in any of the minutes.

The TOR for the reconciler mention two companies, Moma Mineral Sands (owned by Kenmare Moma Mining (Mauritius) Ltd) and Riversdale, that should be covered by the reconciliation exercise but in fact did not appear in the draft final report. The six companies that were reconciled are: Vale, HAMC, Rio Tinto, Kenmare, CMH and Sasol. It should be noted that one company, Rio Tinto, did not meet the minimum threshold requirement of 1.5 million MZN, according to the reconciliation report. The Validator understands that in the first template received the amount registered was higher than the threshold, but after investigation it was found that the amount declared by Rio Tinto was incorrect and in fact below the threshold.

The TOR defines materiality (in section C.2) as "payments made with regards to mineral royalties, surface rents, dividends, taxation on profits and for mineral rights fees." There is no reference in the TOR to reconciling (or even mentioning) non-fiscal payments such as material contributions made by companies to government for social funds or for training. This contrasts with expectations from civil society. In the June 2010 edition of the Centre for Public Integrity's newsletter, the Validator finds the following paragraph:

"All companies in the sector are covered, including those doing investigation and prospecting, and both state and private companies are included. All payments and receipts are to be reported, including taxes, contract signing bonuses, contributions by companies to training and capacity building, community funds, and social responsibility payments."

This expectation for the inclusion of non-fiscal payments in the reconciliation report was echoed in the minutes to the December 2010 MSG/CC meeting (which the appointed reconcilers attended) where it is stated,

“d) Inclusion of social payments to communities: These types of payments are not always captured by government agencies, making it difficult to reconciliation, only to appear in the records of individual companies. And payments to social communities, made cash and in kind, will be included in the EITI report only informative”. It is therefore not clear to the Validator why a full disaggregated list of social payments by the six companies was not included, if we assume that the appointed reconciler agreed in full to what was discussed in the December MSG meeting. If social payments had been included, more companies would have met the minimum threshold requirement and should have been included in the report.

The Validator notes that neither the TOR for the reconciler, nor the first MEITI report define, in percentage terms, the margin of significance for discrepancies – that is to say, the minimum discrepancy percentage above which the MSG/CC is obliged to investigate. However, in the MSG/CC meeting of the 20th January, 2011, it was agreed that a discrepancy threshold of 5% would be deemed significant.

9.2. Stakeholder views

Stakeholders are in agreement that materiality was substantially discussed in MSG meetings and agreed. No discussion of Mozal’s inclusion in the first reconciliation report took place prior to the publication of the report, although individual stakeholders noted that the company should be considered for future reports.

As noted above, it was civil society’s expectation that non-fiscal payments, such as contributions to social and training funds, should at least be stated for information purposes (i.e. included but not reconciled).

For further stakeholder views on the materiality of payments, see *Indicator 14*.

9.3. Validator’s judgement

The indicator has been met.

However, the Validator notes that the process by which the minimum materiality threshold of USD 50,000 was discussed and agreed by the CC/MSG could have been more explicitly stated in the available evidence – the minutes to their meetings. For instance, of the remaining 17 companies who were ultimately not selected to be reconciled, it is not clear whether in combined form, the minimum threshold would have been crossed. Further investigation of these companies could have been undertaken to ensure that the USD 50,000 threshold was appropriate.¹³

The Validator therefore recommends that materiality is discussed and agreed in-depth in advance of the next reconciliation exercise. This will include agreement on reconciling non-fiscal payments and companies not engaged in direct extraction that nonetheless operate in the sector (such as Mozal and CMG). The Validator should also review and determine which government entities should participate in the reporting process.

The Validator recommends that more companies are included in the next reconciliation report. This is likely in any case as more companies in the mining and oil and gas sectors are moving closer towards production. The Validator also recommends that other sectors are included in future reports (although this recommendation is not a condition for EITI compliance).

¹³ In a note to the Validator on May 12th 2011, the MEITI Secretariat confirmed that the combined payments from the remaining 17 companies exceeds the minimum materiality threshold. The MEITI Secretariat also confirmed that full inclusion of social payments would have meant more companies should have been reconciled.

Again, the Validator recommends that the next reconciliation report defines a discrepancy threshold, above which reconciliation discrepancies have to be investigated and resolved.

The Validator also recommends that payments in-kind (such as using natural gas as a form of royalty payment, for example) should also be reconciled.

10. IS THE MULTI STAKEHOLDER COMMITTEE CONTENT WITH THE ORGANISATION APPOINTED TO RECONCILE FIGURES?

10.1. Evidence

A sub-committee of the MSG/CC (including government, civil society and private sector representatives) was set up to appoint the reconciler. The sub-committee was responsible for the international tender process (including drafting the TOR) and for assessing the proposals that were received. The extent to which all members of the MSG fully understood and approved the TOR for the reconciler is not known. Of the four companies who responded, the sub-committee selected Boas & Associates, based in Ghana, on the basis of the assessment criteria as stated in the international tender and also using a weighting system (technical 70%, financial 30%) to assess the highest score.

At the MSG/CC meeting of 9th December 2010 there was unanimous approval of Boas & Associates as the organisation selected to reconcile the figures.

The minutes of the MSG/CC meeting of 29th October 2010 state that a private sector and government representative were elected, in addition to the Executive Secretary, to negotiate the contract with the winning bidder. Initially the contract was valued at USD 264,750, but finally the amount that was agreed was USD 180,000 on 15th November. The contract was fully funded by the African Development Bank (ADB).

10.2. Stakeholder views

All members of the MSG/CC that were present during the meeting with the Validator, unanimously confirmed that they were content with appointment of Boas & Associates as the reconciler.

10.3. Validator's judgement

The indicator has been met.

The Validator recommends that the TOR for the reconciler be clarified for future reports, to include guidance on cash versus accrual accounting methods, differing financial year calculations and exchange rate rules. In addition, all members of the MSG/CC should clearly agree on whether non-fiscal payments should be included in the revised TOR.

The MEITI Secretariat may also wish to consider additional workshops for the companies in order to clarify these rules. An alternative to a workshop would of course be written guidance that reaches the members of staff who will be completing them.

11. HAS THE GOVERNMENT ENSURED ALL COMPANIES WILL REPORT?

11.1. Evidence

MEITI organised a workshop in Beira in October 2010, with the specific objective of ensuring companies understood the reporting templates.

As noted in Indicator 8 above, the GoM has not introduced or amended legislation or regulations in the wake of EITI implementation, because the feeling is that there are no obstacles to reporting, given the current legal/regulatory framework. That said, contracts in the extractive sector remain private documents between government and companies. It is therefore not clear to external observers what types of information remain secret within the contracts. One private sector stakeholder showed the Validator a copy of his contract, which included a clause which appears to override the Mining Law.

Despite repeated requests, the Validator did not receive copies of the mining and petroleum laws in English (although several stakeholders attested to their existence in translation). It was not therefore possible for the Validator to make an assessment of existing company reporting obligations and consider to what degree they are in line with EITI criteria. The mining law, petroleum law and associated fiscal regimes are however available from MIREM and MEITI's websites, as well as from the National Directorate of Mines and from the National Petroleum Institute.

11.2. Stakeholder views

Stakeholders agree that the extractive companies in Mozambique are obliged to report regularly to government. However, they also agree that extractive sector contracts are private documents. Government stakeholders pointed out that a model contract for mining companies has been developed, and that royalty rates are publicly available figures (presumably they are included in the Mining Law, which the Validator was not given access to in English or Portuguese).

11.3. Validator's judgement

The indicator has been met.

12. HAS THE GOVERNMENT ENSURED THAT COMPANY REPORTS ARE BASED ON AUDITED ACCOUNTS TO INTERNATIONAL STANDARDS?

12.1. Evidence

As noted at *Indicator 9* above, the scope of the first reconciliation was agreed by the MSG/CC based on the following criteria:

- Companies must have audited accounts to international standards
- Companies core business must be the extraction (including exploration and feasibility phases) of minerals and hydrocarbons
- Companies must meet a revenue threshold of at least 1.5 million MZN per annum.

As such, one of the criteria agreed by the MSG/CC for companies to be included in the first 2008 EITI report was that company data should be based on audited accounts to international

standards. Companies that did not meet this criterion were excluded from the reconciliation process.

Vice Minister Dr. Abdul Razak Noormahomed sent a letter to 23 companies requesting their participation in the reconciliation process. The Validator was given access to two sample letters written to companies both written on 1st November 2010. The letter requests that the templates companies complete should be based on accounts audited to international standards. The letter also requests that the self-assessment forms are signed by an independent auditor and confirms that the data submitted in the templates is taken from accounts audited independently to international standards.

As *Indicator 9* outlines above, only 6 of the original 23 companies that were asked to participate in the reconciliation (and that had provided data to the reconciler) were chosen.

In the draft 2008 EITI reconciliation report (point 3.8) the reconciler states that “companies that participated in the reconciliation process have had their financial statements audited by external auditors.”

Five of the six reporting companies (Vale Mozambique, Rio Tinto, HAMC, Kenmare, and Sasol) were multinational companies whose accounts were in any case audited to international standards.¹⁴

The GoM Decree 32/90 requires all companies with foreign capital that operate in Mozambique to submit balance sheets and annual results that are certified by an independent professional auditor and are based on the international standards.

However, there is no evidence showing that the figures in the company’s completed MEITI template are the same as in the audited financial statements. This is because companies use accrual-based accounting and reporting, whereas the reconciliation process is based on cash-based accounting (and therefore only payments actually made by companies and received by government between January and December 2008 were reconciled). Direct mapping of figures from financial statements to the MEITI template is not therefore possible. On page 42 ‘Conclusions’ of the MEITI Report the reconciler states: “All the necessary supporting data for figures on the templates could not be obtained.”

The Validator notes that Mozambique has had a national accounting standard in place for all companies until 2010. Since then a new IFRS standard has been implemented with which all companies must comply.

12.2. Stakeholder views

All stakeholders consulted about the issue agreed that the companies included in the 2008 reconciliation report submitted reports to international standards. Specifically, the Validator asked the appointed reconciler, Boas & Associates, whether it had checked, in each case, that the figures in the templates were the same as those in the audited financial statements. The reconciler’s response was, “This is the question on checking if figures in the financial statements were the same as on the templates. The EITI reconciliation is based on cash accounting, whilst the financial statements are based on accruals. You would not expect to get the same figures. The financial statements were examined. Apart from ensuring that the companies accounts have been audited and an auditors statement on the propriety of figures provided, we went further in requesting for supporting documentation, including dates, cheque numbers and receipts.”

¹⁴ HAMC accounts for 2008 period were not certified by international auditors due to a change in auditor (to Deloitte Mozambique Limitada in 2009).

12.3. Validator's judgement

The indicator has been met.

However, the Validator notes that the requirement that only companies with accounts audited to international standards effectively puts the cart before the horse. All companies that meet the minimum payment threshold and are in production (i.e., meet the minimum materiality requirements) should be reconciled. However, the MEITI Secretariat confirmed in a subsequent note to the Validator (sent on the 12th May, 2011) that none of the large companies who did meet the materiality threshold were excluded from reconciliation on the basis of not having accounts audited to international standards.

The Validator is not aware of the extent to which the MSG/CC may have plans to ensure that the company data for future reports are more clearly based on cash-based accounting (as opposed to accrual-based) of data.

13. HAS THE GOVERNMENT ENSURED THAT GOVERNMENT REPORTS ARE BASED ON AUDITED ACCOUNTS TO INTERNATIONAL STANDARDS?

13.1. Evidence

All government agencies in Mozambique are audited by the Mozambique National Auditors Office each year. This office is guided by the Basic Plan of Public Accounting, in accord with the Sistafe Law (Law 9/2002). Article 65 of the Sistafe Law states, "Internal control is governed by the principles of independence and exemption and also by the standard rules of international accounting." Government agencies are also audited by an independent audit agency, (Tribunal Administrativo) which follows INTOSAI (Organização Internacional de Tribunais de Contas) rules. Because of Mozambique's location in the Southern Africa Region, AFROSAI-I rules are also applicable. The government reports are then submitted to the National Assembly.

Moreover, considerable efforts have been made by the GoM in recent years to improve the quality of public financial management. The greatest impact of this work has been in terms of improvements in the areas of direct budget execution, increasing transparency, improving information on public spending and reducing the risk of funds misappropriation. Examples to be noted here are:

- the Integrated System of Financial Administration (E-SISTAFE) in use since 2007
- the Internal System Collection of Revenue (SICR) of the Tax Authority in place and applied up to Fiscal District level since 2006 - which enables tax payments to be made in any Revenue Office depending on company HQ location and then consolidated in the Tax Authority head office
- the new Chart of Accounts introduced by the Decree 36/2006 with the aim of accommodating the various changes and reforms economic that have occurred in Mozambique in recent years, allied to processes of internationalisation of economic activities;
- the approval of an Accounting System for the Business Sector in Mozambique, through decree No. 70/2009, mandating the implementation of a new General Accounting Plan on the basis of IFRS international accounting standards, adopted from 1st January 2010 by all large companies registered in Mozambique and, likewise, from January 2011 by medium-sized enterprises.

13.2. Stakeholder views

Stakeholders recognised that government reports are to international standards and agree that the government information management systems have improved significantly in the past few years.

13.3. Validator's judgement

The indicator has been met.

DISCLOSURE

14. WERE ALL MATERIAL OIL, GAS AND MINING PAYMENTS BY COMPANIES TO GOVERNMENT (“PAYMENTS”) DISCLOSED TO THE ORGANISATION CONTRACTED TO RECONCILE FIGURES AND PRODUCE THE EITI REPORT?

14.1. Evidence

All six assessed companies disclosed the five main forms of company payment agreed by the MSG/CC to government (licence fees, surface tax, royalties, profit tax, dividends). As shown at *Indicator 9* above, the MSG/CC had not agreed to reconcile material payments in-kind, however, the reconciliation report did note that apart from a royalty payment in cash, Sasol had also paid royalties in-kind (2,528,854GJ of natural gas in 2008). Payments by companies for non-fiscal purposes (e.g. local social development payments at sub-national level) were not fully disclosed in the final report. However, section 7.0 ‘Other Payments’ on page 37 of the report provides a very brief summary of other payments which did not form part of the reconciliation process, including:

- Withholding taxes
- IPRS (PAYE)
- VAT
- Social Security
- Others.

14.2. Stakeholder views

Civil society stakeholders expressed some concern that the agreement for social contributions to be included in the reconciler’s report ‘for information purposes’ appears to have been ignored. The association of oil companies (who had agreed in May 2010 that it would like oil company social contributions to be included in the definition of materiality), as well as civil society had highlighted the importance of these payments (constituting millions of USD per annum) during MSG/CC meetings.

14.3. Validator's judgement

The indicator has been met.

However, the Validator recommends that both in-kind royalty payments and non-fiscal payments are considered more fully (i.e. reconciled) in future reconciliation reports.

15. WERE ALL MATERIAL OIL, GAS AND MINING REVENUES RECEIVED BY THE GOVERNMENT (“REVENUES”) DISCLOSED TO THE ORGANISATION CONTRACTED TO RECONCILE FIGURES AND PRODUCE THE EITI REPORT?

15.1. Evidence

There is no any evidence of the completeness of the information received from the government agencies. For example, in the first MEITI reconciliation report, concession fees were not recorded in the government receipts and no completed template was received from the entity responsible for collecting this fee (MIREM). The reconciliation report (on page 20) mistakenly identifies the Ministry of Finance as the collecting ministry for concession fees. Concession fees are collected in MIREM in different locations. The Validator did not see any mechanism to consolidate this information in order to enable reconciliation with the data submitted by companies.¹⁵

In the reconciliation report, the reconciler notes, on page 40, that “the Directorate of Mines and the Revenue Authorities do not collaborate regarding the transfer of concessions... there is no systematic provision of information on change in the ownership of concessions to the Revenue Authority.”

Again, while three companies disclosed profit tax payments to government, none of these payments are captured in government receipts (amounting to a total discrepancy of over 72 million MZN).

However, a letter from the Mozambique Revenue Authority, GAB-DGI/2011, dated February 2011, begins to clarify the origin of the discrepancies. This is referred to in more detail in 17.1 below. The gist of the note is some companies made errors in completing their templates and that discrepancies are therefore a result of company rather than government error.

15.2. Stakeholder views

Civil society, company and government stakeholders agree that there is a significant issue with the collation of data between MIREM and the Revenue Authority/Ministry of Finance. Stakeholders suggest that MIREM in its current state of record keeping is not able to provide disaggregated reporting on licence payments.

15.3. Validator's judgement

This indicator has not been met.

¹⁵ In their feedback on 1st April, the MSG/CC notes “Concession fees are not collect in MIREM, the templates are obtained and filled with the MIREM supervision but the payment is been made in the Ministry of Finance.”

The Validator recommends that the GoM hires an independent consultant to review information processes and rules between MIREM and the Revenue Authority and provide recommendations that will ensure information exchange that meets EITI criteria and will ensure all material payments are effectively captured in the next reconciliation report. The consultant should also determine whether there are other government entities (at both national and local level) that receive payments that should be included in future reconciliation reports.

16. WAS THE MULTI STAKEHOLDER GROUP CONTENT THAT THE ORGANISATION CONTRACTED TO RECONCILE THE COMPANY AND GOVERNMENT FIGURES DID SO SATISFACTORILY?

16.1. Evidence

During the validation mission, the Validator asked this question to different members of the MSG/CC with varying responses. See 'Stakeholder views' below.

The final version of the reconciliation report was agreed after the validation mission, at around the time of the 18th February 2011 report launch/workshop in Nampula. The MSG/CC then formally approved the reconciliation report on March 10th. The report has also been received by the Council of Ministers.

16.2. Stakeholder views

Several MSG/CC members stated that Boas complied with its TOR, and as such had done what it had been asked to do. However, other MSG/CC members stated that Boas' work was not fully satisfactory. Reasons cited included:

- In a meeting with the MSG/CC in December 2010 Boas had agreed to include company social payments in the report for information purposes only, but the draft report does not include a breakdown of this information (this was however not a requirement of the reconciler's TOR)
- The quality of the work did not appear to be of a good standard in terms of communication and feedback with key MSG/CC stakeholders at critical junctures in the draft report production process
- The draft report is not comprehensive and lacks sufficient explanations and information, for instance in terms of methodology, explanations regarding social and other payments etc.

16.3. Validator's judgement

The indicator has been met.

The Validator received differing opinions from MSG/CC members during the validation mission regarding the extent to which they thought the reconciler had carried out his job satisfactorily. However, after the validation mission and during the period of the writing of this report, the launch and dissemination workshop was held in Nampula, followed by the formal approval of the reconciler's report by the MSG/CC. As such, the Validator is obliged to judge this indicator as met.

However, the Validator recommends that the MSG/CC agrees on a system to ensure that stakeholder concerns, e.g. inclusion or not of non-fiscal payments in the reconciliation, are effectively taken into account in the next reporting cycle.

17. DID THE EITI REPORT IDENTIFY DISCREPANCIES AND MAKE RECOMMENDATIONS FOR ACTIONS TO BE TAKEN?

17.1. Evidence

The first MEITI report identified a discrepancy of over 50% due to a number of missing government receipts (for licence fees, surface tax, royalties and profit tax). The total amount of relevant payments made by extractive companies in the year 2008 amounted to 203,975,224.00 MZN and the total government receipts amounted to 92,299,668.00 MZN which indicates a discrepancy of 111,675,556 MZN. The key recommended action in this regard in the MEITI report is for the MSG/CC to investigate the discrepancy and ensure there is better coordination between MIREM and the Ministry of Finance/Revenue Authority. The reconciler also made various other specific recommendations which can be mentioned in brief here - on price evaluation, quality control of minerals (specifically in the case of coal and mineral sands), on benchmarking industry costs, on transparency regarding the capitalisation of pre-production costs, on collaboration between MIREM and the Revenue Authority on the transfer of concessions and including capital gains tax as a requisite payment on concession transfer and finally in terms of better quality data capture.

In terms of the 50%+ discrepancy, on February 8th 2011, a meeting took place between members of the MSG/CC and the General Directorate of Taxes (GDI). The result of that meeting was a note (GAB-DGI/2011) from the Ministry of Finance Revenue Authority to the MSG/CC (addressed to the National Coordinator). This note was made available to the Validator. The GDI note explains that three of the companies recorded payments incorrectly (based on the operating year, rather than the date of effective payment). Other discrepancies are again accounted for in terms of a misunderstanding of terms in the case of two companies (a “special payment on account” being confused with “profit tax”) and payments recorded for the wrong year (CMH’s recorded payment of profit tax corresponds to 2009, not 2008). Other detailed discrepancy issues are also referred to in the note. The note concludes by making two overarching recommendations: that before the appointed reconciler prepares the final report, there should be an internal (intra-governmental) harmonisation exercise, and that there should be a quarterly reporting/reconciliation exercise between the companies and the GDI.

On March 10th, 2011, the MSG/CC published an addendum to the first reconciliation report, which was also sent to the EITI International Secretariat. This review reduced the 111,675,556.00 MZN discrepancy indicated in the draft reconciliation report to 4,544,778.00 MZN. This effectively reduced the discrepancy from over 50% to 3%.

17.2. Stakeholder Views

Stakeholders agreed that in terms of identifying discrepancies and suggesting remedial actions, the MEITI report did a good job. There was insufficient time to assess company representatives’ views and responses to the GDI note, however, at the time of the final version of this report, the MEITI Secretariat is in the process of following up on this.

17.3. Validator's judgement

The indicator has been met.

The Validator notes that a significant proportion of the initial discrepancies were, according to the GDI note, a result of misunderstandings on the part of the companies on how to complete the reporting templates. The MSG/CC should therefore heed the comments in the GDI note to ensure that companies have sufficient understanding of how to complete the reporting templates in good time before the next reconciliation exercise.

The MSG/CC addendum to the Reconciliation Report from March 10th 2011 reduces the 50%+ discrepancy of the draft report to 3% of overall payments. The MSG/CC review relied on the analysis of the GDI note in order to calculate this reduction. During the writing of the final version of this report, the Validator was informed by the MSG/CC that there are plans to commission an independent review by a 3rd party auditor to assess the reconciliation process.

However, the onus is now on the GoM to ensure there is much stronger cooperation and information sharing between the key stakeholder government agencies. This includes implementing a quarterly reporting framework for companies, as recommended by the GDI note.

HOW HAVE OIL, GAS AND MINING COMPANIES SUPPORTED EITI IMPLEMENTATION?

17.4. Evidence

Companies have engaged with MEITI through their respective industry/trade bodies/regulatory agencies e.g. Instituto Nacional de Petroleo (INP) for the petroleum industry. When invited, and if invited with sufficient time, companies have also attended MEITI workshops, seminars and meetings.

Many of the 23 companies who were requested to participate in the reconciliation submitted data and completed self-assessment declaration forms, which had been sent to them as part of the reconciliation request. The Validator does not know if *all* of the 23 companies responded or not. However, the Validator met with a few of the 23 (who were not included in the final reconciliation) who showed the Validator copies of their responses and completed self-assessment declaration forms.

All of the 6 companies included in the final reconciliation completed self-assessment declaration forms. Of these, only two however have made public declarations of their support for EITI implementation in Mozambique. Six companies – Vale, Kenmare, Sasol, Rio Tinto, Statoil and HAMC attended the Paris EITI conference in March 2011.

17.5. Stakeholder Views

The Validator met with a few of the 23 companies initially contacted for the reconciliation process that were then not included in the final report, but who demonstrated a substantial level of enthusiasm for EITI, and who would like to be more involved and engaged. Two of the companies that the Validator met with expressed surprise that they had not been included in the final report, and that MEITI had not communicated this decision to them.

Some companies consulted stated that they had only been invited to the 'company reporting workshop' held in Beira in October 2010 with three days notice. It is not known how many companies were invited with the same notice period, and what impact this may have had on overall private sector attendance.

Similarly, some company stakeholders pointed to the fact that they had received a letter, dated 1st November 2010, from the Vice Minister of MIREM requesting that they participate in the reconciliation and submit all required information within 12 days. It was felt that this was too short a timeframe for companies to gather the required data in the required format and currency in order to submit it to the reconciler within the stipulated timeframe.

Most company stakeholders consulted on this issue felt that MEITI communication and liaison with the private sector in general could be considerably improved.

DISSEMINATION

18. WAS THE EITI REPORT MADE PUBLICLY AVAILABLE IN A WAY THAT WAS: PUBLICLY ACCESSIBLE, COMPREHENSIVE, AND COMPREHENSIBLE?

18.1. Evidence

The first MEITI reconciliation report was published and launched at a workshop in Nampula on 18th February 2011. Three television channels and the major newspapers covered the event. However, printed copies of the report were not made available at the launch. An electronic version of the report has now been made available for download at MEITI's new website.¹⁶ As at March 2011, a shorter, easy to read summary of the report had not yet been printed, although summary advertorials had been published in various newspapers. The MEITI report remained at that time a technical read, not comprehensible to a lay audience. As at the final draft version of this report (April 1st, 2011), there were plans to print a cartoon-based poster explaining MEITI and to disseminate the first report by roadshows to the communities where the six companies reconciled operate. In addition, a documentary video was in production.

As at 8th May 2011, the new MEITI website had been updated and contained a considerable amount of relevant information. This included a cartoon summary of the EITI process in Mozambique including a table of key 2008 data; a video of the EITI process in Mozambique, including interviews with civil society and private sector MSG/CC members, the National Coordinator (explaining the report and the discrepancy in the data), the Vice-Minister talking about the publication of the first report and the President of Mozambique talking about the benefits of EITI; a summary of the report (the full version 'available for download' in Portuguese is not actually downloadable and is damaged - this is probably a simple technical hitch and will no doubt be resolved as soon as possible); a newsfeed with information and photographs about dissemination events including the April 2011 roadshow to the five provinces where EITI companies operate.

Furthermore, MEITI responded on 12th May 2011 to the draft of this report with comments including the following regarding this indicator,

"Road shows disseminating the report were held in Manica (mining gold), Moatize (coal), Vilanculos (gas), Mocimboa da Praia (oil exploration) and Moma (heavy sand mining) from 12 - 29 April. MECC held a dissemination workshop in Pemba on Friday, April 22, 2011. It was attended by representatives from the government, mining companies, civil society

¹⁶ <http://itie-mozambique.org/>

organizations (including religious and academic communities), donors (Spain Cooperation, World Bank, German Development Bank,), media, and MSG members. The event was covered in news bulletins by TV M. Copies of the report was distributed. Cartoons were printed and distributed.

Long version of the report is available on the following web link in Portuguese and English: <http://www.itie-mozambique.org/relatorio.pdf>. A short version of the report has been produced and is available at the following web link of Mozambique EITI website: <http://www.itie-mozambique.org/relatorio.pdf>. A version of the report in a popular language was published in a cartoon format was published on noticias newspaper and is available at the following link: <http://www.itie-mozambique.org/B.D.pdf>. The cartoon was made available in dissemination meetings, including road shows. Video documentaries on the report were produced and broadcast nationally on public tv channel TVM and private tv STV in April. The documentaries are available at the following link: <http://www.itie-mozambique.org/videos.html>.

On 17th March 2011, a press conference on the report was held in Hotel Avenida. A panel consisting of Minister Abdul Razak spoke, National Coordinator Benjamin Chilenge, civil society representative Tomas Selemene, company representative Gareth Clifton (Kenmare) spoke to the media. See attached article from the press conference. The findings of the report were broadcast in public radio RM (Radio Mozambique) in native African languages (e.g, Macua, ronga, shangane, and xisena) in April.

On 23rd March 2011, a television roundtable on the report was broadcast on the private channel STV. The panelists were Milagre Langa, Tomas Selemene, Humberto Zaqueu and a representative of BAETICA Company.”

18.2. Stakeholder views

Most participants at the Nampula report launch event mentioned that due to the fact that there was no summary of the main findings on the report provided *before* the date of the workshop, it was difficult to understand the key findings during the presentations and raise any potential concerns. Participants also suggested that if the objective of the workshop in Nampula was presenting the report, this matter should have been treated with greater emphasis but that is not what happened. Those who attended the 2010 workshop in Beira found it almost the same event in terms of the topics discussed. Some civil society members felt that the action plan for the period after publication of the report revealed little energy to spread awareness of MEITI.

18.3. Validator's judgement

The indicator has been met.

As at 12th May 2011, the Validator notes that many dissemination activities have been undertaken or are currently underway.

Information about these dissemination activities is publicly available on MEITI’s website.

The extent to which the communications strategy is being fully implemented (and has sufficient human and financial resources to do so) is not known.

The Validator would hope that the extent of public awareness about EITI outside Maputo will have increased substantially since the validation mission. A number of focused dissemination activities have taken place, as mentioned above, since the validation mission. These include

awareness-raising through the national media (TV, radio, and main newspapers) as well as several dissemination events (including the April 2011 roadshow).

WHAT STEPS HAVE BEEN TAKEN TO ACT ON LESSONS LEARNT, ADDRESS DISCREPANCIES AND ENSURE EITI IMPLEMENTATION IS SUSTAINABLE?

The Validator notes that MEITI is at an early stage in its development. Funding for EITI was only secured at the end of 2009 and accessible in 2010. The evolution of MEITI since then has been extremely fast, especially during the second half of 2010. The reconciliation exercise and validation process have taken place within a very short timeframe (effectively between December 2010 – February 2011) to the extent that they overlapped with each other towards the end. As such, many issues arose during the validation process that also relate to the production of the final EITI report (a final version was sent to the Validator on the 28th February 2011), and the Validator notes several lessons learnt during this process.

Overall MEITI has demonstrated a commitment to improving and strengthening the process of EITI implementation in Mozambique, including acting on lessons learnt from the first reconciliation process. The MSG/CC was keen to address the discrepancies identified in the report and to investigate the issues raised as a result. This work has already started, following on from meetings with the Revenue Authority noted above. In a final submission from the MEITI Secretariat, the Validator was informed of a “fruitful collaboration and dialogue in place” between MIREN and the tax authority in the Ministry of Finance. Although MEITI’s strategy so far has been to start EITI implementation with a tightly defined focus, there is an understanding of the importance of expanding the scope – for example the definition of materiality and to other sectors, to add value to the process and contribute to effective EITI implementation in Mozambique.

The Validator noted during the validation mission that there is a lack of coordination and collaboration between the different government departments responsible for EITI-related matters (e.g. collection of data, submission of data, coordination of EITI implementation etc). In addition, in the MEITI report, one of the reconciler’s conclusions was that, “there is the need to coordinate extractive industry database at the Ministries of Finance and Mineral Resources.” Certain stakeholders also pointed to a lack of overall streamlining within government institutions for EITI, with one stakeholder referring to a ‘visible conflict’ between the Ministries of Finance and Mineral Resources representatives during the Beira workshop when discussing tax issues.

Towards the end of the validation mission, it was highlighted that MEITI would benefit if customs and finance employees had a better understanding of the extractive industries and contracts, and if there was greater knowledge of foreign investment regulations and structures as they relate to tax.

MEITI has a dedicated office and a highly committed team in place, all of which were established shortly after MDTF funding was secured. However the secretariat could significantly benefit from increased capacity, particularly in the areas of business administration, technical knowledge and communication skills. This would enable MEITI to become more effective and sustainable, including decreasing dependency on donor funding; improving administrative coordination of the secretariat; improving communication and engagement with all stakeholders; as well as general information dissemination and learning.

E. COMPANY IMPLEMENTATION

The Company Self-Assessment forms were given to all 23 companies initially selected for reconciliation. Only the six companies who made it to the final report however are considered below. The self-assessment forms ask six questions:

Question 1: Has the company made public statements in support of the EITI process in this country?

Question 2: Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MOUs) and, where appropriate, meeting with stakeholders?

Question 3: Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?

Question 4: Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?

Question 5: Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?

Table 2: Summary of Company Validation Forms

Company	Questions					Comments
	1	2	3	4	5	
HAMC Ltd	No	Yes	Yes	Yes	Yes	No comments
Compahia Mozambique Hidrocarbonetos (CMH)	No	Yes	Yes	Yes	Yes	Regarding questions 1 and 2: we have never been approached. Anyway, the company has been participating in meetings whenever invited.
Kenmare Moma Ltd	Yes	Yes	Yes	Yes	Yes	No comments
Sasol Petroleum Temane Ltd	No	No	Yes	Yes	No	Sasol has not been involved in the mentioned workshops and were only requested in a letter sent 1 st November 2010 to provide information. No separate meetings were held with Sasol.
Vale Mozambique Ltd	Yes	Yes	Yes	Yes	Yes	No comments
Rio Tinto Ltd	No	Yes	Yes	Yes	Yes	No comments

F. OVERALL ASSESSMENT

The following represents the Validator's summary of the findings in narrative form.

1. SIGN UP

The public statement on EITI has been met, but the role of the senior individual vis-à-vis the National Coordinator needs to be more fully specified. However, the institutional arrangements for MEITI are not yet fully formalised. The current Work Plan does not have SMART goals and has not been widely disseminated, and from available evidence, has not historically been used as a monitoring and evaluation tool.

2. PREPARATION

The Multi-Stakeholder Group has been set up, however, further formalisation now needs to take place. Although there are no legal underpinnings for MEITI, reconciliation takes place on the back of a relatively contemporary public financial management framework. A conservative and narrow definition of materiality (in terms of companies and payment types) was a wise move. However, there was insufficient communication on completing the templates, which resulted in discrepancies in the final report.

3. DISCLOSURE

The first reconciliation report exposed lapses in standards of reporting on the government side, specifically in terms of tracking concession fees and a disconnection of information between MIREM and the Revenue Authority.

4. DISSEMINATION

Dissemination of the first MEITI report is currently a work in progress (it has yet to be translated into Portuguese). A great deal more work needs to be done to ensure that the widest group of stakeholders across Mozambique is aware of and understands the ramifications of the first report.

For these reasons, the Validator recommends that at present MEITI be judged to be “close to compliant” in terms of its implementation of EITI thus far in Mozambique.

G. RECOMMENDATIONS FOR FUTURE IMPLEMENTATION

The following table lists the four indicators, which MEITI currently does not comply with, and the specific remedial actions required in order to reach full compliance. The table also lists indicators, which are 'met', and yet which still include recommended actions. If MEITI carries out these remedial actions, the EITI implementation process in Mozambique will be significantly strengthened. In some cases options are given.

Indicator	Status	Comments and required actions
3. Appointment of senior individual	Met	Formalise roles of the Coordinating Committee Chair and the National Coordinator by discussing and agreeing on TORs.
4. Work Plan	Not met	A new Work Plan is to be created post validation. The new version needs to have SMART targets. It needs to be owned by a specific individual within MEITI from a monitoring and evaluation perspective. Needs to be discussed and reviewed by MSG/CC regularly and disseminated adequately.
5. Establish MSG	Met	Need new TOR with appropriate selection, delegation, conflict of interest and guest attendance process.
6. Civil society engagement	Not met	Better attendance. Formalise civil society engagement. Consider changing selection process (away from G20).
7. Company engagement	Met	Include company liaison within the TOR of a designated member of the MEITI Secretariat.
8. Govt removal of obstacles	Not met	Commission an independent assessment of obstacles to MEITI and publish all relevant legislation on the MEITI website.
9. Reporting templates	Met	Define discrepancy threshold, include more companies and payments in-kind.
10. MSG views on reconciler appointment	Met	Include better guidance in the TOR on cash vs accrual, financial year requirements and exchange rate issues.
14. Disclosure of all payments	Met	Include social/other material contributions (e.g. in-kind payments) as disclosable information from companies.
15. Disclosure of all receipts	Not met	GoM to appoint a consultant to review information processes between MIREM and the Ministry of Finance/Revenue Authority.

H. STRATEGIC OPPORTUNITIES

Over and beyond addressing the issues on which the Validator recommends MEITI be currently judged as non-compliant, the Validator would like to make additional recommendations. These recommendations point to strategic opportunities that are not therefore required for compliance, however, the Validator suggests that MEITI may wish to consider these as part of any future strategic planning exercise:

- Expand materiality to include other sectors such as forestry and fishing (as in the case of Liberia)
- Include a production audit as part of the next reconciliation exercise
- Commission a 'Value for Money' report to benchmark operational costs in the mining sector
- Consider moving MEITI to the Ministry of Finance once/if MEITI moves beyond oil, gas and mining

ANNEX A: VALIDATION GRID

Table 4: Validation Grid		
Indicator	Validator's Comments	Validator's Judgement
1. Public statement on EITI	The President gave a speech in support of EITI on the 29 th October 2008, at the 11th Annual Private Sector conference. The Vice-Minister of Mines expressed commitment to EITI implementation at the Doha EITI conference. Most recently, the President renewed his commitment to EITI at the Paris EITI Conference.	Met
2. Govt commitment	The Vice-Minister of Mines' official dispatch of 8 th March 2009 indicates Government of Mozambique's commitment to EITI.	Met
3. EITI senior representative	The Vice-Minister of Mines, Dr. Abdul-Razaq Normohamed is named as the EITI senior representative and Chair of the Coordinating Committee in the March 8 th dispatch. However, the specific and distinct roles of the EITI senior representative, the National Coordinator and the Executive Secretary are not fully formalised.	Met
4. Work Plan	According to the MSG/CC minutes, the Work Plan is currently not a living tool for the Coordinating Committee. A new Work Plan should be drawn up that forms the basis for formal monitoring and evaluation of progress. Progress against the new Work Plan should be explicitly stated in the meeting minutes.	Not met
5. Establish MSG	A new Terms of Reference is required, which explicitly states rules of membership and participation.	Met
6. Civil society engagement	The relationship between civil society and MEITI needs to be strengthened and formalised, for instance by creating a civil society steering committee and drawing up an MOU.	Not met
7. Company engagement	Companies clearly see the benefits of EITI in Mozambique. The MEITI Secretariat needs to improve its company liaison function however.	Met
8. Obstacles to implementation	MEITI is embedded within a relatively new legislative reporting context – the Fiscal Regime of 2007. However, an independent review of the relevant legislative/regulatory framework needs to be carried out.	Not met
9. Reporting templates	Reporting templates and materiality were extensively discussed by the MSG/CC.	Met

Table 4: Validation Grid		
10. MSG approval of the reconciler	The reconciler was appointed through a transparent process, with full participation by the MSG/CC.	Met
11. Ensuring companies report	MEITI has no specific legal framework in Mozambique. However, the current legal/regulatory framework ensures MEITI-compliant reporting.	Met
12. Company reporting standards	Companies were required to submit data that is in line with their audited financial statements. IFRS-based reporting has been mandatory since 2010.	Met
13. Government reporting standards	Government reports are sent first to the audit office and then on to parliament for final review. This is good practice. IFRS standards of government reporting have been implemented since January 2010.	Met
14. Disclosure of payments	All payments defined in the company templates were captured. The definition of materiality should be extended in future reconciliations.	Met
15. Disclosure of receipts	Intra-governmental information sharing (specifically, between MIREM and the Ministry of Finance) is currently poor. An assessment needs to be made on how to improve this in terms of EITI principles and criteria.	Not met
16. MSG views on reconciliation	The first MEITI report could have been more comprehensive, with a well-defined methodology that allowed for intra-governmental harmonisation.	Met
17. Identification of discrepancies/ recommendations	The first report identified the key discrepancies and made recommendations on how to improve MEITI.	Met
18. Dissemination	The first MEITI report has been widely disseminated via road shows and tv documentaries, as well as via public radio in both Portuguese and local languages.	Met

ANNEX B: STAKEHOLDERS CONSULTED

Organisation	Contact	Position	Type
Ministry of Mineral Resources (Ministerio dos Recursos Minerais, MIREM)	Dr. Abdul Razak Noormahomed	Deputy Minister of MIREM	Government
MEITI Secretariat	Milagre Langa	Executive Secretary/Head of National EITI Secretariat	Government
Ministry of Mineral Resources (Ministério dos Recursos Minerais)	Benjamin Chilenge	Coordinating Committee member and National Director of Directorate of Planning and Development (MIREM)	Government
Revenue Authority (Autoridade Tributaria de Mocambique) General Directorate of Taxes	Ananias Couna	Head of Department: Coordination of Megaprojects and Financial Institutions	Government
Ministry of Mineral Resources (Ministerio dos Recursos Minerais)	Esperança Bias	Minister, MIREM	Government
National Petroleum Institute (Instituto Nacional De Petroleo)	Isabel Chuvambe	Project and Development Manager	Government
Ministry of Environment (Ministério do Ambiente)	Paula Panguene	Deputy Director/Coordinating Committee member	Government
Ministry of Finance (Ministério das Finanças)	Isabel Sumar	National Director of Directorate of Studs and Economic Analysis/Coordinating Committee member	Government
ENI East Africa	Jesman Conteras Cristiano Salino	Finance Manager General Manager	Private Sector
CMH	Estevão Pale	CEO	Private Sector
Statoil	Francisco M. P. Gomes	Director/License Coordinator Mozambique/Coordinating Committee member	Private Sector

Vale	Amado Mabasso	Finance Manager/Co-ordinating Committee member	Private Sector
HAMC	Daniel Cassiano Silva	Financial Director and Administrator	Private Sector
CMG	Mauricio Malate	Executive Director	Private Sector
IESE	Rogério Ossemane	Coordinating Committee Member/ Researcher	Civil Society
CIP	Tomas Selemane	Coordinating Committee Member / CIP Representative	Civil Society
Universidade Eduardo Mondlane	Daud Liace Jamal	Coordinating Committee Member /Academic	Civil Society
Verdade	Eric Charras	Publisher	Civil Society
IMF	Emmy Bosten	Technical Assistance Coordinator	International donor
DFID	Andrew Clark	Economic Advisor	International donor
Boas & Associates	K. Boa-Amponsem	Accountant/Auditor	Appointed reconciler

ANNEX C: THE MULTI-STAKEHOLDER GROUP

Table 6: Members of the Coordinating Committee	
Name	Organisation
Abdul Razak Noormahomed	MIREM
Benjamin Chilenge	MIREM
Isabel Sumar (alternate: Ângelo Nhalidede)	Ministry of Finance
Fausto Mafambisse	Ministry of Planning & Development
Paula Panguene	Ministry of Environment
Gareth Clifton	Kenmare
Francisco Vieira	Artumas
Paulino Gomes	Statoil
Amado Mabasso	Vale
Rogério Ossemene	IESE
Tomás Selemene	CIP
Daud Jamal	UEM
Ângelo Chipanga	SNJ

ANNEX D: COMPANY FORMS

1.1. CMH

EITI COMPANY SELF-ASSESSMENT FORM COUNTRY-LEVEL

COMPANY: _____ **COUNTRY:** _____

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?
 Yes No *N/A*
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g.laws and MoUs) and, where appropriate, meeting with stakeholders?
 Yes No
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?
 Yes No
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?
 Yes No
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?
 Yes No

Narrative opinions
If any indicators above are marked "No", please provide an explanation:

Regarding question 1 and 2 we have never been approached. Anyway the company has been participating in all meetings whenever invited.

Any other comments:

1.2. HAMC

COMPANY: HIGHLAND AFRICA HONEY COMPANY LIMITED COUNTRY: MOZAMBIQUE

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?
 Yes No
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?
 Yes No
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?
 Yes No
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?
 Yes No
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?
 Yes No

Narrative opinions

If any indicators above are marked "No", please provide an explanation:


SEE ATTACHED

Any other comments:

SEE ATTACHED

[Handwritten signature and circular stamp]

1.3. SASOL



COMPANY: Sasol Petroleum Temane Lda **COUNTRY:** Mozambique

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?
 Yes No
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?
 Yes No
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?
 Yes No
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?
 Yes No
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?
 Yes No

Narrative opinions
If any indicators above are marked 'No', please provide an explanation:

Sasol Petroleum Temane Limitada has not been involved in the mentioned workshops, and were only requested in a letter sent 1 November 2010 to provide information. No separate meetings were held with Sasol. See attached Letter

Any other comments:

28 EITI RULES

1.4. VALE



COMPANY: VALE MOZAMBIQUE COUNTRY: MOZAMBIQUE

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?
 Yes No
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g.laws and MoUs) and, where appropriate, meeting with stakeholders?
 Yes No
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?
 Yes No
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?
 Yes No
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?
 Yes No

Narrative opinions

If any indicators above are marked "No", please provide an explanation:

Any other comments:

1.5. RIO TINTO

THE VALIDATION GUIDE

28 EITI RULES

COMPANY: COUNTRY:

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?

Yes No

2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?

Yes No

3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?

Yes No

4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?

Yes No

5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?

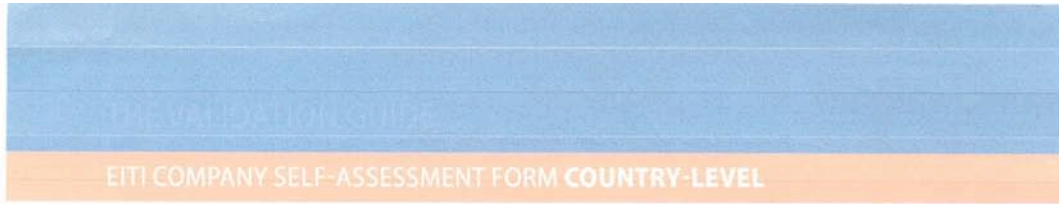
Yes No

Narrative opinions

If any indicators above are marked "No", please provide an explanation:

Any other comments:

1.6. KENMARE



COMPANY: *KENMARE*

COUNTRY: *MOZAMBIQUE*

Mark indicators below with a ✓

1. Has the company made public statements in support of the EITI process in this country?
 Yes No
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?
 Yes No
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?
 Yes No
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?
 Yes No
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?
 Yes No

Narrative opinions

If any indicators above are marked "No", please provide an explanation:

Any other comments: