

Fifth EITI-M Report – 2012

EITI MOZAMBIQUE

EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE



The present report was drawn up on the basis of the requirements and information provided by the State institutions and companies included in the sample defined for the Fifth Report of the Extractive Industry Transparency Initiative in Mozambique (EITI-M).

The conclusions and recommendations of the present report were obtained based on the working methodology of INTELICA and knowledge of the extractive sector. The decision to implement them and the methods of implementation are the entire responsibility of EITI-M.

Should the present report be divulged to bodies that the opinion concerns, INTELICA shall take no responsibility towards such bodies.

The Fifth EITI-M Report has been drawn up under the terms of the contract signed between the parties.

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List of Acronyms and Abbreviations

AD	Silver
AT	Tax Authority
AQU	Aquamarine
AU	Gold
BER	Beryl
BI	Bismuth
Bbl	Barrels
BME	Base metals
CAS	Cassiterite
CB	Columbite
CER	Economic Revenue Classifier
CFM	Mozambique Railways
CINAC	Cements of Nacala
CMG	Mozambique Gas Pipeline Company
CMH	Mozambican Hydrocarbon Company
CNG	Compressed Natural Gas
COA	Coal
COM	Coal and Associated Minerals
CU	Copper
DAF	Directorate of Administration and Finance
DGI	General Tax Directorate
DIA	Diamonds
DNM	National Directorate of Mines
DNT	National Directorate of the Treasury
DOT	Dolerite
DPD	Directorate of Planning and Development
EITI	Extractive Industry Transparency Initiative
EITI-M	Extractive Industry Transparency Initiative in Mozambique

EME	Emeralds
EMEM	Mozambican Mining Exploration Company
EMTPM	Maputo Municipal Road Transport Company
ENH	National Hydrocarbon Company
ENOP	Public Works Enterprise
EP	Public Company
EPCC	Exploration and Production Concession Contract
FDI	Foreign Direct Investment
FE	Iron
GAR	Garnets
GDP	Gross Domestic Product
GEM	Gems
GJ	Gigajoule
GMC	Gold Mining Corporation
GPR	Graphite
GYP	Gypsum
IGEPE	Institute for the Management of State Holdings
IGF	General Inspectorate of Finance
IGM	Geological and Mining Institute
IMF	International Monetary Fund
INE	National Statistics Institute
INEFP	National Employment and Professional Training Institute
INP	National Petroleum Institute
JSPL	Jindal Steel & Power Ltd
Kg	Kilograms
Km	Kilometres
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LST	Limestone

M	Metres
MA	Manganese
MF	Ministry of Finance
MGC	Matola Gas Company
MI	Associated minerals
MIREM	Ministry of Mineral Resources
MNP	Precious minerals
MNS	Semi-precious minerals
MPD	Ministry of Planning and Development
MPS	Precious and Semi-precious minerals
Mtpa	Millions of tonnes per year
NB	Niobium
NI	Nickel
NOC	National Oil Companies
NUIT	Single Tax Identification Number
OE	State budget
PB	Lead
PD	Palladium
PES	Economic and Social Plan
PME	Precious Metals
PT	Platinum
QTZ	Quartz
REE	Rare Earths
ROMPCO	Republic of Mozambique Pipeline Investment Company
RUT	Rutile
STO	Construction stone
TAM	Tantalite and Associated Minerals
TAN	Tantalite
TCF	Trillion Cubic Feet

TI	Titanium
TON	Tonne
TOP	Topaz
TOU	Tourmaline
U	Uranium
UGC	Unit of Large Taxpayers
V	Vanadium
ZN	Zinc
ZR	Zircon

1 Context

1.1 Introduction

The Extractive Industry Transparency Initiative (EITI) intends to improve the transparency and responsible management of the revenues from the extractive sector, allowing countries better management of resources, a better investment climate and contributing to a guarantee of economic and political stability. The main instrument of EITI is the verification and publication of the payments by companies and of the revenues collected by the state in the mining, petroleum and gas sectors.

EITI was officially launched in 2002, at the Summit of Heads of State and Government held in South Africa. Mozambique joined the initiative in 2009 and in 2012, after a positive assessment by the EITI Board, Mozambique was declared an EITI Compliant Country. In that year, the Second EITI-M Reconciliation Report was submitted, which dealt with the payments made by companies in the extractive sector and revenues received by the State in 2009.

To draw up the Fifth EITI-M Report, referring to the 2012 calendar year, the Mozambican Government, through the Ministry of Mineral Resources (MIREM), selected INTELICA as the Independent Administrator.

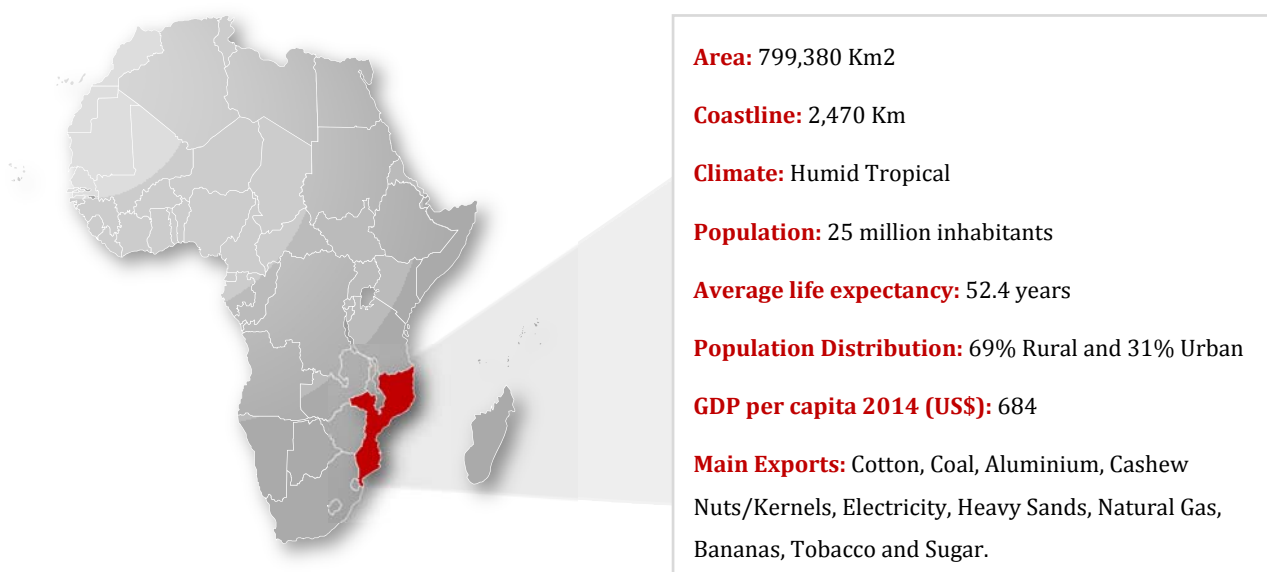
1.2 Objective and Scope of the Report

The objective of the Fifth EITI-M Report is to present an exhaustive contextual analysis of the extractive industry and the reconciliation of the receipts confirmed by the Mozambican Government with the payments declared by extractive industry companies during 2012, in line with the requirements mentioned in the EITI Standard¹.

¹ <http://www.itie.org.mz/index.php/iniciativa/padrao-do-itie>

2 Extractive Industry in Mozambique

Figure 1: Profile of Mozambique



Source: INE, Bank of Mozambique, WHO

2.1 Framework

Mozambique is one of the most dynamic economies on the African continent, with an average annual growth rate in its Gross Domestic Product (GDP) of about 7%, driven by the flow of Foreign Direct Investment (FDI), directed particularly towards the extractive sector. A series of events over the past 15 years support this, notably the start of aluminium production in 2000 by Mozal at Beluluane in Boane district (Maputo province), the start of coal mining in Moatize and Benga (Tete province) by Vale in 2011 and by Rio Tinto in 2012, and the exploitation of natural gas begun in 2004 in Pande and Temane (Inhambane province) by SASOL.

In a favourable economic conjuncture, it is forecast that real GDP growth rate should reach 8% in 2014 and 2015, supported by increased coal production, continued public investment in strategic sectors (construction and public works, electricity, and logistics, among others) and the start of preparatory work for the building of the Liquefied Natural Gas (LNG) undertaking.

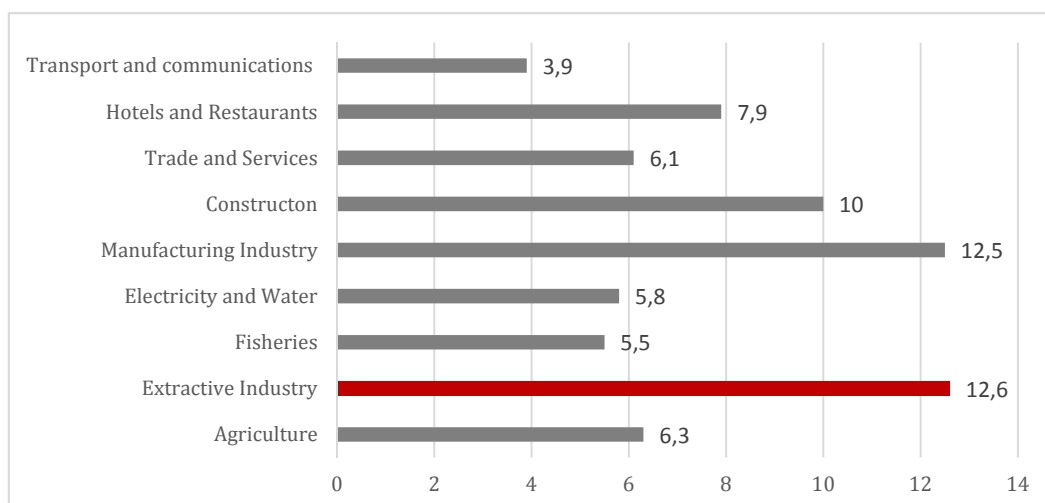
In the second quarter of 2014, the extractive industry was the most dynamic area of the economy, with a growth rate of 12.6%, although its weight in total production remained relatively small, at about 2% of GDP. The performance of the extractive industry is due

fundamentally to the exploitation of the heavy sands at Moma and to the production of coking and thermal coal, despite the continual fall of coal prices on the international market. Data from the World Bank point to a reduction in the price of coal from USD 121.45 per metric tonne in 2011 to USD 62.55 per metric tonne in 2014².

The growth in the extractive sector thus displays a slowdown compared with 2012, a year when there was an average annual growth rate of 40.9%, as a result of the start of coal production at Moatize and Benga and the increased production of certain minerals, such as the Moma heavy sands and tantalite.

The agricultural sector, although it employs 70% of the population, does not display the same dynamic. It has a growth rate of around 6%, as the graph below shows.

Graph 1: Dynamic of the GDP by Sector of Activity (%)

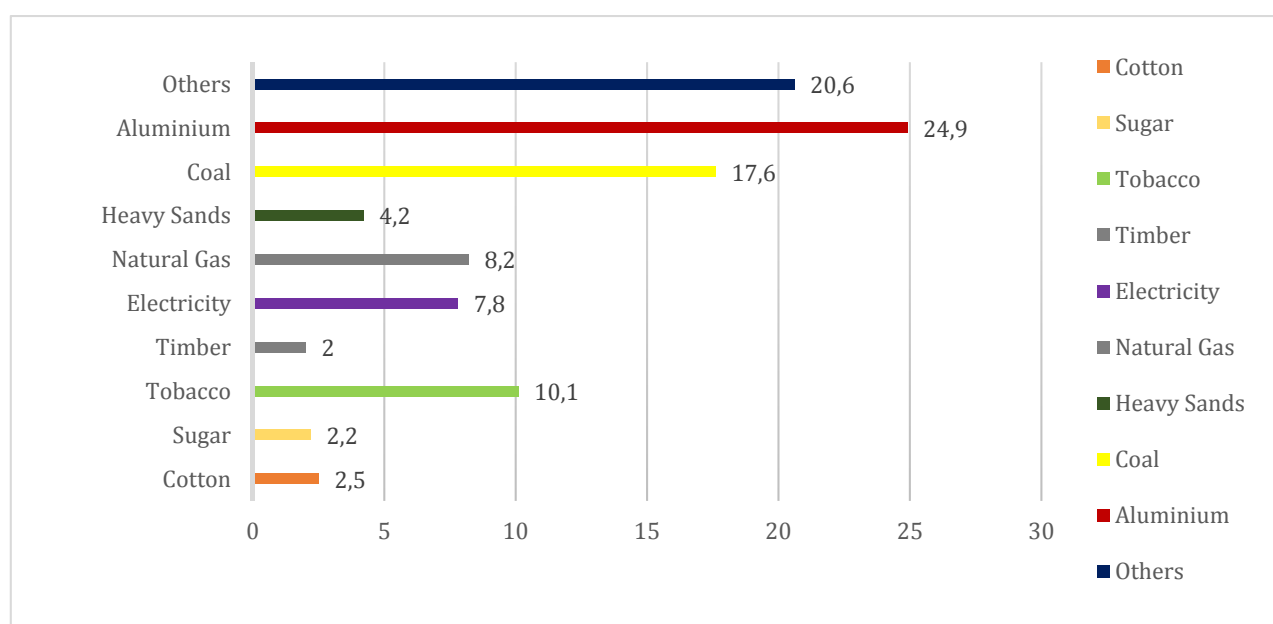


Source: Economic Conjuncture and Prospects for Inflation, of the Bank of Mozambique, 2014

The extractive industry is responsible for 30% of the country's exports. Of these, about 17.6% is coal, 8.2% natural gas and 4.2% heavy sands. The exports from Mozal follow, with a contribution of 24.9% of total exports, as shown by the following graph.

² Taking as the reference point the price of coal in Australia (*World Bank, Commodity Market Review*).

Graph 2: Exports of Mozambique



Source: INE, Synthesis of the Economic Conjuncture, 2013

2.2 Activities of the Extractive Industry

Mozambique has a vast and diverse potential of mineral resources and hydrocarbons. Knowledge of these is a key factor for ensuring their sustainable management and exploitation so as to contribute in the best way possible to the development of the country.

This potential includes reserves of coal, heavy sands and other minerals and base metals, such as iron-vanadium, titanium, tantalite, tourmalines, bentonite, pegmatites, marble, bauxite, graphite, diamonds, gold, precious and semi-precious stones, phosphates, and limestone, among others.

The enormous reserves of natural gas discovered offshore in the Rovuma Basin, added to the known and exploited gas reserves in the Mozambique Basin, could turn Mozambique into one of the countries with the largest reserves of natural gas in the world.

2.2.1 Mining Area

According to data from MIREM, the coal reserves in Mozambique are estimated at more than 20 billion tonnes. However, despite the recent improvements in the Sena railway line which have

allowed an increase in its capacity from 6 to 7 Mtpa, estimated potential coal production is notoriously higher than the transport capacity of the existing infrastructures.

With the purpose of diversifying the transport lines and increasing their capacity, the company Vale, in partnership with the publicly owned Mozambican port and rail company, CFM, is investing about USD 4.4 billion in a new 912 km long railway, linking Moatize (Tete) to Nacala (Nampula), passing through Malawi (88 km). The Nacala Integrated Logistics Corridor³ is forecast to begin operating in December 2015. At its take-off, it should reach a capacity of 22 Mtpa on the railway and 18 Mtpa at the coal terminal.

Currently, the coal produced in Tete province is exported through the Port of Beira. The coal is transported from Moatize to the quay of this port along the Sena line, which is owned by CFM. In the specific case of the company JSPL Mozambique Minerals, in addition to the railway, transport between the mine (located in Chirodzi) and the Port of Beira is also undertaken by truck, a service subcontracted to private companies.

In the last 10 years, the country has recorded the opening of new mines and the start of the development of new projects in this area, among which the following stand out:

- Heavy Sands Mine at Moma: this began production in 2007, with an installed capacity for 800,000 tonnes of ilmenite a year. In late 2013, expansion work was finished to increase production from 800,000 to 1.2 million tonnes of ilmenite, 75,000 tonnes of zircon and 21,000 tonnes of rutile. Total investment in the project is in the order of USD 700 million. In addition to Moma, there are smaller heavy sands projects at Angoche and Inhassunge;
- Moatize Coal Mine: this began production in 2011, and is currently in the final phase of expanding production capacity to 22 Mtpa (coking and thermal coal) with additional investment of USD 2 billion;
- Benga Coal Project: this began production in 2012, benefitting from an initial investment of USD 1.2 billion. According to MIREM, this project has a production level of 2 Mtpa of exported coal. The forecast is that by 2016 production will increase to 20 Mtpa;

³ The Nacala Integrated Logistics Corridor includes the railway from Moatize to Nacala and the coal terminal at Nacala a Velha, according to data from CFM.

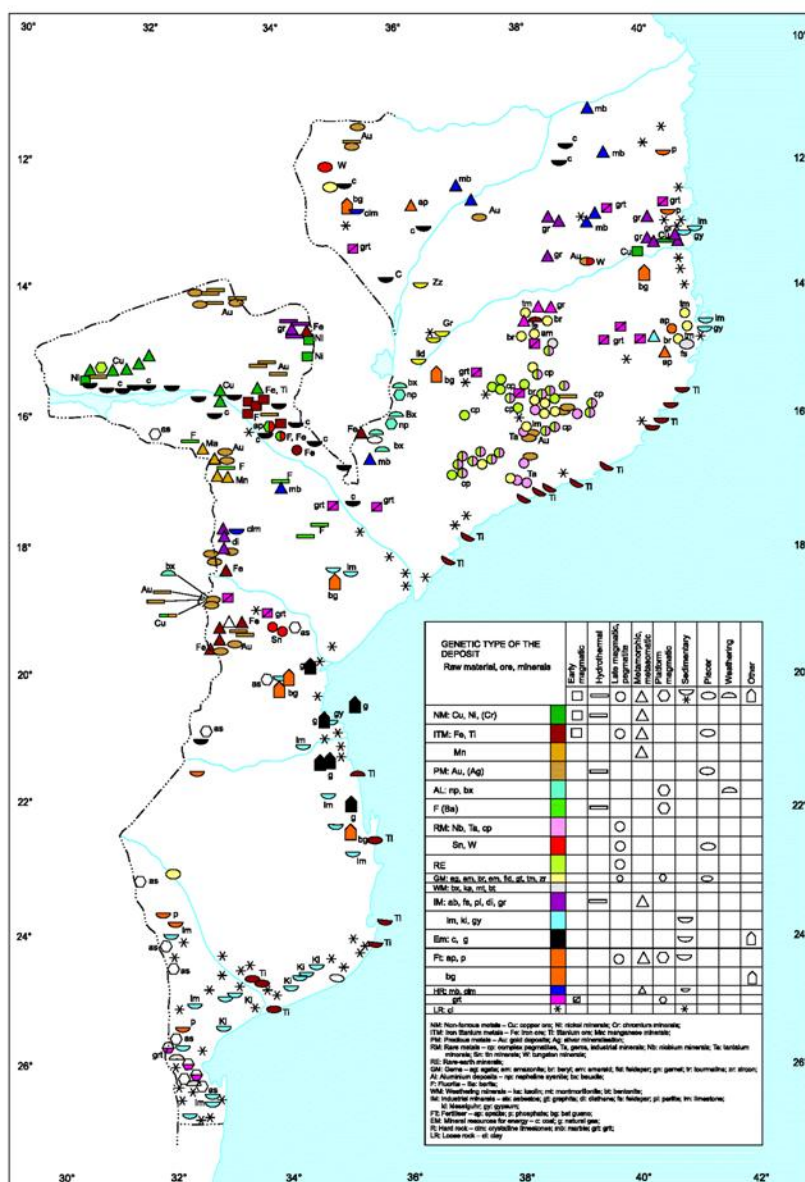
- Changara Project (ISPL): this began production in 2013 and has an initial capacity of 2 Mtpa of coal;
- Minas Moatize (Beacon Hill) Projects: Beacon Hill completed the acquisition of MML in December 2010 after taking control of the project management in May 2010, when it centred its activities on the expansion and development of the Minas Moatize Coal Mine. Open cast mining of thermal coal began in 2011;
- Coal Project of Eta Star Moçambique, SA: The viability study and work plan were approved for open cast coal mining, with an installed capacity of about 10 Mtpa of coal. The total investment will be USD 250 million. The employment of about 690 workers is forecast;
- Revuboé Coal Project: the mining concession has been issued, and production is forecast of 4-4.5 Mtpa of coking coal and about 2-2.5 Mtpa of thermal coal;
- Midwest Africa Project in Kokwe: the mining concession has been granted, with reserves of 495 million tonnes. Total investment will be USD 757.69 million and forecast production is 7.2 Mtpa. Located in Moatize district, Tete province, it is envisaged that the project will employ about 1000 workers;
- Ncondezi Coal Project: according to data from MIREM, the mining concession for the project has been granted, and reserves in the order of 4.07 billion tonnes have been identified. The forecast is for production of 7.2 Mtpa of thermal coal and the construction of a thermal power station with the initial capacity to generate 300 MW to 600 MW.

Figure 2: Location of the Reference Projects in the Mining Area



Also occurring in Mozambique are gold, silver, copper, nickel, chrome, iron, titanium, manganese, fluorite, niobium, tantalum, tin, graphite, semi-precious gems and stones. (tourmalines [rubellite, verdelite, indicolite, tsilaisite], beryls [emeralds and aquamarines], corundum [rubies], garnets (pyrope and almandine), quartz (rose, amethyst, agate and smoky), phosphates, feldspar (amazonite), bauxite, ornamental rocks (marble, granite and gabbros of various tones and colours, dolerites), building materials (limestones, assorted aggregates, clay, sand, caoline, bentonite) and diatomites, among others. Figure 3 shows the map of mineral occurrences in the country.

Figure 3: Map of Mineral Occurrences in Mozambique



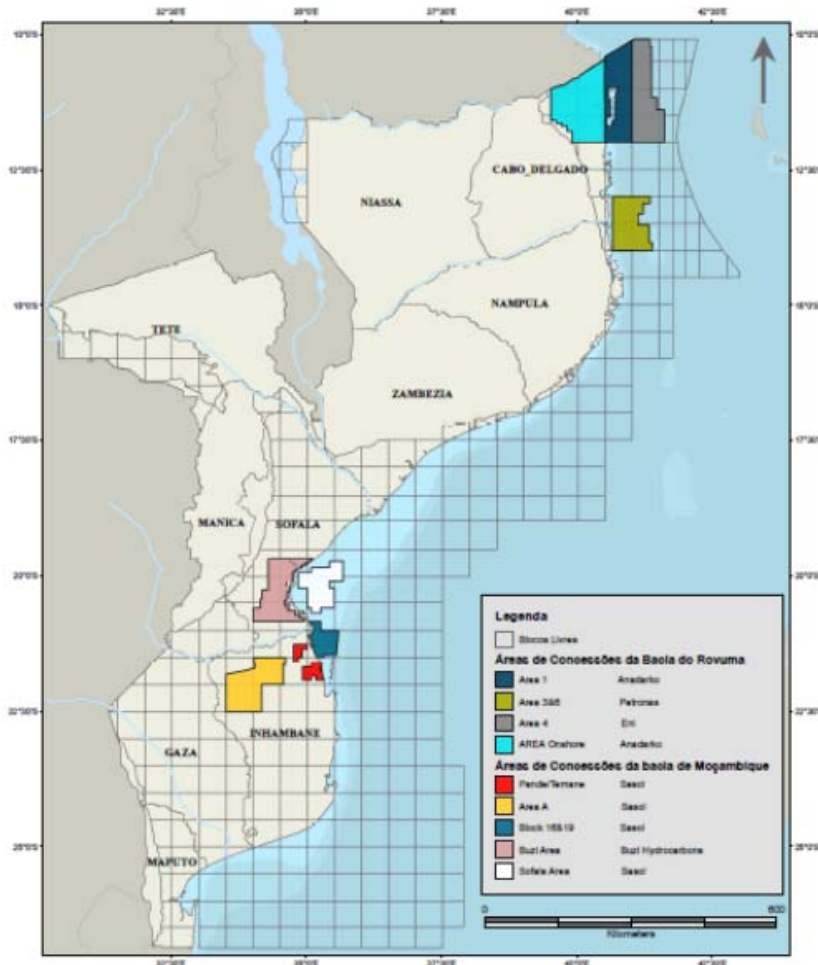
Source: MIREM

Artisanal and small scale mining, particularly for gold and precious and semi-precious stones, and ceramic production have undergone an increase in activity over the past ten years. In order to ensure better management of this sub-sector, the Government has designated and reshaped 95 mining pass areas, formalised 57 mining associations, and publicised appropriate and environmentally sound mining techniques among more than 6,000 artisanal and small scale miners. It has channelled technical and social support to the mining operators and communities in the areas designated and dedicated to the production of gold, precious and semi-precious stones and ceramics.

2.2.2 Hydrocarbon Area

Exploration for hydrocarbons in Mozambique began in the 1950s, with the drilling of the first onshore wells. Offshore exploration began in the 1970s. A total of 192 wells were drilled, 122 of them onshore. In the bidding rounds held from 1984 to 2014 concession areas were allocated as shown in the figure below.

Figure 4: Map of Concession Blocks – Hydrocarbon Area



Source: INP

The fifth bidding round is now under way. It was launched on 23 October 2014, for granting areas for petroleum exploration and production, in the maritime part of the Rovuma Basin (East of the Rovuma), Angoche, the Zambezi Delta, and around the Pande –Temane concession and Palmeira, in the Mozambique Basin. A total of 15 blocks are available, covering a total area of 76,800 km². The announcement of the results of assessing the bids is expected in February/March 2015.

The only project in the country which is currently producing natural gas is the Pande and Temane undertaking, in Inhambane province, which has an installed capacity of 183 MGJ/year. This gas is processed in Temane and about 95% of the production is exported to the Republic of South Africa. The remainder is consumed inside Mozambique and is sold by ENH, which distributes the gas in Vilanculos, Inhassoro, Govuro and the Bazaruto Archipelago, and by the Matola Gas Company (MGC), which sells it to industrial companies in the cities of Matola and Maputo, and for use in vehicles through sale to AutoGás.

The gas is exported through a gas pipeline, owned by the Republic of Mozambique Pipeline Investment Company (ROMPCO), which is 865 Km long and 26 inches in diameter, compression stations and five outlet points in Mozambique - in Temane, Chigubo/Funhalouro, Chokwé/Macarretane, Magude/Moamba and Ressano Garcia. The destination of the pipeline is Secunda, in South Africa, as shown in figure 5.

Figure 5: Route of the Temane – Secunda gas pipeline, outlet points and Maputo branch pipeline



Source: MIREM, 2012

The Independent Administrator submitted the request for information on the tariffs applied in the transport of the natural gas to CMG. CMG then asked that the same request be made directly by the EITI-M Secretariat to this institution. The request was duly submitted, and the tariff applied in the transport of the natural gas in Mozambique will be published as soon as it is made available by CMG.

In the recent prospection and exploration activities, resulting from the 2005 bidding round, a total of 190 TCF was discovered in Area 1 and Area 4 of the Rovuma Basin. This places Mozambique among the countries with the largest reserves of natural gas in the world, a table currently led by Russia, Iran and Qatar. These areas were concessioned to international consortia headed by the American company Anadarko and by ENI of Italy, respectively. These companies presented a proposal for the construction of a factory producing liquefied natural gas. This envisages the production of 10 Mtpa in two trains of 5 Mtpa each, in the initial phase, with the possibility of expansion to 20 Mtpa and 50 Mtpa.

Assessment is under way of the project proposed by ENI to use a floating unit to liquefy natural gas (FNLG⁴), to exploit the gas in Area 4.

As part of the exploration and assessment activities, data in the State of the Nation address (2013) point to the discovery in that year, by the company Sasol, of commercially significant quantities of liquid hydrocarbons (light oil) in Inhassoro (Mozambique Basin onshore), in Inhambane province, which will allow the production of Liquefied Petroleum Gas (LPG).

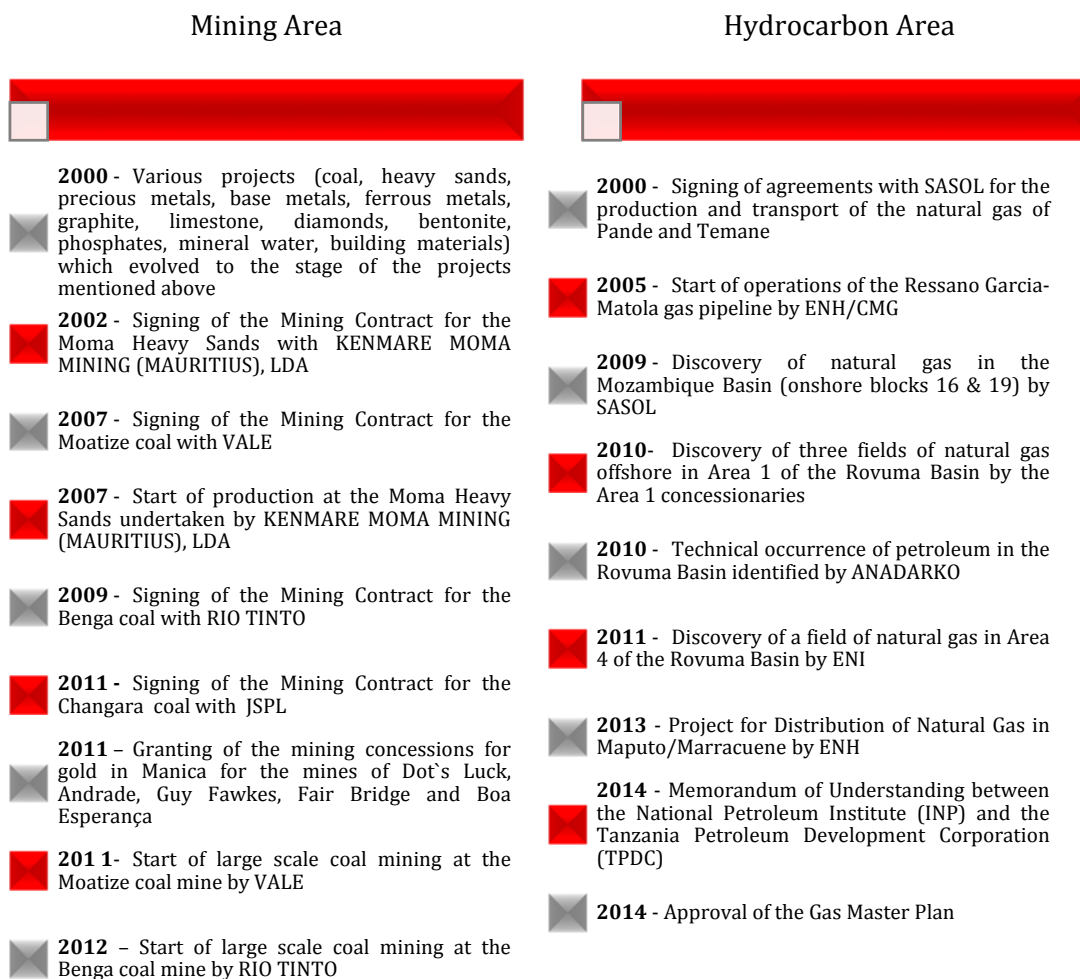
2.3 Recent Landmarks

Since the start of the millennium, the extractive sector has registered noteworthy growth arising from the interest by national and international investors in the mineral resources of Mozambique.

Some recent landmarks are shown in the following figure:

⁴ An FLNG project consists of an offshore gas liquefaction unit, through liquefaction units built specifically for this purpose or through the conversion of methane tankers into liquefaction plants.

Figure 6: Extractive Industry Landmarks



3 Legal and Regulatory Framework

Mozambique is a country undergoing rapid growth. The dynamic of the extractive sector has contributed considerably to this, given the high potential of the mining and hydrocarbon areas. In this context, the legal and regulatory framework associated with the development of petroleum and mining activities becomes one of the bases for the Government's strategy for the development of the extractive sector so as to ensure that its operations continue to bring value to the country.

The management of petroleum and mining operations in Mozambique is based on the legal instruments mentioned in the following table.

Table 1: Legal and Regulatory Framework for the Extractive Sector

Designation	Legal Instrument	Description
LAWS	Law no. 20/2014, of 18 August	Mining Law
	Law no. 21/2014, of 18 August	Petroleum Law
	Law no. 25/2014, of 23 September	Law granting Legislative Authorisation referring to the Liquefied Natural Gas projects in Areas 1 and 4 of the Rovuma Basin
	Law no. 27/2014, of 23 September	Establishes the Specific Taxation and Fiscal Benefits Regime for Petroleum Operations
	Law no. 28/2014, of 23 September	Establishes the Specific Taxation and Fiscal Benefits Regime for Mining
	Law no. 11/2007, of 27 June	Law on Mining Taxes
RESOLUTIONS	Resolution no. 40/2008, of 15 October	Ratifies the Agreement between the Republic of Mozambique and the Republic of Angola in the area of Petroleum and Natural Gas
	Resolution no. 64/2009, of 2 November	Approves the Strategy for the Development of the Natural Gas Market in Mozambique.
	Resolution no. 21/2014, of 16 May	Approves the Business Social Responsibility Policy for the Mineral Resources Extractive Industry
	Resolution no. 27/2009, of 8 June	Strategy for the Concession of Areas for Petroleum Operations

Designation	Legal Instrument	Description
DECREES	Decree no. 4/2008, of 9 April	Approves the Regulations on the Petroleum Production Tax, envisaged under Law no. 12/2007, of 27 June and revokes Decree no 19/2004, of 2 June
	Decree no. 19/2004, of 2 June	Regulations on the Petroleum Production Tax (<i>Royalty</i>)
	Decree no. 24/2004, of 20 August	Regulations on Petroleum Operations
	Decree no. 45/2012, of 28 December	Defines the regime for the production, import, reception, storage, distribution, marketing, transport, export and re-export of petroleum products and revokes Decrees nos. 9/2009, of 1 April and 63/2006, of 26 December
	Decree no. 44/2005, of 29 November	Approves the Regulations on the Distribution and Sale of Natural Gas
	Decree no. 56/2010, of 22 November	Approves the Environmental Regulations for Petroleum Operations
	Decree no. 26/2004, of 20 August	Environmental Regulations for Mining
	Decree no. 61/2006, of 26 December	Regulations on Technical Safety and Health for Geological and Mining Activities
	Decree no. 62/2006, of 26 December	Approves the Regulations on the Mining Law and its appendices
	Decree no. 5/2008, of 9 April	Regulations on the Specific Mining Taxes
Decree no. 2/2014, of 2 December	Defines the legal and special contract regime applicable to Liquefied Natural Gas Project in Areas 1 and 4 of the Rovuma Basin	
Decree no. 20/2011, of 1 June	Regulations on the Sale of Mineral Products	
DIPLOMAS	Ministerial Diploma no. 272/2009, of 30 December	Approves the Regulations on Licensing Petroleum Installations and Activities
	Ministerial Diploma no. 189/2006, of 14 December	Basic Environmental Management Norms for Mining
	Ministerial Diploma no. 31/2006, of 19 March	Approves the Regulation of Licensing of Petroleum Technicians
	Ministerial Diploma no. 92/2007, of 11 June	Norms and Procedures for Enrolling Technical Staff Eligible for Drawing up Exploration and Research Reports and Work Programmes in Mining Projects

In recent years a programme has been undertaken to endow the country with legal instruments which are not only adequate for investment but which make it possible to maximise the benefits

for the national economy in order to guarantee that Mozambicans can benefit from the exploitation of these riches.

In this context, the Petroleum Law (Law no. 3/2001, of 21 February 2001) and the Mining Law (Law no. 14/2002, of 26 June 2002) were revised and approved by the Assembly of the Republic, giving origin to Laws nos. 21/2014 and 20/2014, both of 18 August.

The key aspects of the revision undertaken are as follows:

▪ **Petroleum Law:**

- Infrastructure Concession Contracts (for liquefaction and production based on fixed and mobile installations);
- Reconnaissance Concession Contract (the proposal withdraws exclusivity from the holder of the right of reconnaissance prior to signing an exploration and production contract);
- Burning of natural gas (this will only be approved for safety and environmental reasons, reducing burning for technical or commercial reasons, and eliminating inefficient operations);
- Establishment of the share of not less than 25% of oil and gas for domestic consumption;
- Defining the role of ENH in the area of hydrocarbons;
- Mandatory registration for Oil and Gas companies in Mozambique Stock Exchange.

▪ **Mining Law:**

- Definitions, Licensing, State Participation in the undertakings;
- Publication of the contracts;
- Deadline for starting production;
- Period of validity for mining passes;
- Transmission of mining rights;

- Closure of the mine;
- Principle of providing a guarantee to ensure compliance with the terms and conditions of mining titles;
- Acquisition of goods and services, and criminalisation of illegal mining activity.

Laws nos. 27/2014 and 28/2014, both of 23 September, include the fiscal incentives regime for the mining and petroleum areas. The details on the taxes, fees and specific contributions in the extractive industry, as well as the fiscal benefits granted, are given in the *Inception Report*⁵ of the Fifth EITI Report.

In the sphere of policies and strategies for the extractive sector, the following instruments stand out which have been approved in recent years or are still at the approval stage in the Council of Ministers:

- *Mineral Resources Policy and Strategy*⁶ approved in 2013, to replace the Geology and Mining Policy, which seeks to improve knowledge of the mineral resources in the soil and sub-soil, in the inland waters, in the territorial sea, on the continental shelf, and in the Exclusive Economic Zone where, in accordance with international law, the state has sovereign rights and jurisdiction. The Policy also seeks to turn the mineral resources into one of the main factors contributing to industrialisation and development, diversification and economic transformation, and improvements in the country's balance of payments;
- *Strategy for Training Human Resources for the Mineral Resource Sector*⁷ from the period between 2010 and 2020, in order to endow the country with skilled and specialist human resources, responding to the growing demand of the extractive industry for the entire chain of mining and petroleum activity;
- *Strategy for the Concession of Areas for Petroleum Operations*⁸, approved by Resolution no. 27/2009, of 8 June, the objective of which is to guarantee continued systematic exploration for petroleum in the country's sedimentary basins, encouraging the national private sector

⁵ www.itie.org.mz

⁶ http://www.mirem.gov.mz/documentos/politica_estrategia_2013.pdf

⁷ http://www.mirem.gov.mz/relatorios/formacao/estrategia_form.pdf

⁸ <http://www.inp.gov.mz/pt/content/download/896/6360/version/2/file/Estrategica+para+concessao+de+areas.pdf>

to invest in petroleum exploration and production activities, and to promote foreign investment in petroleum exploration and production in the national territory, thus ensuring good and efficient management of the existing areas and potential resources;

- Strategy to Develop the Natural Gas Market which stresses the need to create an integrated system between the market and the natural gas industry;
- Business Social Responsibility Policy for the Mineral Resources Extractive Industry⁹, approved by Resolution no 21/2014, of 16 May, designed with the aim of allowing the extractive industry to be more strategic in its Social Responsibility programmes, and to support the government's targets for sustainable economic growth and long term poverty reduction;
- Natural Gas Master Plan¹⁰ (still being drawn up); in addition to identifying the options for monetising the Rovuma Basin natural gas, it lays down the master lines for implementing the respective projects;
- Definition of the tariff methodology for transporting gas along high pressure gas pipelines (still being drawn up); this seeks to monitor and regulate the tariffs for the transport of natural gas and take the measures necessary to guarantee that these are consistent with the methodology adapted;
- Coal Master Plan (still being drawn up); in addition to an inventory of the coal resources in various parts of the country, this will recommend guidelines for the development of the extractive industry and the use of coal in Mozambique.

In the area of regional cooperation, there stands out the ratification of the Protocol on Mining of SADC, in force since February 2000. The objective of the protocol is the creation of a mining sector which contributes to economic development, poverty relief and improved living standards in the region. The Protocol encourages, among other aspects, national and regional harmonisation of mining policies, strategies and programmes.

Mozambique is also a member of the Africa Mining Vision, adopted by the Heads of State Summit of the African Union in February 2009, following the meeting in October 2008 of the African

⁹ http://www.mirem.gov.mz/documentos/politica_resp_social.pdf

¹⁰ http://www.mirem.gov.mz/relatorios/plano_director_gas.pdf

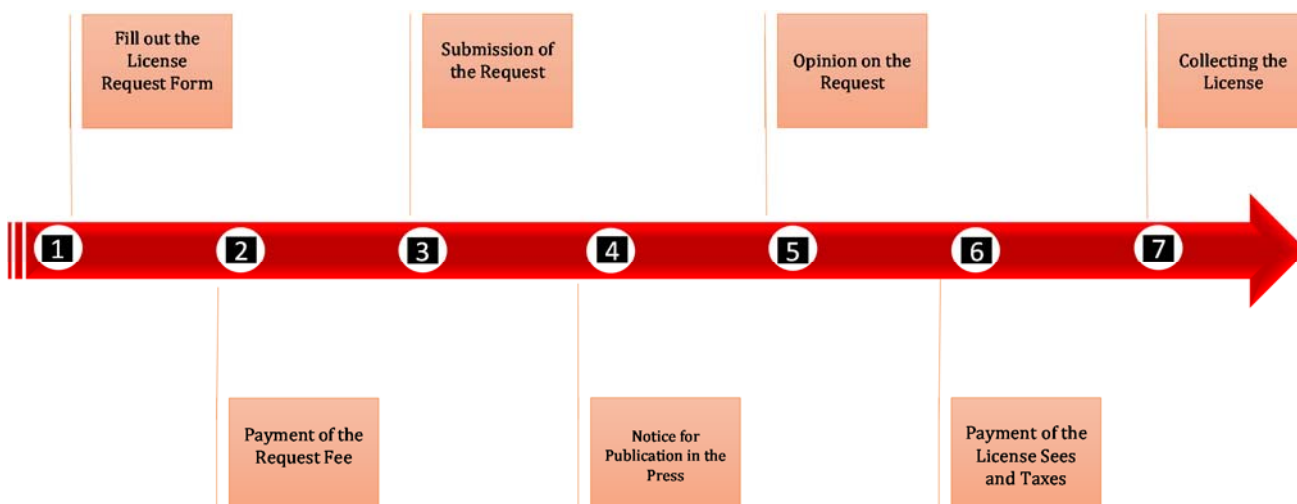
ministers responsible for the development of Mineral Resources. This body seeks to allow development of a policy framework for the extractive industry on the continent, which can add value for African countries and allow greater socio-economic development, through the generation of revenue, job creation and attracting greater investment.

4 Mining Licensing Procedure

Article 26, of Law no. 20/2014, of 18 August (Mining Law), creates the National Institute of Mines, as the regulatory authority for mining, responsible for the directives for the participation of the public and private sectors in the research, exploitation, treatment and import of mineral products and their derivatives. Until the establishment of this institute, the National Directorate of Mines was the body responsible for preparing and organising the allocation of exploration licenses, mining concessions and mineral water concessions, according to its attributes as defined in the Regulations of the revised Mining Law (Decree no. 62/2006, of 26 December).

The Mining Licensing Procedure follows the stages indicated in figure 7.

Figure 7: Mining Licensing Procedure



Source: Mining Register

The licensing forms vary in accordance with the type of licence and they are acquired at the National Directorate of Mines, more specifically at the Mining Register. The collection of all payments referring to licence fees are the responsibility of the tax offices.

The proof of paying the request processing fee and the request form are submitted to the Mining Register along with the other documentation required in accordance with the type of licence requested.

After the request has been accepted, the applicant requests publication in the largest circulation newspaper in the Republic of Mozambique of 30 day notices and submits a copy to the Mining

Register. The applicant receives a notification from the National Directorate of Mines when the licence is granted by the Minister. Once the notification has been received, the licence holder must make the following payments in order to collect the licence:

- Fee for issuing the mining title;
- Deposit (if applicable);
- Surface tax referring to the first year of the licence.

After receiving the notification, the applicant must collect the licence within 30 days, otherwise the licence will be cancelled. The licence holders must comply with obligations such as the payment of surface and production taxes and delivering reports on prospection, research and production to the National Directorate of Mines.

Mining Register

The Mozambican Government, through funding from the World Bank, in 2003 developed the Portal on the Mining Register as a way to increase transparency and promote investment in the sector. This portal¹¹ contains two platforms:

- The first is aimed at public consultation, which makes it possible to visualise all the mining titles and contracts issued by the Mozambican State, mining concessions, mining certificates, prospection and research licences, and authorisations for mineral resources for construction;
- The second, named FlexiCadastre, is a system for managing cases, which makes it possible to process them online.

¹¹ <http://portals.flexicadastre.com/Mozambique/EN/>

Figure 8: Portal of the Mining Register



5 Concession Contracts

The National Petroleum Institute is the regulatory body for petroleum exploration and production, and is responsible for promoting and negotiating any petroleum concession contracts.

Law no. 21/2014, of 18 August (Petroleum Law), states that all petroleum resources located in the soil, sub-soil, inland waters, territorial sea, continental shelf, and the Exclusive Economic Zone are owned by the State. The same law states that petroleum activities are undertaken under a concession regime. Four types of contract are envisaged for these activities:

Table 2: Types of Concession Contract

Description	Period
Reconnaissance Contract	<ul style="list-style-type: none"> Maximum period of two years in an exclusive regime.
Exploration and Production Contract	<ul style="list-style-type: none"> Duration of 8 years for the exploration phase and 30 years for production, as from the approval of the Development Plan. In the case of non-associated natural gas, the concessionaire may request extension of the exploration period for a further 8 years in the event of a discovery in the concession area.
Oil or Gas Pipeline Contract	<ul style="list-style-type: none"> This may be granted, with a non-exclusive character, in connection with the exploration and production concession, or may also be granted for separate activities of exploration and production.
Contract for Construction and Operation of Infrastructures	<ul style="list-style-type: none"> This grants the right to build and operate infrastructures for petroleum production, which are not covered by an approved exploration and production development plan.

A further basic principle laid down by the Petroleum Law is that petroleum activities are granted through public tender, simultaneous negotiation or direct negotiation.

Decree no. 24/2004, of 20 August, on the Regulations for Petroleum Operations, states that direct or simultaneous negotiation will be the modality to be adopted for the areas already declared available, areas put out for bidding previously but where no interested parties appeared, areas subject to rescission, relinquishment and abandonment, and areas where there is a need for unitisation.

The Decree provides for:

- The right of preference for Mozambican companies or foreign companies in association with Mozambican companies or individuals;
- The right of the State to participate in any phase of petroleum activities, including oil and gas pipeline contracts.

Publication of Contracts

The Ministry of Mineral Resources (MIREM)¹² has been publishing the concession contracts signed between the Mozambican government and mining and petroleum companies. This publication is part of the Government's pledge to make available information of public interest about the development of extractive sector activities as expressed in Law no. 15/2011, of 10 August (Law on Public-Private Partnerships, Large Scale Projects and Business Concessions). This envisages the publication of all contracts signed after the date on which the law was passed.

However, since there are contracts signed before 2011, the year when Law no. 15/2011 was passed, MIREM has contacted the companies asking them to waive the confidentiality clause in these contracts.

The contracts published up to the date of publication of the present report are shown in the following table.

Table 3: Synthesis of the Contracts Published

N°	Description	Concession Area
Hydrocarbon Area		
1	Exploration and Production Concession Contract between the Government of the Republic of Mozambique, Hidro Oil & Gas Mozambique, AS and the National Hydrocarbon Company, EP	Areas 2 & 5 of the Rovuma Basin
2	Petroleum Production Contract between the Government of the Republic of Mozambique, the National Hydrocarbon Company, EP, SASOL Petroleum Temane Lda and the Mozambican Hydrocarbon Company, SARL	Pande and Temane Onshore fields

¹² www.mirem.gov.mz

N°	Description	Concession Area
3	Exploration and Production Concession Contract between the Government of the Republic of Mozambique, SASOL Petroleum Mozambique Explorations Lda and the National Hydrocarbon Company, EP	Area "A " Onshore
4	Exploration and Production Concession Contract between the Government of the Republic of Mozambique, Petronas C Mozambique (Rovuma Basin) Ltd and the National Hydrocarbon Company, EP	Areas 3 & 6 Offshore- Rovuma Basin
5	Exploration and Production Concession Contract between the Government of the Republic of Mozambique and Sofala Offshore Limited	Sofala Block
6	Exploration and Production Concession Contract between the Government of the Republic of Mozambique, Anadarko Moçambique Area 1 Limitada Exploration and the National Hydrocarbon Company, EP	Area 1 Offshore- Rovuma Basin
7	Exploration and Production Concession Contract between the Government of the Republic of Mozambique, ENI East Africa S.P.A Exploration and the National Hydrocarbon Company, EP	Area 4 Offshore- Rovuma Basin
8	Exploration and Production Concession Contract between the Government of the Republic of Mozambique, Hydro Oil & Gas Moçambique As and the National Hydrocarbon Company, EP	Areas 2 & 5 of the Rovuma Basin
Mining Area		
9	Mining Contract between the Government of the Republic of Mozambique and Riversdale Moçambique Limitada	
10	Contract for the Prospection, Research, Development and Production of Heavy Minerals in the Areas of Moma, Congolone and Quinga between the Ministry of Mineral Resources and Energy and Kenmare Moma Mining Ltd	

6 Participation by the State in the Extractive Industry

6.1 State Institutions Involved

The Mozambican State participates in the extractive industry through public institutions responsible for managing state holdings, for regulating the sector or for the collection of taxes, fees and other contributions from the companies which operate in the sector.

Figure 9 shows the public institutions linked to the extractive industry in Mozambique.

Figure 9: Public Institutions linked to the Extractive Industry

	<p>The INP was set up in 2004, through Decree no. 25/2004, of 20 August, as the regulatory body for managing hydrocarbon reserves in the country. This institution is responsible for licensing the concession blocks and areas, as well as for supervising the contractual obligations of the companies undertaking exploration and production activities. It is also the task of the INP to advise the Government of Mozambique about any updating deemed necessary in the laws and regulations in force.</p>
	<p>IGEPE was set up in December 2001, by a Government decree, with the main purpose of managing the State's financial holdings, acquired through the restructuring of the State business sector. IGEPE has the strategic function of coordinating and controlling State holdings in the business sector under the terms of the law and of specific regulations.</p>
	<p>The Tax Authority (AT) is a State body set up by Law no. 1/06, of 22 March, with the fundamental purpose of, under Article 4, paragraph 3, of the above mentioned Law, (i) to implement tax and customs policy, directing and controlling the operations of the tax and customs services, (ii) planning and controlling their activities and the information systems, (iii) training and improving the skills of the human resources, and (iv) drawing up studies and supporting the design of tax and customs policies.</p>
	<p>ENH was set up by Law no. 3/81, of 3 October, as a State Company, and was transformed into a Public Company through decree no. 39/97, of 12 December. Its role is that of the business arm of the Mozambican State in the petroleum and gas sector. ENH thus becomes the equivalent, in the Mozambican context, of the bodies known as NOC (<i>National Oil Companies</i>). The core business of ENH is upstream, centring its activities on the exploration, development and production of hydrocarbons.</p>

6.2 State Participation in Extractive Industry Projects

Under the attributes of IGEPE mentioned in figure 9, this institution is responsible for managing the State holdings in extractive sector companies. The state owns holdings in the extractive sector companies mentioned in table 4.

Table 4 : Companies in which the State participates (10³Mt)

Company	Share capital	State holding	
		Value	Weight
AUTO - GÁS, S.A	23,804.00	5,236.88	22%
CMG - COMPANHIA MOÇAMBICANA DE GASODUTO, SA	500.00	100.00	20%
CMH - COMPANHIA MOÇAMBICANA DE HIDROCARBONETOS, SA	593,411.50	118,682.30	20%
EMEM – EMPRESA MOÇAMBICANA DE EXPLORAÇÃO MINEIRA, SA	2,000.00	1,700.00	85%
CIMENTOS DE MOÇAMBIQUE,SA	1,000,000.00	118,900.00	11,89%
ENOP – ENGENHARIA DE OBRAS PÚBLICAS, LDA	20,000.00	2,906.00	14,53%

Source: IGEPE

The participation of the Mozambican state in projects in the hydrocarbon and mining areas is undertaken through the National Hydrocarbon Company (ENH) and the Mozambican Mining Exploration Company (EMEM), respectively.

As the business arm of the State, ENH has holdings in the concessioned blocks in the hydrocarbon area, as shown in table 5.

Table 5: Holdings of ENH

Block/Area	ENH Holding	Operators
Onshore Area	15%	Anadarko
Area 1	15%	Anadarko
Area 4	10%	Eni
Area 2&5	10%	Statoil
Area 3&6	10%	Petronas
Buzi	25%	Buzi Hydrocarbons
Sofala	15%	Sasol
Blocks 16&19	15%	Sasol
Pande and Temane	25%	Sasol
Area A	10%	Sasol
M10	15%	Sasol

Source: ENH, INP

ENH also participates in the share capital of the gas distribution company, the Matola Gas Company (MGC), alongside national and foreign private investors. MGC sells natural gas in Maputo province through a gas transport and distribution system about 100 km long, with a capacity of 10 MGJ/year. This company also operates systems to distribute natural gas through cylinders of Compressed Natural Gas (CNG) at pressures of about 250 bars (virtual gas pipelines), for delivery by road to vehicle and industrial consumers located outside the area of influence of the gas pipelines currently in operation.

The defence of the interests of the Mozambican State in the Pande-Temane project is in the hands of the Mozambican Hydrocarbon Company (CMH), responsible for implementing the commercial operations of the project. The shareholders in the company are ENH (70%), the State through IGEPE (20%) and private shareholders (10%).

To operate in the mining area, the Mozambican government created the Mozambican Mining Exploration Company (EMEM), a commercial company with the objective of undertaking geological and mining exploration, the production and sale of mineral products, the sale of raw materials of use in mining, advice, consultancy and technical assistance in the mining area,

mineral resource prospection and research, and the development of mining projects in partnership with other Mozambican or foreign companies.

The projects where the Mozambican state has holdings managed by EMEM are those mentioned in table 6.

Table 6: Holdings of EMEM

PROJECTS AND INVESTMENTS				
NAME OF PROJECT	PARTNER	INVESTMENT (in millions of USD)	% EMEM	SITUATION OF THE EMEM HOLDINGS
VALE MOÇAMBIQUE	VALE EMIRATES	6.000,00	5%	REALISED
RIO TINTO	RIO TINTO & TATA STEEL	1.200,00	5%	UNDER NEGOTIATION
MINAS MOATIZE	BEACON HILL RESOURCES	100,00	5%	UNDER NEGOTIATION
JINDAL - JSPL	JINDAL POWER & STEEL	200,00	10%	PROCESS UNDER WAY
REVUBUE	NIPPON STEEL, TAILABOT	1.000,00	10%	PROCESS UNDER WAY
RIO TINTO ZAMBEZE	RIO TINTO	1.200,00	25%	PROCESS UNDER WAY
NCONDEZI	NCONDEZI COAL	200,00	10%	PROCESS UNDER WAY
KING HO	KING HO	800,00	10%	UNDER NEGOTIATION
ENRC	ENRC	500,00	49%	UNDER NEGOTIATION
MOATIZE ETA-STAR	ETA-STAR	350,00	15%	UNDER NEGOTIATION
MOATIZE INDIA	COAL INDIA	250,00	10%	UNDER NEGOTIATION
TETE WEST MINING	MOZAMBI COAL	200,00	10%	CONTACTS
BOABAB PROJECT	BOABAB RESOURCES	250,00	10%	UNDER NEGOTIATION
MIDWEST MINA	MIDWEST COAL RESOURCE	400,00	10%	UNDER NEGOTIATION

PROJECTS AND INVESTMENTS				
NAME OF PROJECT	PARTNER	INVESTMENT (in millions of USD)	% EMEM	SITUATION OF THE EMEM HOLDINGS
TOTAL		12.650,00		

Source: IGEPE

6.3 Audits of State Institutions

The government, through the Minister who supervises the financial area, may submit state bodies and institutions to a specific or systematic independent audit¹³. In this context the bodies which intervene in the inspection and auditing of tax collection and the use of public resources are the General Inspectorate of Finance and the Administrative Tribunal. The reports issued by these bodies are not made available for public consultation.

Under the law on public companies, Law no. 6/2012, of 8 February, public companies must adopt internal control and auditing procedures that are adequate for guaranteeing the reliability of their accounts and other financial information, especially those recommended by the external audit of the accounts, the Supervisory Board, and the General Inspectorate of Finance.

Thus the Minister who supervises the financial area appoints external auditors, through public tender and in a rotating manner, and the costs are borne by the company audited. The accounts of public companies are exempt from prior inspection, but are subject to subsequent auditing in cases where the Administrative Tribunal deems this justified.

Hence public companies in general, and more specifically those linked to the extractive sector are subject to inspection and audit by the General Inspectorate of Finance, the Administrative Tribunal and the external auditors.

¹³ Article 62, of Law no. 09/2002, of 12 February

7 Revenue from the Extractive Industry

The Mozambican State collects a series of taxes, fees and contributions¹⁴, some of them from the extractive sector, arising from the upstream¹⁵ and midstream¹⁶ activities of this sector.

7.1 Flow of State Revenues

With the approval of Law no. 9/2002, of 12 February, and its regulation by Decree no. 23/2004, of 20 August, it became obligatory for all State resources, whatever their source or nature, to be included in the State Budget (OE), through collection at the Tax Area Directorates (DAF) and Units of Large Taxpayers (UGC) for later channelling to the Single Treasury Account¹⁷, with uniform accounting treatment in the computerised SISTAFE¹⁸ system (e- SISTAFE).

The flow of revenue collection from the extractive industry paid directly to the Ministry of Finance is described in figure 10.

¹⁴ Details on the taxes, fees and other contributions may be consulted in the Inception Report of the Fifth EITI-M Report: www.itie.org.mz

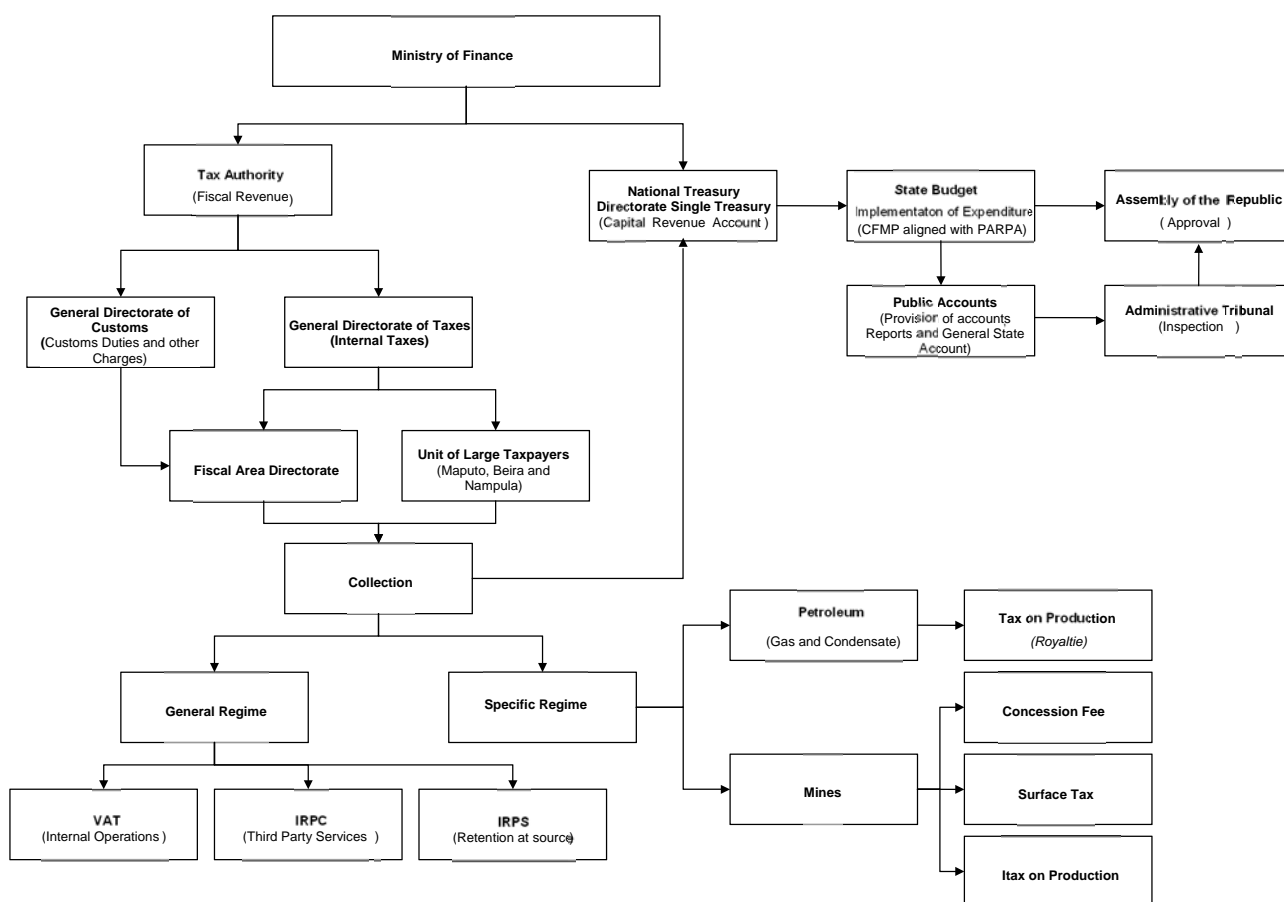
¹⁵ *Upstream* refers to the phase of exploration, development and production. In the specific case of hydrocarbons, this phase includes transport as from the pressure of 16 bars.

¹⁶ *Midstream* refers to the phase of refining and transport.

¹⁷ The Single Account is a bank account of a pyramid type, with the necessary sub-accounts, through which both the collection of revenue and the payment of expenditure, whatever their origin or nature, is operated.

¹⁸ Set up by Law no. 09/2002, of 12 February.

Figure 10: Flow of Revenue from the Mega-Projects in the Extractive Industry



Source: Ministry of Finance

As for the dividends received by IGEPE, they can be sub-divided into two groups:

- Direct holdings, where IGEPE is the direct partner;
- State participation, managed by IGEPE, from which it receives the earmarked revenue of 25% of the total amount collected.

The INP, the institution responsible for monitoring the production of hydrocarbons in the country, collects some of the specific contributions of the hydrocarbon area, namely:

- Institutional capacity building fund: these are payments made by the Concessionary company to the State, envisaged under the contracts between them, granted for training programmes in the hydrocarbon area;

- Contribution to the social projects fund: these are payments made by the Concessionary company to the State, envisaged under the contracts between them, granted for social projects of the citizens who live in the areas covered by the petroleum operations;
- Institutional contribution: these are payments made by the Concessionary company to the State, envisaged under the contracts between them, granted for institutional support.

INP/MIREM manages these contributions in implementing the activities for which each is intended and to the sums agreed in the Exploration and Production Concession Contracts (EPCC).

7.2 National Revenue Classification System

According to the national Economic Classifier of Revenue (CER), State revenues consist essentially of current revenue (fiscal revenue, non-fiscal revenue, own income and earmarked revenue) and capital revenue, as shown in the following table.

Table 7: Economic Classifier of Revenue (CER)

Description of Revenue
Current Revenues
▪ Fiscal Revenue
▪ Non-fiscal Revenue
▪ Earmarked revenues
▪ Grants
Capital Revenue
▪ Alienation of goods
▪ Grants
▪ Loans.

Source: Ministry of Finance

The new CER is undergoing revision so as to be better adjusted for classifying international revenues. The following model from the IMF is an example.

Table 8: Classification of Revenue (GFSM 2001)

Revenue	
Taxes	
▪	Taxes on rents, profits and capital gains
▪	Taxes on wages and labour
▪	Taxes on property
▪	Taxes on goods and services
▪	Taxes on international trade and transactions
▪	Other taxes
Social Contributions	
▪	Pension Contributions
▪	Other social contributions
Grants	
▪	From foreign governments
▪	From international bodies
▪	From other government units - general
Other revenue	
▪	Revenue from property
▪	Sale of goods and services
▪	Fines, penalties and confiscations
▪	Miscellaneous and unidentified revenue

Source: Government Finance Statistics Manual 2001 (GFSM 2001), IMF

7.3 Allocation of Revenue from the Extractive Industry

Law no. 20/2014 (Mining Law) and Law no. 21/2014 (Petroleum Law), both of 18 August, state that a percentage of the revenue generated in petroleum and mining activities should be channelled for the development of the communities in the areas where the respective projects are located. This contribution is reflected in the General State Budget, where a sum is determined which varies according to the objectives of each year¹⁹. It is the job of the Council of Ministers to list the revenues resulting from petroleum and mining operations and publish them periodically.

¹⁹ Article 7^o of Law no. 01/2014, of 24 January, which approves the 2014 State Budget, lays down the percentage of 2.75% for programmes intended for the development of the communities in the areas where the respective projects are located.

The criteria to be observed in implementing projects financed by revenue from mining and petroleum operations are defined in Circular no. 1/MPD-MF/2013. According to this document, the resources should be allocated to priority projects in coordination with the respective Locality Consultative Councils, the Provincial Planning and Finance Directorate, and the District Service, in the following areas:

- Education (classrooms and their respective equipment);
- Health (health posts, health centres and their respective equipment);
- Agriculture (community irrigation schemes/weirs);
- Forestry (Community forests);
- Services (markets);
- Roads and bridges of local interest;
- Water supply and sanitation systems.

According to the same document, the District Secretariat is the body responsible for the management and good application of the resources allocated.

8 Taxes, Fees and Other Contributions to be Included in the Report

The Mozambican State collects a series of taxes, fees and other contributions including the revenues that derive from the extractive industry. For purposes of drawing up the Fifth EITI-M Report, only the taxes which contribute to state revenue with materially relevant sums were selected. The rest were excluded either because they contributed with immaterial sums, according to the criteria established by the Coordination Committee²⁰, or because a particular tax was not paid during 2012, such as the case of the Signature Bonus.

Thus the following contributions were selected to be included in the Fifth EITI-M Report:

Figure 11: Revenue to be included in the Fifth EITI-M Report

1	• IRPC
2	• IRPS
3	• Mining/Petroleum Production Tax
4	• Surface Tax
5	• Institutional Capacity Building Fund
6	• Contribution to Social Projects fund
7	• Institutional Contribution
8	• Petroleum Production Tax, In Kind
9	• Environmental License
10	• Dividends
11	• Capital Gains

²⁰ As mentioned in the *Inception Report* of the Fifth EITI-M Report: www.itie.org.mz

9 State Institutions Responsible for Collection/Receiving

Law no. 09/2002, of 12 February, which sets up the State Financial Administration System, and subsequent legislation determine that, with rare exceptions, the taxes and fees relevant for the present reconciliation are, as a general rule, paid to the General Directorate of Taxes, which collects them through the Units of Major Taxpayers and the Fiscal Area Directorates.



Normally, the companies pay at the Directorate of the Fiscal Area where the company has its head office. However, sometimes the taxes, notably the taxes on workers' wages, are paid where the company delegation is located, since the legislation does not prevent this.

Some of the payments, such as the institutional contributions, the contributions to institutional capacity building funds, and the contributions to funds for social projects, are made directly to the National Petroleum Institute (INP), to the amounts agreed between the parties when the contract was signed.

Other payments result from dividends from the State holdings managed by the Institute for the Management of State Holdings (IGEPE).

Thus the DGI, INP and IGEPE are the institutions responsible for receiving, among others, the taxes, fees and specific contributions from the extractive sector, as the following figure shows:

Figure 12: Institutions Responsible for collecting Taxes, Fees and other Contributions

MINING AREA		IRPC	IRPS	ENVIRONMENTAL LICENSE
		MINING PRODUCTION	SURFACE TAX	
HYDROCARBON AREA	 	IRPC	IRPS	ENVIRONMENTAL LICENSE
		IPETROLEIM PRODUCTION TAX	CAPITAL GAINS	
		CAPACITY BUILDING FUND	CONTRIBUTION TO SOCIAL PROJECTS FUND	
		INSTITUTIONAL CONTRIBUTION		
		DIVIDENDS		

10 Extractive Industry Projects

10.1 Selection Procedure

The extractive industry companies were mapped, based on information obtained from the National Directorate of Mines (DNM) and from the INP. This information obtained was later cross-checked against the information contained in the Fourth Reconciliation Report, in order to ensure that all the concessions considered in this report form part of the initial mapping²¹.

Out of a total of 150 mining concessions mapped, 38 projects were selected whose contributions, confirmed by the State, are equal to or greater than 500,000 MT, as determined by the EITI-M Coordination Committee. In the hydrocarbon area, all the projects were selected – that is, all 18 of the projects mapped, in line with the decision of the same body, since the volume of investment and payments in this area is significant. The revenue from the projects selected is equivalent to 99.9% of the total revenue confirmed by the State in 2012, that is, 11,711,707,616.72 MZN.

The total number of projects – 56 – is shown in table 9.

Table 9: Projects Selected

Number	Name of Company	Resources
Mining Area		
1	ACOSTERAS	STO
2	AFRICA GREAT WALL MINING DEVELOPMENT COMPANY, LIMITADA	CU, AU, AG, CO, CU, NI, LST, FE, TI, SAN, ILM
3	AFRIFOCUS RESOURCES, LDA	MI, TI
4	ARA SUL	RIO
5	BIWORLD INTERNATIONAL, LIMITED	LST
6	CAPITOL RESOURCES, LIMITADA	BME, FE, PGM, PME, TI, V
7	CETA CONSTRUÇÃO E SERVIÇOS, SA	STO
8	CIMENTOS DE MOÇAMBIQUE	CLA, LST, DIT,

²¹ The mapping procedure is detailed in the *Inception Report*.

Number	Name of Company	Resources
9	CINAC - CIMENTOS DE NACALA	LST
10	COMPANHIA CARVOEIRA DE SAMOA, LDA	COA
11	ENRC MOZAMBIQUE, LIMITADA	COA, MI, MPS, PME, REE, BME
12	ENOP	STO
13	FÁBRICA DE XAROPES E REFRIGERANTES VUMBA	AGU
14	GMC - GOLD MINING CORPORATION, SARL	AQU, TOU, EME, AU
15	G.S. CIMENTOS, SARL	LST
16	HAIYU (MOZAMBIQUE) MINING CO, LDA	AU, TOU
17	GOLD ONE MOZAMBIQUE, LDA	AU, REE, TI
18	HIGHLAND AFRICAN MINING COMPANY, LDA	TAM, AQU, BER, EME, GAR, MOR, TAN, TOP, TOU
19	JSPL MOZAMBIQUE MINERALS, LIMITADA	BME, COA, ZR, AU
20	JSW NATURAL RESOURCES MOZAMBIQUE, LDA	COA, FE, MI, BME, FE
21	JSW ADMS CARVÃO LIMITADA	COM, COA
22	KENMARE MOMA MINING (MAURITIUS) LDA	HSA
23	MINA ALUMINA LDA	AU, BAU, CAU, GB
24	MINAS MOATIZE, LDA-TETE	COA, STO
25	MONTEPUEZ RUBI MINING, LDA	AQU, GAR, RUB, TOU
26	MOZAMBIQUE MINERALS, LIMITED	AU, BME, GEM, TAN, FE, PB, PHO, ZN, COA
27	NCONDEZI	COA
28	PATEL MINING CONCESSION, LIMITADA	AU, BER, BI, LI, NB, TAN
29	PROBRITA	STO
30	RIO TINTO BENGA, LTD	COA, MI, U
31	RIO TINTO ZAMBEZE, LTD	COM
32	RIO TINTO MINING AND EXPLORATION, LDA	AG, AU, CU, NI, PB, PD, PT, ZN
33	RIOLITOS	RIO
34	ROVUMA RESOURCES, LDA	TAM
35	SULBRITA, LDA	STO, GR

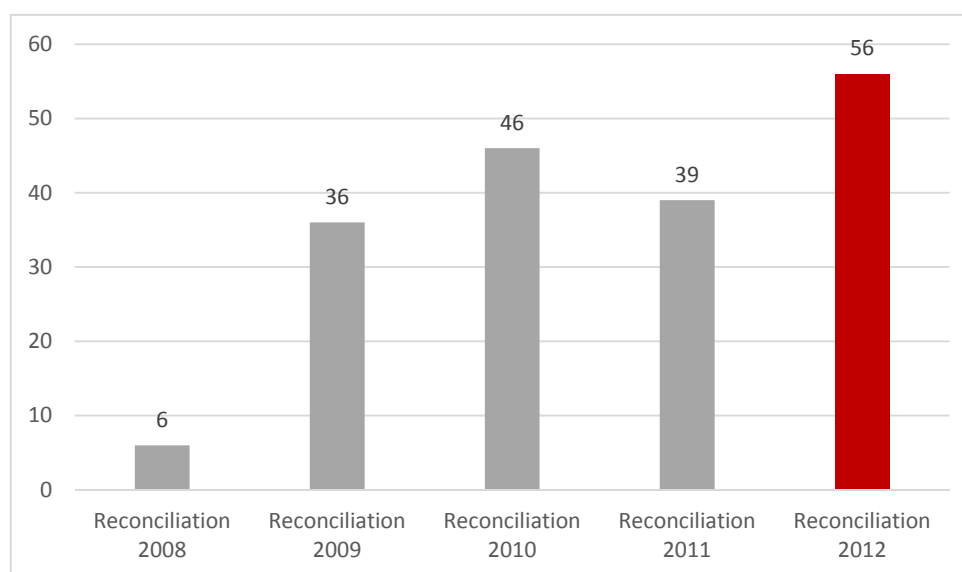
Number	Name of Company	Resources
36	TANTALUM MINERAÇÃO E PROSPECÇÃO, LDA	AG, AU, BME, CU, GRP, NI, PB, PME, PT, ZN
37	VALE MOÇAMBIQUE	AU, BME, COA, MI, MND, PME
38	VALE PROJECTOS E DESENVOLVIMENTO MOÇAMBIQUE, LDA	COA
Hydrocarbon Area		
1	ANADARKO MOÇAMBIQUE ÁREA 1, LIMITADA	Hydrocarbons
2	BUZI HYDROCARBONS	Hydrocarbons
3	COVE ENERGY	Hydrocarbons
4	COMPANHIA MOÇAMBICANA DE HIDROCARBONETOS, SARL	Hydrocarbons
5	COMPANHIA MOÇAMBICANA DE GASODUTO	Hydrocarbons
6	EMPRESA NACIONAL DE HIDROCARBONETOS, EP	Hydrocarbons
7	ENI EAST AFRICA SPA	Hydrocarbons
8	PETRONAS ROVUMA BASIN	Hydrocarbons
9	PETRONAS CARIGALI MOZAMBIQUE E & P, LTD.	Hydrocarbons
10	SASOL PETROLEUM SOFALA, LDA.	Hydrocarbons
11	SASOL PETROLEUM TEMANE, LDA.	Hydrocarbons
12	SASOL PETROLEUM MOÇAMBIQUE, LDA.	Hydrocarbons
13	SASOL PETROLEUM M-10, LDA.	Hydrocarbons
14	SASOL PETROLEUM MOZAMBIQUE EXPLORATION	Hydrocarbons
15	STATOIL OIL & GAS MOZAMBIQUE SA	Hydrocarbons

Number	Name of Company	Resources
16	SASOL PETROLEUM SENGALA, LDA.	Hydrocarbons
17	SASOL GÁS	Hydrocarbons
18	ROMPCO	Hydrocarbons

10.2 Comparative Analysis

The number of projects selected, a total of 56, for purposes of the Fifth EITI-M Report, is the largest since the start of EITI in Mozambique. Prior to the present report the largest number of projects selected was in the Third EITI-M Report (referring to 2010) as can be seen in Graph 3.

Graph 3: Evolution of the Number of Projects Selected



For purposes of the Fifth Report, 3 projects in the mining area which had been selected for the Fourth Report, were excluded because they did not reach the materiality criteria, that is, 500,000 MT. They are: Eta Star Mozambique, Lda, Midwest Africa, Lda and Twigg Exploration and Mining, Lda. As for the hydrocarbon area, all the projects selected in the Fourth Report are also covered in the Fifth Report.

The contributions made by extractive industry projects in 2012, led to the inclusion of a total of 20 new projects, when compared with the previous report, 18 of them in the mining area and 2 in the hydrocarbon area, as detailed in table 10.

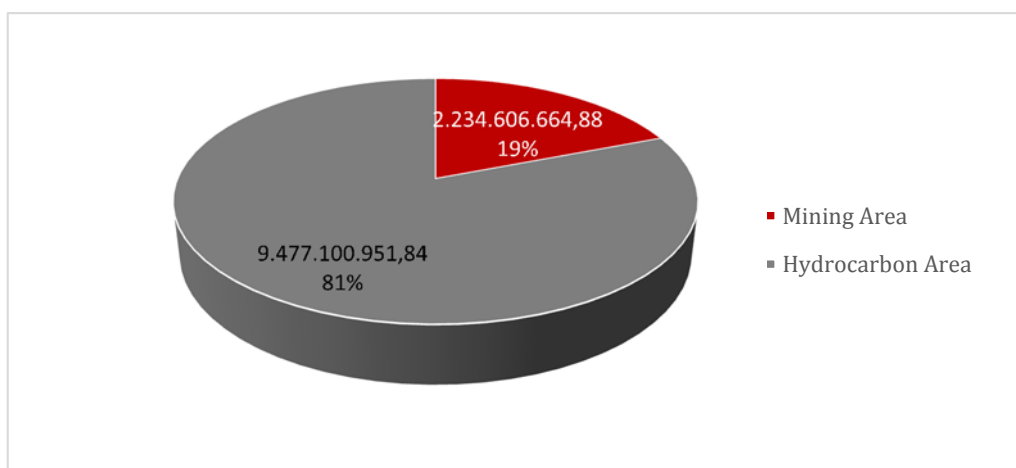
Table 10: New Projects Selected

Number	Name of Company
Mining Area	
1	ACOSTERAS
2	ARA SUL
3	CETA CONSTRUÇÃO E SERVIÇOS, SA
4	CIMENTOS DE MOÇAMBIQUE
5	CINAC - CIMENTOS DE NACALA
6	ENOP
7	FÁBRICA DE XAROPES E REFRIGERANTES VUMBA
8	GMC - GOLD MINING CORPORATION, SARL
9	G.S. CIMENTOS, SARL
10	HAIYU (MOZAMBIQUE) MINING CO, LDA
11	GOLD ONE MOZAMBIQUE, LDA
12	JSW ADMS CARVÃO LIMITADA
13	MINA ALUMINA LDA
14	MONTEPUEZ RUBI MINING, LDA
15	PROBRITA
16	RIOLITOS
17	SULBRITA, LDA
18	TANTALUM MINERAÇÃO E PROSPECÇÃO, LDA
Hydrocarbon Area	
1	COVE ENERGY
2	COMPANHIA MOÇAMBICANA DE GASODUTO

The total revenue reported by the State from the extractive industry is 11,717.61 million meticaís, which amounts to 12% of the overall total revenue collected by the State in 2012²², which was about 98,615.10 million meticaís.

The revenue confirmed by the State for the 56 projects selected under the present report is 11,711,707,616.72 MZN, of which 2,234,606,664.88 MT corresponds to the Mining Area and 9,477,100,951.84 MT to the Hydrocarbon Area, as shown in Graph 4.

Graph 4: Distribution of State Revenues by Area (MT)

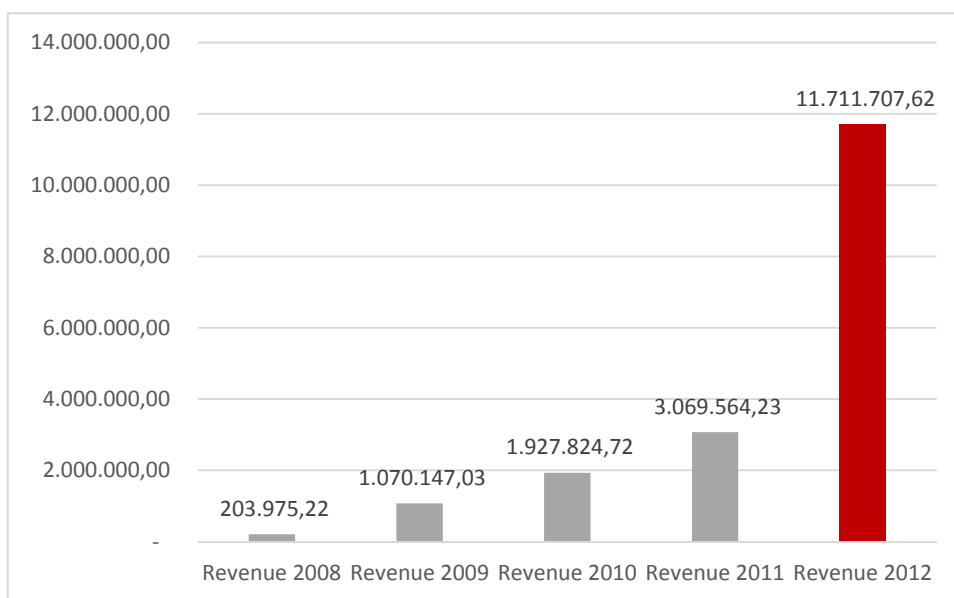


Although the hydrocarbon area is represented by only 18 of the 56 projects selected for the Fifth EITI-M Report, their contribution to state revenue is greatly superior, which is fundamentally due to the volume of investment necessary to develop their activities.

Due to the increase in the number of projects selected, associated with the level of activity of the extractive sector, there was an increase in the order of 8,642,143,390 meticaís, in the total revenue confirmed by the State, compared with 2011, as the graph below shows.

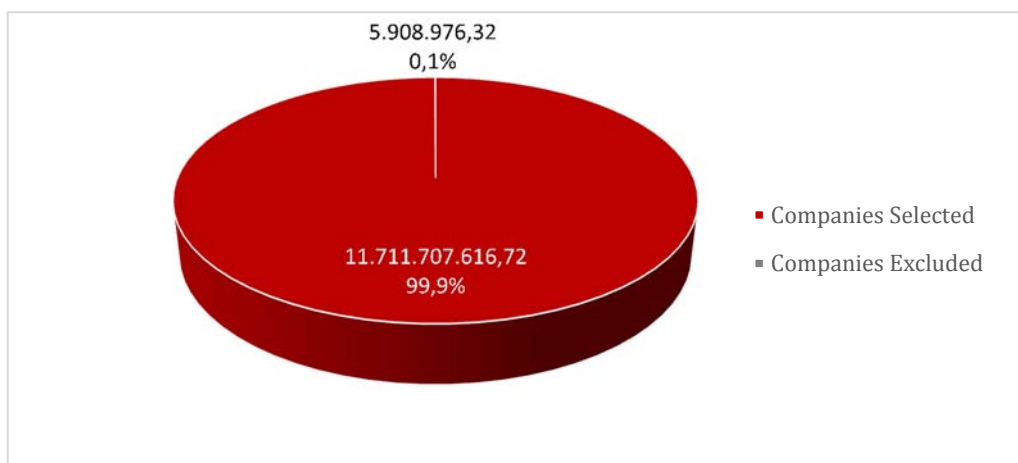
²² Balance of the PES 2012.

Graph 5: Evolution of Revenue Confirmed by the State for the Projects selected (thousands of MT)



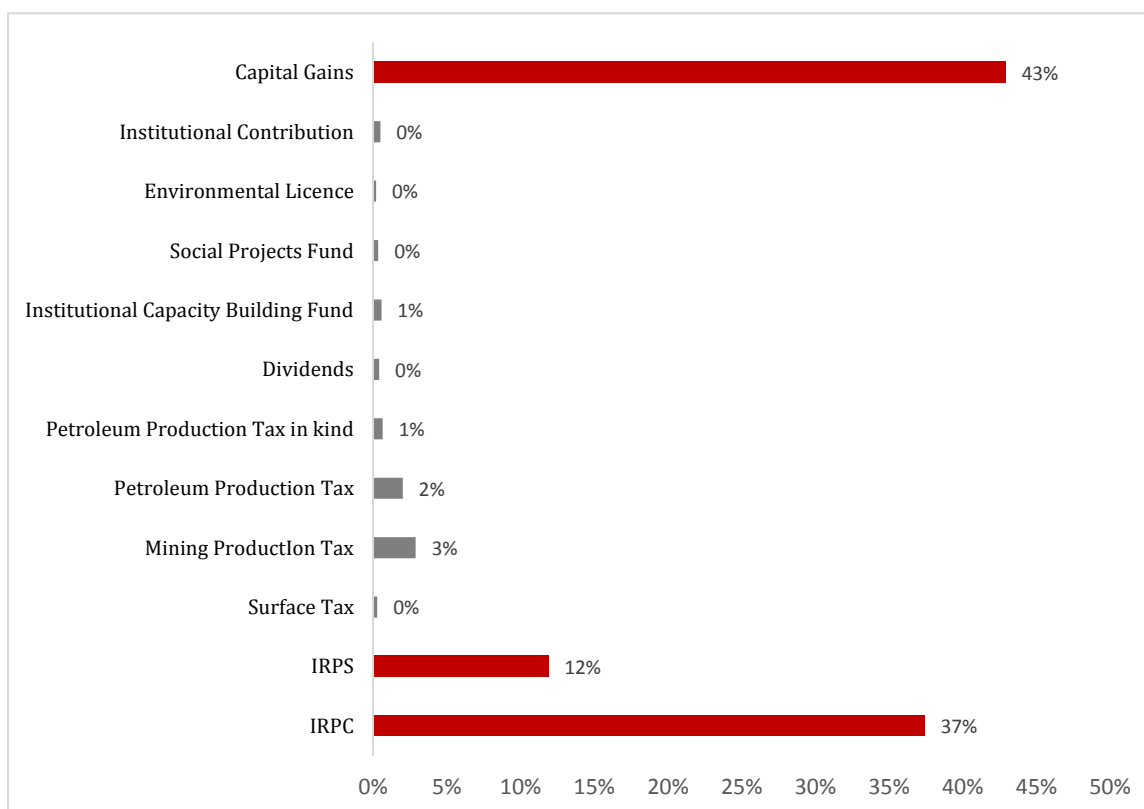
It should be noted that the contribution to the State revenues of the projects selected for the sample amounts to 99.9% of the total revenue collected from the Extractive Industry, under the circumstances presented in the present report.

Graph 6: Proportion of the Companies Selected (MT)



The receipts confirmed by the State institutions from the companies selected for the reconciliation procedures, broken down by tax, are shown in graph 7.

Graph 7: Receipts confirmed by the state, by Tax (%)



Thus it can be seen that capital gains tax, IRPC and IRPS, account for about 92% of the confirmed revenues, with individual contributions of 43%, 37% and 12% respectively.

The capital gains tax was paid by Cove Energy to the Mozambican State in 2012, following the sale to PTT of its 8.5% holding in Area 4 of the Rovuma Basin. Tax amounting to 5,026,128,164.29 MZN was paid on this transaction²³.

10.3 Projects which did not Reply to the Request for Information

The projects selected were sent an Information Collection Form by area of activity, Replies were obtained from only 47 projects, 29 in the mining area and 18 in the hydrocarbon area. Table 11 shows all the projects for which the Independent Administrator did not obtain a reply to the request for information due to delays in returning the completed Information collection forms or due to the lack of an up-to-date data base containing the addresses of these companies, either in State institutions, or in alternative sources.

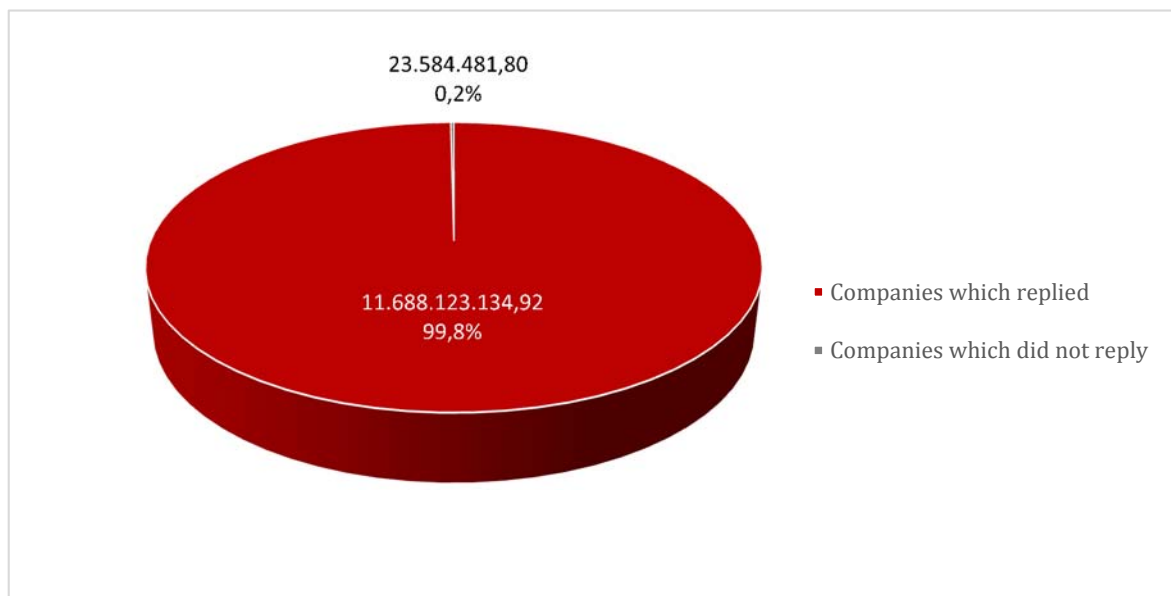
²³ Converted at the selling exchange rate of the Bank of Mozambique, for 27 December 2012, which was 29,65 MT to the US dollar. The same rate was used for all amounts reported in US dollars.

Table 11: Projects which did not Reply to the Information Collecting Form

Number	Name of Company	Resource/Product	Motive
Mining Area			
1	ACOSTERRAS	STO	Delay in Reply
2	AFRIFOCUS RESOURCES, LDA	MI, TI	No contact DNM/DGI
3	BIWORLD INTERNATIONAL, LIMITED	LST	Delay in Reply
4	G.S. CIMENTOS, SARL	LST	Delay in Reply
5	MONTEPUEZ RUBI MINING, LDA	AQU, GAR, RUB, TOU	Delay in Reply
6	SULBRITA, LDA	STO, GR	Delay in Reply
7	GMC - GOLD MINING CORPORATION, SARL	AQU, TOU, EME, AU	No contact DNM/DGI
8	GOLD ONE MOZAMBIQUE, LDA	AU, REE, TI	No contact DNM/DGI
9	PROBRITA	STO	No contact DNM/DGI

The total revenue confirmed by the State from these projects, all in the mining area, is 23,584,481.80 MT.

Graph 8: Projects which did not Reply to the Information Collecting Form



10.4 Production/Export data

The new EITI-M requirements determine the inclusion of production data for the year covered by the report. In the specific case of the Fifth EITI-M Report, this data should refer to 2012. The data should be presented by resource, mentioning the unit of measurement, and the amounts produced, consumed and exported, as well as the value in meticaís.

In 2012 only 7 projects selected for the reconciliation procedure reported through the Information Collection Forms that they were in the production phase, namely: Ceta Construção e Serviços, SA; Cimentos de Moçambique, SARL; CINAC – Cimentos de Nacala, SA; Kenmare Moma Mining (Mauritius), Lda; Minas de Moatize, Lda; Vale Moçambique, SA and Sasol Pande e Temane, Lda.

The following table shows the amounts produced, consumed and exported in 2012, as reported by the projects:

Table 12: Chart of Production, Consumption and Exports – Projects

No	Company	Resources	Unit	Amounts		
				Production	Domestic Consumption	Exports
MINING AREA						
1	CETA CONSTRUÇÃO E SERVIÇOS, S.A	STONE	m3	25.117,00	39.303,00	-
2	CIMENTOS DE MOÇAMBIQUE S.A.R.L.	LIMESTONE	TON	799.264,95	799.264,95	-
		CLAY	TON	19.271,92	19.271,92	-
3	CINAC - CIMENTOS DE NACALA, SA	LIMESTONE	TON	39.083,10	39.083,10	-
4	KENMARE MOMA MINING (MAURITIUS) LDA	ILMENITE	TON	574.398,00	-	642.502,00
		ZIRCON	TON	46.880,00	-	47.201,00
		RUTILE	TON	5.069,00	-	2.630,00
5	MINAS MOATIZE LIMITADA	THERMAL COAL	TON	42.029,00	5.282,59	32.613,68
6	VALE MOÇAMBIQUE, LDA ²⁴	COAL	TON	2.261.114,00	N/A	2.261.114,00
HYDROCARBON AREA						
1	SASOL PETROLEUM TEMANE, LDA ¹⁸	NATURAL GAS	GJ(Gigajoule)	139.916.173,17	4.545.605,84	135.370.567,33

²⁴ The data obtained from Vale Moçambique and SASOL Petroleum Temane, Lda through completing the Information Collection Form correspond to domestic consumption and exports, since these projects assumed that Production = Domestic Consumption + Exports.

No	Company	Resources	Unit	Amounts		
				Production	Domestic Consumption	Exports
		CONDENSATE	BL (Barrels)	407.052,52	N/A	407.052,52

It should be mentioned that some companies go into the following year without selling their entire production. In these cases, in the following year the volume of domestic consumption and/or exports could be greater than the amount produced.

The same information was obtained from the MIREM Planning and Development Directorate (DPD), for the projects selected under the Fifth EITI-M Report. This information is shown in table 12.

Table 13: Chart of Production, Consumption and Export – State (MIREM/DPD)

Company	Place	Resource	Unit	Production	Sales on the Domestic Market	Sales on the Foreign Market
MINING AREA						
KENMARE MOMA MINING (MAURITIUS) LDA	Nampula	Ilmenite	Ton	574.398,00	0,00	522.947,0
	Nampula	Zircon	Ton	46.880,00	0,00	44.069,0
	Nampula	Rutile	Ton	3.713,00	0,00	0,0
	Nampula	Concentrate	Ton	499.238,00	0,00	0,0
CIMENTOS DE NACALA	Nampula	Limestone	M³	9.748,38	6.729,00	0,0
	Nampula	Limestone	M³	0,00	3.019,38	0,0
VALE MOÇAMBIQUE	Tete	Coking coal	Ton	2.501.279,00	0,00	2.146.434,0
	Tete	Thermal coal	Ton	1.266.765,00	0,00	33.409,0
RIO TINTO	Tete	Coking coal	Ton	490.515,00	0,00	237.012,6
	Tete	Thermal coal	Ton	563.491,00	15.217,50	87.259,0
MINAS DE MOATIZE	Tete	Thermal coal	Ton	131.944,00	389,40	4.351,7
CETA CONSTRUÇÕES LDA	Tete	Gravel	M³	12.166,00	12.166,00	0,0
HAMC	Zambézia	Tantalite	Kg	245.977,30	0,0	165.360,6
TANTALUM MINERAÇÃO	Zambézia	Tantalite	Kg	82.540,50	0,0	0,0
SULBRITA	Zambézia	Gravel	M³	42.092,20	0,0	0,0
MINA ALUMINA	Manica	Bauxite	Ton	8.632,71	0,0	4.656,9

Company	Place	Resource	Unit	Production	Sales on the Domestic Market	Sales on the Foreign Market
CETA CONSTRUÇÕES E SERVIÇOS SA	Sofala	Gravel	M³	9.371,00	8.976,00	0,0
SULBRITA	Sofala	Gravel	M³	93.363,40	93.363,40	0,0
CIMENTOS DE MOÇAMBIQUE, S.A.	Sofala	Limestone	M³	40.000,52	40.000,52	0,0
	Sofala	Limestone	M³	0,00	0,00	0,0
ACOSTERRAS MOÇAMBIQUE, LDA	Maputo	Gravel	M³	56.640,00	56.640,00	0,0
SULBRITA	Maputo	Gravel	M³	231.524,23	231.524,23	0,0
	Maputo	Gravel	M³	53.431,84	53.431,84	0,0
RIOLITOS	Maputo	Rhyolites	M³	293.184,00	293.184,00	0,0
PROBRITA	Maputo	Gravel	M³	168.454,35	168.454,35	0,0
CIMENTOS DE MOÇAMBIQUE	Maputo	Limestone	M³	458.472,67	458.472,67	0,0
	Maputo	Limestone	M³	203.882,10	203.882,10	0,0
HYDROCARBON AREA						
SASOL PANDE TEMANE	Inhambane	Natural gas	Gj	134.469.830,52	3.375.717,55	128.379.479,8
	Inhambane	Condensate	bbl	382.162,20	0,00	389.849,9
Total				142.939.696,92	5.021.167,94	132.014.829,50

From the information gathered, divergences were identified between the data obtained from the projects through completing the Information Collection Form and the information from the State institutions. From what could be ascertained, the divergences may arise from the fact that the data of the projects were provided in the year this current report was drawn up, that is, in 2014, and the data confirmed by the State (MIREM/DPD) are compiled after receiving the production data from the Provincial Directorates of Mineral Resources which in turn obtain this data, on a quarterly basis, from the projects, immediately after the close of the year they refer to. The differences identified thus show some weakness in the treatment of information in the relevant institutions involved in the process.

Alongside the amounts produced per project, overall data on production and export by resource for 2012 were obtained from MIREM/DPD, in meticaís and US dollars respectively²⁵, and are shown in the following table.

²⁵ Annual average price.

Table 14: Annual production, by resource, in Meticais

Products	Unit.	Price (MT)	Amounts		Value in Meticais	
		2012	Planned	Achieved	Planned	Achieved
Metallic minerals						
Gold	Kg	350.000,0	408,0	132,8	142.800.000,0	46.490.776,5
Tantalite	Kg	449,0	982.000,0	407.734,4	440.918.000,0	183.072.745,6
Ilmenite	Ton	2.100,0	986.539,0	574.398,0	2.071.731.900,0	1.206.235.800,0
Zircon	Ton	16.800,0	61.706,0	46.880,0	1.036.660.800,0	787.584.000,0
Rutile	Ton	15.960,0	17.500,0	3.713,0	279.300.000,0	59.259.480,0
Sub-total (1)					3.387.692.700,0	2.053.079.280,0
Non-metallic minerals						
Beryl	Ton	12.660,0	149,0	531,6	1.886.340,0	6.729.574,9
Graphite	Ton	16.925,3	0,0	0,0	0,0	0,0
Quartz (various)	Kg	7,2	750.750,0	51.749,6	5.405.400,0	372.597,1
Bentonite (untreated)	Ton	531,3	0,0	24.000,0	0,0	12.751.200,0
Bentonite (treated)	Ton	1.680,0	544,0	846,2	913.920,0	1.421.649,6
Bentonite (screened)	Ton	560,0	1.629,0	613,0	912.240,0	343.280,0
Diatomite	Ton	3.621,2	3.780,0	541,2	13.688.136,0	1.959.793,4
Limestone	Ton	60,0	412.958,0	1.322.423,7	24.777.480,0	79.345.420,2
Sands for Construction	M ³	100,0	2.766.140,0	2.137.612,5	276.614.000,0	213.761.245,0
Clay	Ton	75,0	32.275,0	46.690,9	2.420.625,0	3.501.819,5
Bauxite	Ton	2.750,0	13.000,0	8.632,7	35.750.000,0	23.739.941,5
Rhyolite	M ³	111,0	91.252,0	293.184,0	10.128.972,0	32.543.424,0
Granite	M ³	111,0	0,0	79,0	0,0	8.769,0
Gravel	M ³	95,5	590.728,0	1.007.801,7	56.414.524,0	96.245.066,2
Ornamental Rocks						
Dumortierite	Ton	9.770,8	100,0	58,0	977.080,0	566.706,4
Marble in sheets	M ²	397,7	0,0	0,0	0,0	0,0
Marble in blocks	M ³	3.903,7	0,0	0,0	0,0	0,0
Precious and Semi-Precious Stones						
Tourmalines	Kg	2.937,4	5.053,0	486.468,3	14.842.682,2	1.428.952.075,5
Tourmaline scrap	Kg	875,0	19.000,0	27.186,0	16.625.000,0	23.787.792,9
Faceted Garnets	Kg	1.022,1	1.845,0	167.584,3	1.885.774,5	171.287.913,0

Products	Unit.	Price (MT)	Amounts		Value in Meticaís	
		2012	Planned	Achieved	Planned	Achieved
Garnet scrap	Kg	82,3	2.600,0	0,0	213.958,3	0,0
Aquamarines	Kg	2.050,0	3.000,0	2,0	6.150.000,0	4.100,0
Aquamarine scrap	Kg	1.537,5	2.000,0	586,1	3.075.000,0	901.128,8
Fuel minerals						
Coking Coal	Ton	3.920,0	5.000.000,0	2.991.794,0	19.600.000.000,0	11.727.832.480,0
Thermal Coal	Ton	2.160,0	930.678,0	1.962.200,0	2.010.264.480,0	4.238.352.000,0
Sub-total (2)					22.082.945.612,0	18.064.407.977,0
Hydrocarbons						
Natural Gas	Gj	35,38	132.678.000,0	134.469.830,5	4.693.484.250,0	4.756.870.254,6
Condensate	bbl	1.996,54	378.000,0	382.162,2	754.692.750,0	763.002.755,7
Sub-total (3)					5.448.177.000,0	5.519.873.010,4
Total					30.918.815.312,0	25.637.360.267,4

Table 15: Annual Export by Resource, in US Dollars

Products	Unit	Price (USD)	Amount		Values in dollars	
		2012	Planned	Achieved	Planned	Achieved
Mineral Resources						
Gold	Kg	12.500,0	407,4	0,0	5.092.500,0	0,0
Tantalite	Kg	16,6	982.000,0	223.987,7	16.330.296,3	3.724.832,5
Ilmenite	Kg	196,5	986.539,0	522.947,0	193.835.182,7	102.748.626,6
Zircon	Ton	110,0	61.706,0	44.069,0	6.787.660,0	4.847.590,0
Rutile	Ton	700,0	17.500,0	0,0	12.250.000,0	0,0
Beryl	Ton	670,0	148,0	0,0	99.160,0	0,0
Graphite	Ton	85,0	0,0	0,0	0,0	0,0
Quartz (various)	Ton	27,2	750.750,0	0,0	20.420.400,0	0,0
Bentonite (treated)	M ²	18,1	443,8	210,0	8.032,8	3.801,0
Bentonite (screened)	Ton	79,6	1.029,0	0,0	81.862,1	0,0
Diatomite	Ton	600,0	37.800,0	0,0	22.680.000,0	0,0
Bauxite	Ton	570,0	13.000,0	4.656,9	7.410.000,0	2.654.421,6
Dumortierite	Kg	80,0	100,0	22,0	8.000,0	1.760,0
Marble in sheets	M ²	14,7	0,0	0,0	0,0	0,0

Products	Unit	Price (USD)	Amount		Values in dollars	
		2012	Planned	Achieved	Planned	Achieved
Tourmalines	Kg	250,0	5.053,0	0,0	1.263.250,0	0,0
Faceted Garnets	Kg	25,1	1.845,0	0,0	46.309,5	0,0
Garnet scrap	Ton	740,0	2.600,0	0,0	1.924.000,0	0,0
Aquamarines	Ton	376,5	3.000,0	0,0	1.129.500,0	0,0
Coking Coal	Ton	140,0	4.600.000,0	2.383.446,6	644.000.000,0	333.682.521,9
Thermal Coal	Kg	80,0	930.000,0	125.019,7	74.400.000,0	10.001.577,6
Sub-total (1)					986.343.357,1	453.940.298,7
Natural Gas	Gj	1,42	112.776.300,0	128.379.479,8	159.578.464,5	181.656.963,9
Condensate	bbl	79,86	378.000,0	389.849,9	30.187.710,0	31.134.064,4
Sub-total (2)					189.766.174,5	212.791.028,2
Total					1.176.109.531,6	666.731.326,9

10.5 Production Tax in Kind

The production tax is paid on all production in the national territory based on the area of development and production. This tax can be paid in cash and/or in kind (*Royalties*).

Sasol Petróleo Temane, Lda is the only company in the sample making payments in kind, in the amounts mentioned in table 15. It should be mentioned that the data presented were reconciled, and there were no divergences between the amounts presented by Sasol Petróleo Temane, Lda and by the INP.

Table 16: Royalties (Pu²⁶ 0,67)

2012	Amounts (Gj)	Value in USD	Value in MT ²⁷
JANUARY	301.665,77	202.116,07	5.992.741,35
FEBRUARY	196.928,61	131.942,17	3.912.085,30
MARCH	299.961,94	200.974,50	5.958.893,92
APRIL	332.530,11	222.795,17	6.605.876,90
MAY	354.326,16	237.398,53	7.038.866,33

²⁶ Weighting Factor Gj/USD.

²⁷ Converted at the selling exchange rate of the Bank of Mozambique, of 27 December 2012, which was, 29.65 MT to the US dollar.

2012	Amounts (GJ)	Value in USD	Value in MT ²⁷
JUNE	354.108,24	237.252,52	7.034.537,24
JULY	316.048,95	211.752,80	6.278.470,42
AUGUST	275.105,15	184.320,45	5.465.101,36
SEPTEMBER	363.213,44	243.353,00	7.215.416,59
OCTOBER	368.426,84	246.845,98	7.318.983,39
NOVEMBER	213.402,34	142.979,57	4.239.344,19
DECEMBER	391.032,96	261.992,08	7.768.065,27
TOTAL	3.766.750,51	2.523.722,84	74.828.382,26

Source: Information Collection Forms (INP and Sasol Petróleo Temane, Lda)

The production tax paid to the Mozambican government in kind is managed by the INP. According to data from the INP, in 2013 a total of 356,797.65 GJ was allocated to ENH and 3,409,952.86 GJ to the Matola Gas Company (MGC). The amount allocated to ENH is distributed in Vilanculos, Inhassoro, Govuro and the Bazaruto Archipelago. This has allowed the creation of an electricity supply system through a gas-fired generator in this region.

The part allocated to MGC is sold by this company to industries in Matola and Maputo, such as the Mozal aluminium smelter. The MGC operates a gas pipeline that is about 100 km long with the capacity for around 8 million GJ of natural gas a year. Where the installation of the gas pipeline is not viable, the MGC uses virtual gas pipelines, that is, Compressed Natural Gas (CNG) in containerised modules and transported by road to the user.

The natural gas allocated to the MGC is also sold to the company AutoGás. This is the company licensed by the state to convert vehicles to run on natural gas. It then supplies the vehicles with gas at three supply posts: alongside the central station of the Maputo Municipal Road Transport Company (EMTPM); at the main MGC station (Matola), and more recently in the Maputo neighbourhood of Jardim.

The amount charged to MGC is paid to the Ministry of Finance (National Treasury Directorate – DNT) and the INP verifies the payments.

10.6 Jobs Created

The Information Collection forms also requested data from the projects on the labour they employ, broken down into Mozambican and foreign workers, and by type of contract. Not all the projects answered this question. The data it was possible to obtain is shown in table 17.

Table 17: Labour in the Projects Selected

Company	Workers			
	National ²⁸		Expatriates	Nature of the contract
	Local	Others		
MINING AREA				
AFRICA GREAT WALL MINING DEVELOPMENT COMPANY, LDA	30	6	5	FOR A SPECIFIC PERIOD ²⁹
	0	6	5	INDETERMINATE ³⁰
CAPITOL RESOURCES, LIMITADA	56	-	3	FOR A SPECIFIC PERIOD
CIMENTOS DE MOÇAMBIQUE S.A.R.L.	62	-	1	INDIRECT
	2	-	-	DIRECT
	5	-	-	SEASONAL ³¹
CINAC - CIMENTOS DE NACALA, SA	3	-	-	RETAINER ³²
	6	-	-	INDIRECT
COMPANHIA CARVOEIRA DE SAMOA, LDA	13	-	1	INDETERMINATE
ENOP	158	-	9	-
FÁBRICA DE XAROPES E REFRIGERANTES VUMBA, LDA	235	10	2	FOR A SPECIFIC PERIOD
KENMARE MOMA MINING (MAURITIUS) LDA	1015		-	INDETERMINATE
	157		-	FOR A SPECIFIC PERIOD
	-		160	2 YEAR CONTRACT
	-		15	SHORT DURATION

²⁸ Consider local worker, the labor force recruited in the project implementation region and other, national workers excluding the labor force recruited in the project implementation area.

²⁹ Work contract for a particular period, envisaging a starting and finishing date, agreed between the worker and the employer.

³⁰ Work contract for an indeterminate period which does not specify a finishing date.

³¹ Resulting from seasonal activities – that is, they take place in particular periods of the year.

³² Contracts used in situations when the work is not part of the normal productive process and does not fill the normal working period.

Company	Workers			
	National ²⁸		Expatriates	Nature of the contract
	Local	Others		
MINAS MOATIZE LIMITADA	94	120	12	-
MOZAMBIQUE MINERALS, LIMITED	8	-	-	-
PATEL MINING CONCESSION, LIMITADA	1	-	1	INDETERMINATE
TANTALUM MINERAÇÃO E PROSPECÇÃO, LDA	65	-	4	-
VALE MOÇAMBIQUE, LDA	576	525	323	-
VALE PROJECTOS E DESENVOLVIMENTO MOÇAMBIQUE, LDA	-	7	1	INDETERMINATE
HYDROCARBON AREA				
ANADARKO MOÇAMBIQUE ÁREA 1, LIMITADA ³³	-	39	7	DIRECT
	20	82	-	INDIRECT
BUZI HYDROCARBONS	7	-	3	INDETERMINATE
COMPANHIA MOÇAMBICANA DE HIDROCARBONETOS, SARL	20	-	-	-
COMPANHIA MOÇAMBICANA DE GASADUTO, S.A	13	-	-	INDETERMINATE
EMPRESA NACIONAL DE HIDROCARBONETOS, EP	117	-	-	INDETERMINATE
	6	-	-	MEMBERS OF COMPANY BODIES
ENI EAST AFRICA SPA	-	-	36	FOR A SPECIFIC PERIOD
	-	18	-	FOR A SPECIFIC PERIOD
PETRONAS ROVUMA BASIN	4	-	-	INDETERMINATE
	-	-	1	FOR A SPECIFIC PERIOD
PETRONAS CARIGALI MOZAMBIQUE E & P, LTD.	4	-	-	FOR A SPECIFIC PERIOD
	-	-	1	INDETERMINATE
SASOL PETROLEUM TEMANE, LDA.	58	-	-	INDETERMINATE
	35	-	-	FOR A SPECIFIC PERIOD

³³ The number of workers employed by Anadarko covers two categories: Direct and Indirect. Direct workers are those who are tied directly to the company. The indirect workers are under a contract for a set period, and bound contractually to an entity specialised in hiring staff and subordinate to Anadarko.

Company	Workers			Nature of the contract
	National ²⁸		Expatriates	
	Local	Others		
	-	-	52	FOR A SPECIFIC PERIOD
STATOIL OIL & GAS MOZAMBIQUE AS	3	-	3	FOR A SPECIFIC PERIOD (OUTSOURCED)

Source: Information Collection Forms sent to the Projects

Although the EITI Standard envisages inclusion of the impact of the extractive industry on overall employment in the country, due to the quality of the data obtained up to publication of the report, it was not possible to quantify this effect. Employment data were requested from the Ministry of Planning and Development (MPD), where it was possible to obtain only the Continual Household Survey (July-September 2012), which does not include sufficient data to make the analysis desired, and for which additional work is under way.

It was also not possible to obtain data on employment, either in total or broken down by sector of activity, from either the Ministry of Labour or the National Employment and Professional Training Institute (INEFP).

10.7 Beneficial Ownership

The new EITI requirements intend to make public data on the owners of the projects operating in the extractive industry. In this context, the Information Collection Form included a request for data on beneficial ownership, taking into account that this requirement is in its pilot phase³⁴ in 11 countries, namely: Burkina Faso, Cameroon, Democratic Republic of Congo, Honduras, Kyrgyzstan, Liberia, Nigeria, Tajikistan, Tanzania, Togo and Zambia. Based on the results obtained at the end of this phase, EITI will decide whether it should be obligatory to report this information.

Hence the table below shows the data from the projects which filled out the fields concerning their shareholding structure.

³⁴ <https://eiti.org/pilot-project-beneficial-ownership>

Table 18: Shareholding Structure

COMPANIES SELECTED							
Nº	Name of Company	Mother Company	Share Capital (MT)	Partners./shareholders		State Participation	
				Representative	Weight	Representative	Weight
Mining Area							
1	AFRICA GREAT WALL MINING DEVELOPMENT COMPANY, LIMITADA	AFRICA GREAT WALL MINING D.C, Ltd	20.000,00	HONG KONG CHANGCHING MINING	-	-	-
2	ARA SUL	ARA SUL	5.600.000.000,00	-	-	MOPH	100%
3	CAPITOL RESOURCES, LIMITADA	BAOBAB RESOURCES	1.500,00	MOZAMBIQUE RESOURCES	50%	-	-
				MAPUTO MINERALS	50%		
4	CETA CONSTRUÇÕES E SERVIÇOS, SA	INSITEC GROUP	17.500.000,00	-	-	-	-
5	CIMENTOS DE MOÇAMBIQUE, SA	INTERCEMENT	1.010.050.000,00	CFM	3,9%	IGEPE	11,8 %
				EMOSE	1,7%		
				INTERCEMENT	82,6%		
6	CINAC - CIMENTOS DE NACALA	CIMENTOS DE MOÇAMBIQUE	240.000,00	CIMBETÃO	0,05%	-	-
				IMOPAR	0,05%		
7	COMPANHIA CARVOEIRA DE SAMOA, LDA	COMPANHIA CARVOEIRA DE SAMOA, LDA	50.000,00	ZAMIN GB SA	70%	-	-
				MOHAMED JUNED JUSOB	15%		
				MOMEDE AQUIL RAJAHUSSEN	15%		
8	ENRC MOZAMBIQUE, LIMITADA	MOZAMBIQUE COAL LIMITED	300.000,00	MOZAMBIQUE COAL LIMITED	99%	-	-
				SOUTH AFRICA COAL LIMITED	1%		
9	ENOP	CONDURIL ENGENHARIA, SA	20.000.000,00	CONDURIL ENGENHARIA, SA	85%	IGEPE	15%
10	FÁBRICA DE XAROPES E REFRIGERANTES VUMBA	MOPAC SOCIEDADE DE INVESTIMENTOS	145.000,00	MOPAC	70%	-	-
				LIGIS, LDA	30%		
11	HAIYU (MOZAMBIQUE) MINING CO, LDA	HAIYUMINING CO, LDA	100.000,00	AFRICA GREAT WALL MINING DEVELOPMENT COMPANY, LIMITADA	-	-	-
12	HIGHLAND AFRICAN MINING COMPANY, LDA	HIGHLAND AFRICAN MINING COMPANY, LDA	560.000,00	-	-	-	-
13	JSPL MOZAMBIQUE MINERALS, LIMITADA	JINDAL STEEL & POWER LIMITED	20.000,00	ANAND GOEL	2,5%	-	-
14	JSW NATURAL RESOURCES MOZAMBIQUE, LDA	JSW NATURAL RESOURCES LIMITED	30.000.000,00	*JSW NATURAL RESOURCES LIMITED	99,5%	-	-
				*INTERNATIONAL SECURITIES LIMITED	0,5%		
15	JSW ADMS CARVÃO LIMITADA	JSW ADMS CARVÃO LIMITADA	20.120,00	-	-	-	-

COMPANIES SELECTED							
Nº	Name of Company	Mother Company	Share Capital (MT)	Partners./shareholders		State Participation	
				Representative	Weight	Representative	Weight
16	KENMARE MOMA MINING (MAURITIUS) LDA	KENMARE RESOURCES PLC	-	-	-	-	-
17	MINAS MOATIZE, LDA-TETE	BEACON HILL RESOURCES	30.000,00	-	-	-	-
18	MOZAMBIQUE MINERALS, LIMITED	KENMARE RESOURCES PLC	-	-	-	-	-
19	NCONDEZI	ZAMBEZI ENERGY CORPORATION HOLDINGS 2 LIMITED	55.970.000,00	*ZAMBEZI ENERGY CORPORATION HOLDINGS 2 LIMITED	1%	-	-
20	PATEL MINING CONCESSION, LIMITADA	PATEL MINING PRIVILEGE, LDA	25.000,00	*RUTEN PATEL *PATEL MINING, LTD	2% 98%	-	-
21	RIO TINTO BENGA, LTD	RIO TINTO BENGA MAURITIUS, LDA	1.200.000.000,00	-	-	-	-
22	RIO TINTO ZAMBEZE, LTD	RIO TINTO BENGA MAURITIUS, LDA	234.000.000,00	-	-	-	-
23	RIO TINTO MINING AND EXPLORATION, LDA	RIO TINTO MINING & EXPLORATION, LTD	(35)	-	-	-	-
24	RIOLITOS	RIOLITOS EXTRACÇÃO E COMERCIALIZAÇÃO DE INÉRTES	3000	-	-	-	-
25	VALE MOÇAMBIQUE	VALE EMIRATES LIMITED	7.492.800.000,00	-	-	EMEM	5%
26	VALE PROJECTOS E DESENVOLVIMENTO MOÇAMBIQUE, LDA	VALE EMIRATES LIMITED	27.000.000,00	VALE EMIRATES LTD VALE AUSTRIA HOLDINGS GMBH	99,5% 0,5%	-	-
Hydrocarbon Area							
1	ANADARKO MOÇAMBIQUE ÁREA 1, LIMITADA	ANADARKO PETROLEUM CORPORATION	125.000,00	ANADARKO MAURITIUS HOLDING LTD ANADARKO OFFSHORE COMPANY LLC	99% 1%	-	-
2	BUZI HYDROCARBONS	PT KALIALA PRODUCTION	-	-	-	-	-
3	COVE ENERGY	-	-	-	-	-	-
4	COMPANHIA MOÇAMBIQUANA DE HIDROCARBONETOS, SARL	EMPRESA NACIONAL DE HIDROCARBONETOS, EP	593.411.500,00	PRIVATE INDIVIDUALS LISTED AT THE MOZAMBIQUE STOCK EXCHANGE	10%	IGEPE	20%

³⁵ RIO TINTO MINING AND EXPLORATION, LDA has no share capital since it is still a commercial representation of a company with the same name based in London.

COMPANIES SELECTED							
Nº	Name of Company	Mother Company	Share Capital (MT)	Partners./shareholders		State Participation	
				Representative	Weight	Representative	Weight
5	COMPANHIA MOÇAMBICANA DE GASODUTO	EMPRESA NACIONAL DE HIDROCARBONETOS, EP	500.000,00	ENH	80%	IGEPE	20%
6	EMPRESA NACIONAL DE HIDROCARBONETOS, EP	-	749.001.913,00	-	-	MIREM	100%
7	ENI EAST AFRICA SPA	ENI	-	-	-	-	-
8	PETRONAS ROVUMA BASIN	PETRONAS	-	-	-	-	-
9	PETRONAS CARIGALI MOZAMBIQUE E & P, LTD.	PETRONAS	-	-	-	-	-
10	SASOL PETROLEUM SOFALA, LDA.	SASOL PETROLEUM INTERNATIONAL	20.000,00	SASOL PETROLEUM INTERNATIONAL	97,5%	-	-
				SASOL PETROLEUM HOLDINGS	2,5%		
11	SASOL PETROLEUM TEMANE, LDA.	SASOL PETROLEUM INTERNATIONAL	4.283.264,20	SASOL PETROLEUM INTERNATIONAL E SASOL PETROLEUM HOLDINGS	70%	-	-
12	SASOL PETROLEUM MOÇAMBIQUE, LDA.	SASOL PETROLEUM INTERNATIONAL	20.000,00	SASOL PETROLEUM INTERNATIONAL	97,5%	-	-
				SASOL PETROLEUM HOLDINGS	2,5%		
13	SASOL PETROLEUM M-10, LDA.	SASOL PETROLEUM INTERNATIONAL	20.000,00	SASOL PETROLEUM INTERNATIONAL	97,5%	-	-
				SASOL PETROLEUM HOLDINGS	2,5%		
14	SASOL PETROLEUM MOZAMBIQUE EXPLORATION	SASOL PETROLEUM INTERNATIONAL	20.000,00	SASOL PETROLEUM INTERNATIONAL	97,5%	-	-
				SASOL PETROLEUM HOLDINGS	2,5%		
15	STATOIL OIL & GAS MOZAMBIQUE AS	STATOL ASA	(NOK) 100,000.00	NORWEGIAN GOVERNMENT	67,3%	-	-
				NORSK HYDRO	32,7%		
16	SASOL PETROLEUM SENGALA, LDA.	SASOL PETROLEUM INTERNATIONAL	20.000,00	SASOL PETROLEUM INTERNATIONAL	97,5%	-	-
				SASOL PETROLEUM HOLDINGS	2,5%		
17	SASOL GÁS	SASOL GAS SOUTH AFRICA	(BRANCH)	-	-	-	-
18	ROMPCO	ROMPCO SOUTH AFRICA	(BRANCH)	IGAS	25%	CMG	25%
				SASOL	50%		

*Data obtained from issues of the official gazette, the Boletim da Republica

Source: Information Collection Forms sent to the Projects

11 Reconciliation Procedure

The Fifth EITI-M Report includes an exhaustive contextual analysis presented in the previous chapters and reconciliation between the sums received by the State and the payments made by the extractive industry companies in 2012, in line with the requirements of the initiative and the recommendations of the Coordination Committee.

During the reception of information by the state, it was not possible for the AT to extract from the National Collection System the information on monies received from a total of 25 mining concessions³⁶. These concessions will therefore not form part of the reconciliation procedures until there is a report from the State so as to check whether they meet the materiality requirement - that is, whether they contribute to state revenue with sums equal to or greater than 500,000.00 MT.

This situation arose because of difficulties in obtaining from the Mining Register the NUIITS associated to the concessions in question. The NUIIT is a fundamental reference for the AT to obtain the information requested on the Information Collection Form, since sometimes the name of the company recorded in the Mining Register, where the mining concessions are mapped, is somewhat different from the name registered at the AT.

By the time the present report was issued, the AT had identified the payments from 3 additional mining concessions. But due to the deadlines imposed for the submission of the document it was not possible to request information from the companies for purposes of reconciliation. These three companies were:

- Sociedade Águas de Moçambique, Lda;
- Ceno, Lda;
- Mota Mineral Moçambique ,Lda.

The compilation of the data from the Information Collection Forms submitted to the relevant State institutions and to the selected projects, depending on the levels of materiality approved by the EITI-M Coordination Committee, into a data base designed for this end points to a

³⁶ Detailed in the *Inception Report*: www.itie.org.mz

contribution to State revenue from the projects selected for the sample of 11,711,707,616.72 MT (data from the State), under the circumstances presented in the present report.

The reconciliation undertaken after compiling the data received from the State institutions and from the projects operating in the extractive industry, points to a difference of 24,778,948.03 MT between the 11,711,707,616.72 MT received and confirmed by the State and the 11,686,928,668,68 MT paid and confirmed by the projects selected. Making a comparative analysis, it can be stated that the State institutions declared payments 24,778,948.03 MT higher than those declared by the projects, as shown in table 19.

Table 19: Result of the Reconciliation Procedure

Description	State	Company	Difference	
			Amount	%
Mining Area	2.234.606.664,88	2.209.807.352,98	24.799.311,90	1,1%
Hydrocarbon Area	9.477.100.951,84	9.477.121.315,71	- 20.363,87	0,0%
Overall Total	11.711.707.616,72	11.686.928.668,68	24.778.948,03	0,2%

Excluding the 9 projects which did not reply to the Information Collection Form, the difference found is 1,194,466.23 MT between the 11,688,123,134.92 MT received and confirmed by the State and the 11,686,928,668.68 MT paid and confirmed by the projects, as shown in table 20.

Table 20: Result of the Reconciliation Procedure, Excluding the Projects which did not Reply

Description	State	Company	Difference	
			Amount	%
Mining Area	2.211.022.183,08	2.209.807.352,98	1.214.830,10	0,05%
Hydrocarbon Area	9.477.100.951,84	9.477.121.315,71	- 20.363,87	0,0%
Overall Total	11.688.123.134,92	11.686.928.668,68	1.194.466,23	0,01%

The following table shows the difference, disaggregated by project.

Table 21: Result of the Reconciliation Procedure, disaggregated by Project

Nº	Name of company	State	Company	Difference	
				Amount	%
Mining Area					
1	AFRICA GREAT WALL MINING DEVELOPMENT COMPANY, LIMITADA	1.352.222,75	1.352.222,75	-	0,00%
2	ARA SUL	4.502.907,60	4.757.523,67	- 254.616,07	-5,65%
3	CAPITOL RESOURCES, LIMITADA	7.792.634,08	7.993.695,62	- 201.061,54	-2,58%
4	CETA CONSTRUÇÕES E SERVIÇOS, SA	72.860.061,05	72.383.160,46	476.900,59	0,65%
5	CIMENTOS DE MOÇAMBIQUE	157.087.408,40	156.747.694,73	339.713,67	0,22%
6	CINAC - CIMENTOS DE NACALA	9.889.813,88	9.872.322,89	17.490,99	0,18%
7	COMPANHIA CARVOEIRA DE SAMOA, LDA	1.037.565,56	1.037.411,51	154,05	0,01%
8	ENRC MOZAMBIQUE, LIMITADA	123.892.417,05	123.934.426,07	- 42.009,02	-0,03%
9	ENOP	4.407.903,17	4.407.903,17	-	0,00%
10	FÁBRICA DE XAROPES E REFRIGERANTES VUMBA	8.993.628,11	8.980.639,55	12.988,56	0,14%
11	HAIYU (MOZAMBIQUE) MINING CO, LDA	1.830.171,84	1.783.792,64	46.379,20	2,53%
12	HIGHLAND AFRICAN MINING COMPANY, LDA	15.349.977,71	14.479.613,53	870.364,18	5,67%
13	JSPL MOZAMBIQUE MINERAIS, LIMITADA	16.974.663,81	16.494.594,82	480.068,99	2,83%
14	JSW NATURAL RESOURCES MOZAMBIQUE, LDA	2.424.111,00	2.274.871,00	149.240,00	6,16%
15	JSW ADMS CARVÃO LIMITADA	4.803.434,32	4.803.434,32	-	0,00%
16	KENMARE MOMA MINING (MAURITIUS) LDA	241.350.482,76	241.088.442,76	262.040,00	0,11%
17	MINA ALUMINA LDA	3.248.056,06	2.767.165,70	480.890,36	14,81%
18	MINAS MOATIZE, LDA-TETE	8.568.953,63	8.610.103,33	- 41.149,70	-0,48%
19	MOZAMBIQUE MINERALS, LIMITED	2.569.341,97	2.502.675,97	66.666,00	2,59%
20	NCONDEZI	17.724.564,77	17.716.112,04	8.452,73	0,05%
21	PATEL MINING CONCESSION, LIMITADA	512.641,14	512.481,51	159,63	0,03%
22	RIO TINTO BENGA, LTD	271.413.153,41	271.510.110,07	- 96.956,66	-0,04%
23	RIO TINTO ZAMBEZE, LTD	53.663.121,84	54.365.330,22	- 702.208,38	-1,31%
24	RIO TINTO MINING AND EXPLORATION, LDA	3.911.416,72	3.911.416,72	-	0,00%

Nº	Name of company	State	Company	Difference	
				Amount	%
25	RIOLITOS	3.832.219,09	3.632.472,72	199.746,37	5,21%
26	ROVUMA RESOURCES, LDA	7.914.200,84	8.333.829,77	- 419.628,93	-5,30%
27	TANTALUM MINERAÇÃO E PROSPECÇÃO, LDA	1.157.779,33	1.157.779,33	-	0,00%
28	VALE MOÇAMBIQUE	1.120.079.130,02	1.120.517.922,43	- 438.792,41	-0,04%
29	VALE PROJECTOS E DESENVOLVIMENTO MOÇAMBIQUE, LDA	41.878.201,17	41.878.203,68	- 2,51	0,00%
Hydrocarbon Area					
1	ANADARKO MOÇAMBIQUE ÁREA 1, LIMITADA	1.075.468.563,00	1.075.468.568,00	- 5,00	0,00%
2	BUZI HYDROCARBONS	19.069.642,71	19.069.642,71	-	0,00%
3	COVE ENERGY	5.026.128.164,29	5.026.128.164,29	-	0,00%
4	COMPANHIA MOÇAMBIcana DE HIDROCARBONETOS, SARL	206.127.034,71	206.126.985,01	49,70	0,00%
5	COMPANHIA MOÇAMBIcana DE GASODUTO	3.334.369,61	3.334.369,61	-	0,00%
6	EMPRESA NACIONAL DE HIDROCARBONETOS, EP	43.171.594,51	43.199.581,91	- 27.987,40	-0,06%
7	ENI EAST AFRICA SPA	1.203.445.696,94	1.203.445.673,11	23,83	0,00%
8	PETRONAS ROVUMA BASIN	185.206.748,58	185.206.748,58	-	0,00%
9	PETRONAS CARIGALI MOZAMBIQUE E & P, LTD.	63.053,17	63.053,17	-	0,00%
10	SASOL PETROLEUM SOFALA, LDA.	69.833.475,17	69.833.475,17	-	0,00%
11	SASOL PETROLEUM TEMANE, LDA.	1.127.060.547,29	1.127.056.047,29	4.500,00	0,00%
12	SASOL PETROLEUM MOÇAMBIQUE, LDA.	31.731.059,25	31.731.059,25	-	0,00%
13	SASOL PETROLEUM M-10, LDA.	53.922.795,77	53.922.795,77	-	0,00%
14	SASOL PETROLEUM MOZAMBIQUE EXPLORATION	21.550.499,96	21.550.499,96	-	0,00%
15	STATOIL OIL & GAS MOZAMBIQUE AS	52.635.642,63	52.632.637,03	3.005,60	0,01%
16	SASOL PETROLEUM SENGALA, LDA.	12.317.084,15	12.317.084,75	- 0,60	0,00%
17	SASOL GÁS	2.562.316,70	2.562.266,70	50,00	0,00%
18	ROMPCO	343.472.663,40	343.472.663,40	-	0,00%
	Sub-total Mining Area	2.211.022.183,08	2.209.807.352,98	1.214.830,10	0,05%
	Sub-total Hydrocarbon Area	9.477.100.951,84	9.477.121.315,71	- 20.363,87	0,00%

N ^o	Name of company	State	Company	Difference	
				Amount	%
	Overall Total	11.688.123.134,92	11.686.928.668,68	1.194.466,23	0,01%

The great majority of the differences shown in the above table are less than 3% of the total revenue confirmed by the State, which is the level of materiality determined by the EITI-M Coordination Committee for purposes of reconciliation. The differences which are above 3% are for amounts which do not justify continued investigations with the bodies involved in order to reconcile the values confirmed/reported by the parties.

Of the differences found, a part refers to payments made by the companies which, however, cannot be reconciled, as the table below indicates.

Table 22: Payments that cannot be reconciled

Payments that cannot be reconciled				
Company	Type of Payment	Amount (USD)	Amount (MT)	Observation
KENMARE MOMA MINING (MAURITIUS) LDA	Quantifiable Social Contributions	816,784,52	24,217,661,01	Expenditure undertaken through direct application in projects in the communities
SASOL PETROLEUM TEMANE, LDA.	Contribution to the Institutional Capacity Building Fund	45,108,03	1,337,453,08	
	Contribution to the Social Projects Fund	420,177,20	12,458,253,98	

The differences that cannot be reconciled refer to all payments made to third parties by extractive sector companies, in the light of contracts signed with the government, intended to undertake projects of a social nature in the areas where they operate and/or institutional capacity building for staff of pre-defined public bodies linked to the sector.

These payments are made directly to the training institutions or to the service providers undertaking the projects mentioned. Only later do the companies inform the public institutions of the sums involved, which leads to an absence of reporting by the State institutions responsible for controlling these operations.

Greater detail on the reconciliation procedure can be consulted in the Reconciliation Report of the Fifth EITI-M Report.

12 Conclusions and Recommendations

12.1 Conclusions

The following conclusions may be drawn from the process of drawing up the Fifth EITI-M Report:

- The Extractive Industry in Mozambique contributed 12.6% to the growth of the GDP in the second quarter of 2014. It is responsible for 30% of the country's exports – notably coal, with 17.6%, natural gas, with 8.2% and heavy sands, with 4.2%;
- The total revenue from the extractive industry reported by the State is 11,717.61 million meticaís, which amounts to 12% of the overall revenue collected by the State in 2012, which was about 98,615.10 million meticaís;
- The revenue confirmed by the State for the 56 projects selected under the present report is 11,711,707,616.72 MZN, of which 2,234,606,664.88 MT comes from the Mining Area and 9,477,100,951.84 MT from the Hydrocarbon Area;
- The contribution to state revenue of the companies selected for the sample, based on the levels of materiality decided by the Coordination Committee, is 11,711,707,616.72 MT which amounts to approximately 99.9% of the total revenue collected from the Extractive Industry;
- It was not possible for the AT to extract from the National Collection System information concerning monies received from a total of 25 mining concessions. Although during the reconciliation process, the AT identified receipts from 3 mining concessions, due to time constraints, these concessions will not form part of the reconciliation procedure. This situation was due to difficulties in obtaining from the Mining Register the NUIs associated with the concessions in question, which are fundamental reference points for the AT to obtain the information requested on the Information Collection Form, since sometimes the name of the company registered in the Mining Register, where the mineral concessions have been mapped, is somewhat different from the name registered at the AT;
- 9 projects did not reply to the request for information, through filling out the Information Collection Forms, due to delays in submission or to the absence of an up-to-date data base

containing the addresses of these projects. The total revenue received from these projects and confirmed by the State is 23,584,481.80 MT;

- The reconciliation undertaken after compiling the data received from the state institutions and from the projects operating in the extractive industry, points to a difference of 24,778,948.03 MT between the 11,711,707,616.72 MT received and confirmed by the State and the 11,686,928,668.68 MT paid and confirmed by the projects selected. Making a comparative analysis, it can be said that the State declared payments that were 24,778,948.03 MT higher than those announced by the selected projects.

12.2 Recommendations

Faced with the situations identified during the collection of the information necessary for drawing up the Fifth EITI-M Report, the following recommendations are made:

- Update the Collection Control system of the Ministry of Finance to allow the information obtained by this institution to represent the totality of the payments made by the projects, so that the criterion of selecting the companies based on confirmation from the state is not called into question, and so that the reconciliation procedure may be efficient. One of the associated risks is the possibility, based on incomplete data, of excluding projects which might really have contributed with significant sums to state revenues;
- Computerisation of the files on mining projects, archived in the National Directorate of Mines. Some of the data on companies in the sector are still in physical files and are handwritten, which makes access to information difficult;
- It can be noted that the project data included in the Mining Register are sometimes incomplete or out-of-date. Among other situations, this may make access to a particular project impossible. It is thus recommended that the Mining Register should hold all the relevant information, duly updated, about the projects licensed, including the NUIT, address and contacts of the projects and their representatives, which currently does not happen;
- Updating of the DGI data base so that it contains the latest data on the address and contacts of the projects;

- The State institutions, including the Mining Register and the DGI, should ensure that the project data, including the name of the entity, is standardised in order to make cross-checking of information possible;
- The relevant bodies should work in a coordinated manner to ensure the publication of information on the annual record of employment, both overall and by sector of activity, in order to overcome the deficit of information;
- The relevant bodies and the companies operating in the extractive industry should draw up their charts reporting production data so as to minimise the possibility of failings which might culminate in differences between the information confirmed by the State and the information reported by the projects operating in the sector, as happened when drawing up the present report;
- It is recommended that reporting, in the framework of EITI-M, by the projects operating in the extractive industry should be obligatory;
- The periods to which the EITI-M reports refer should be adjusted so that the report refers to the year preceding the year in which it was drawn up.

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