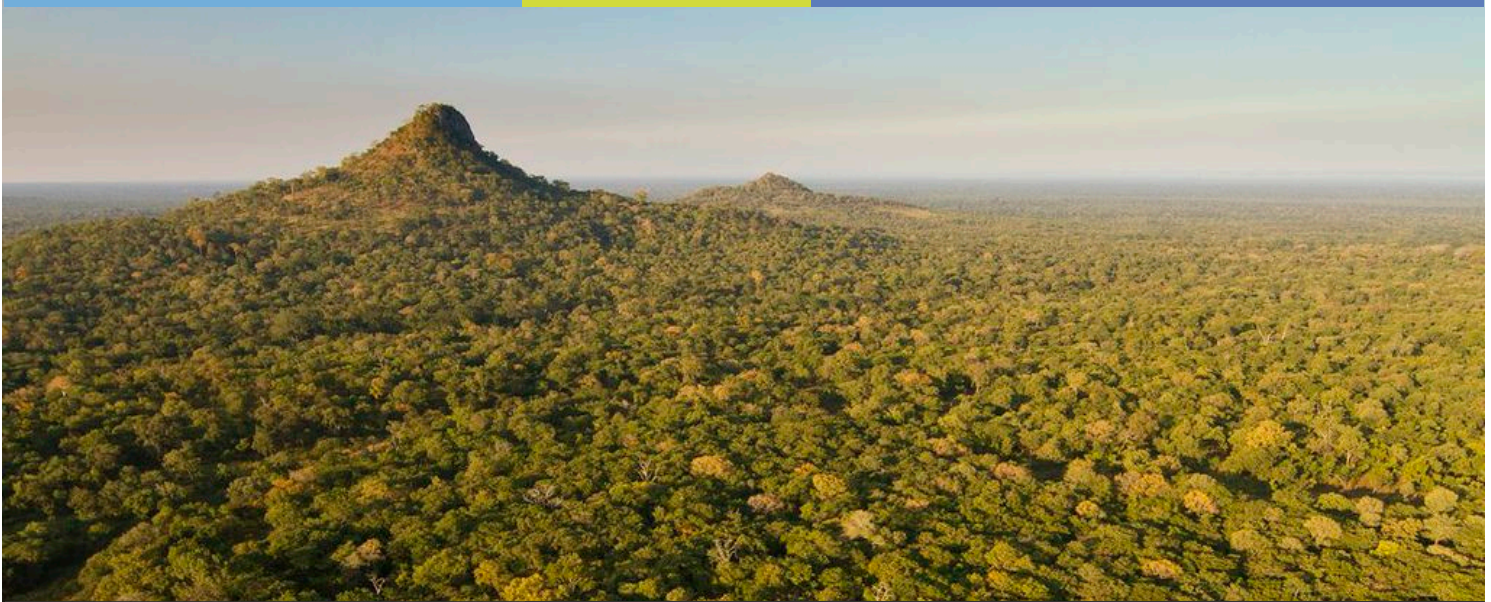




Mozambique

mobilizing extractive
resources for development



Summary of Recommendations

Photo: Gorongosa National Park
Mozambique
Piotr Nasrecki

Summary of Recommendations

No.	Section	Para	Heading	Recommendation
1)	Economy (1/4)	1.1	The Mozambican Economy	The Government of Mozambique must adopt a sovereign wealth/natural resource fund in order to effectively manage abundant natural resource revenues from its extractive industries and counter the ill effects of Dutch Disease and revenue volatility that are associated with the resource curse.
2)	Economy (2/4)	1.2.1	Liquefied Natural Gas- LNG Price	The Government of Mozambique must work with Anadarko, ENI and other operators in the Rovuma Basin to confirm that long-term, oil-indexed natural gas purchase agreements with built-in take-or-pay obligations are signed with offtakers in the high-demand markets of the Asia-Pacific region.
3)	Economy (3/4)	1.2.2	Financing Liquefied Natural Gas Development-LNG Financing	To optimize the value of natural gas production and export from the Rovuma Basin, the Government of Mozambique must negotiate with Anadarko, ENI, and other gas operators to ensure that the terms of the PSC will be equitable and allow for maximum government take.
4)	Economy (4/4)	1.3.2	Global Coal Market Development-Coal Price	The Government of Mozambique must work with Vale, Rio Tinto and other coal operators in the Moatize Basin to guarantee that buyers in China, India, and elsewhere in the Asia-Pacific region are obtained for the offtake of Mozambique's thermal and coking coal. More importantly, the Government must work with coal project developers to secure investment for the infrastructure development that is necessary for expanded coal exports.

5)	Linkages (1/5)	1.5.1	Enabling an Environment Conducive for SMEs	The Government needs to undertake careful studies to determine the potential for SMEs to develop in the extractive regions of Tete and Cabo Delgado and in the neighboring provinces – especially Niassa, Nampula, Zambezia and Sofala – and to link this SME development to both the needs of extractive industries
6)	Linkages (2/5)	1.5.1	Shortfalls of SME Development	The Government of Mozambique needs to work with IOCs operating in the Rovuma Basin to isolate possible synergies between offshore natural gas development and the country's domestic industrial base. Since electricity generation is the primary source of offtake for natural gas, the Government of Mozambique should direct investment towards building up electricity transmission infrastructure. Further, the Government should look to develop alternative industrial uses for natural gas, including the use of gas in heating and liquid gas in transportation, as well as the development of manufacturing hubs for methanol, fertilizer, cement, iron and steel production.
7)	Linkages (3/5)	1.5.1	Shortfalls of SME Development	In order to create powerful economic linkages between Mozambique's extractive industries and its domestic small-and-medium-enterprises, the Government of Mozambique must institute legislative reforms to improve its private-sector business environment. More specifically, reforms should encourage market-driven competition by reducing bureaucratic and regulatory constraints, eliminating the influence of state-controlled pricing and unequal taxation policies, addressing issues related to land-use rights, and increasing access to capital through the development of key financial agencies and institutions.
8)	Linkages (4/5)	1.5.3	Education	The Government must invest heavily in improving primary education on a national scale to tackle the country's poor literacy rate and increase the competitiveness of its labor force in the long run. The Government should also consider working with IOCs to develop targeted vocational training in regions where extractive industries are active in order to facilitate local hiring by project developers in these areas.

9)	Linkages (5/5)	1.5.3.	Education	Mozambique urgently needs to invest in improving the quality of its primary, secondary, and tertiary education in order to cultivate its domestic human capital in both the immediate term and the long run.
10)	Local Content (1/3)	2.2.1	Employment	<p>Active, early, and honest community engagement by government and extractive companies, and (if possible) monitored by designated civil society organizations about opportunities, expectations, challenges, and strategic solutions to employment.</p> <p>Develop the local content plan at the very early stages of resource evaluation; implement programs prior to construction to support sustainable workforce development.</p> <p>Coordinate with internal and external stakeholders, and the development of flexible, transitioning, and exit strategies for each stage of the project cycle.</p> <p>Partner with national and local government, donors, and IFIs if companies do not have adequate experience designing and implementing local content programs in a development context.</p>
11)	Local Content (2/3)	2.2.2	Procurement	<p>Partner with key contractors to share risks.</p> <p>Leverage partnerships with peer companies and other institutions to scale up impact.</p> <p>Pursue a higher level of complexity in the supply chain.</p> <p>Practice open-book approaches that allow primary contractors to cover additional costs related to contracting local suppliers (i.e. management and supervisory costs).</p> <p>Determine whether and how suppliers have met delivery milestones, and provide feedback to suppliers on successes and shortfalls, at each decision gate – before</p>

				contracts on subsequent project steps are awarded.
12)	Local Content (3/3)	2.3.2	Strategic Social Investment for a Brighter Future	<p>Engage with local communities very early in the project cycle to identify community needs, shortcomings, and strengths.</p> <p>Align community strengths with private sector demands – build capacity where possible (and needed).</p> <p>Pursue a higher level of complexity in the supply chain.</p> <p>Leverage/pool resources amongst stakeholders.</p> <p>Engage international organizations to leverage expertise when designing and implementing capacity building initiatives.</p>
13)	Infrastructure (1/12)	3.3	Foreign Investment to Develop Railways for All	The Government of Mozambique must ensure that, wherever possible, services in the existing and projected railways are accessible for passengers and for enterprises other than mining companies. The Government should also undertake studies to determine the most convenient location of train stops, taking into account the potential for local trade and connection with
14)	Infrastructure (2/12)	3.3	Vale's New Nacala Corridor	The Government must ensure that the alignment of the new Nacala railway supports the current commercial dynamics around the corridor, by linking with the rural and general road network to productive areas in Nampula and neighboring Niassa and Cabo Delgado.
15)	Infrastructure (3/12)	3.3	Vale's New Nacala Corridor	The Government must ensure that at least general freight transport is granted to and from Nacala port, in order to extend the market for local businesses, and decrease their total transport costs.

16)	Infrastructure (4/12)	3.2	Vale's New Nacala Corridor	Once connection is granted, access must also be ensured. The Government must negotiate payment mechanisms with the concessionaire to make sure that the user fees charged to passengers and local traders willing to use the train are affordable for the income levels of the area. These mechanisms must be set out and guaranteed in the operations contract. As part of the consortium, CFM is expected to earn profits from operations. This flow of revenue could serve to partially subsidize the fees for passengers and low-income level farmers in the first years of operations.
17)	Infrastructure (5/12)	3.2	A New Railway to Macuse	Given that infrastructure concessions usually have a term of several decades, the Government of Mozambique must compel the concessionaire to implement a modern system at the levels of the best European or Asian railways. This means constructing a state-of-the-art infrastructure and purchasing the latest rolling stock technology.
18)	Infrastructure (6/12)	3.2	A New Railway to Macuse	Demand-side studies should be conducted, including hypotheses for the development of the new corridor and neighboring lands over the next decades. These studies may be used as a basis for the Government to negotiate with the concessionaire on different operational models that ensure access to the system for passengers and SMEs, at user fees affordable for the income levels of the area. The studies may also be crucial in deciding the most economically and socially convenient location for train stops, as well as the number of stations.
19)	Infrastructure (7/12)	3.2	Sena Line	While a number of private operators are transporting their coal from Tete to Beira, an additional operator such as CFM needs to continue offering services for passengers and other freight. The Government should ensure that the rail line constitutes a reliable connection between the potential agricultural production areas along the Beira corridor, and the industries in Tete, thus providing the means for its "growth poles" strategy to function.

20)	Infrastructure (8/12)	3.3	Roads that Fight Inequality	In order to ensure greater participation by Mozambique's provinces in economic activity and distribution of the profits of extractive regions, the Government and donors should focus on constructing paved rural roads to connect the extremely isolated rural areas with railway corridors and highways. Initial efforts could concentrate in the western region of Tete, Niassa, Cabo Delgado, Nampula, Sofala and Zambezia.
21)	Infrastructure (9/12)	3.3	Addressing the Problem of Disperse Population	In order to ensure the success of strategies such as the growth poles, public consultation must take place in rural areas before the Government undertakes any action. Given the unwillingness of some Mozambicans to leave their customary towns, the relevant Ministries must engage with local communities about planning and decision-making to identify the natural growth possibilities in each region. The community's preferences must be taken into account to ensure that infrastructure implementation is attractive and effective. Without such consultation, there is a risk that new or upgraded infrastructure will not, in fact, attract the people.
22)	Infrastructure (10/12)	3.3	Handling the Risks of Crowding and Slumming	When roads are available between the industrial hubs and the neighboring villages, the extractive companies could partially finance the provision of shuttle services from those villages to the economic clusters where the mega projects and the businesses serving them take place.
23)	Infrastructure (11/12)	3.4	Addressing the Paradox of Electricity	The Government must ensure that the grid not only reaches the districts but that it actually reaches the people. A combination of public, FUNAE, donor and private funds could finance these investments, following consultation with the target communities. Access to electricity must be granted to the people at affordable prices, and subsidized if necessary.
24)	Infrastructure (12/12)	3.4	Addressing the Paradox of Electricity	The Government should conduct analysis of potential hydropower developments, alongside its gas strategy. In particular, options to generate and use renewable

				energy sources domestically could help to drastically reduce Mozambique's energy costs (and environmental impacts) in future generations.
25)	Environment (1/15)	4.1.2	Fisheries	In the medium term, utilize income from the recommended sovereign wealth fund to outfit the Ministry of Fisheries with the necessary equipment and staff as well as to fund international cooperation programs to monitor overfished fishing stocks and precious corals.
26)	Environment (2/15)	4.1.3	Climate Change	Review company and company-government infrastructure plans with a long term view of climate change impacts. Do not build mining infrastructure within floodplains as these could become more susceptible to inundation as sea levels rise.
27)	Environment (3/15)	4.1.4	General Environmental Considerations and Recommendations	Given the scale of mining activities and potential for environmental and social impacts, the Government of Mozambique should create an emergency response plan for mining accidents. This will align government departments and allow rapid response should large environmental accidents occur.
28)	Environment (4/15)	4.2.2	Practices to Integrate Environmental Rehabilitation into Planning	Water strategies need to be part of a comprehensive environmental strategy and integrated into the mine's management plan.
29)	Environment (5/15)	4.2.2	Practices to Integrate Environmental Rehabilitation into Planning	Combine methane extraction with mining to address greenhouse gas emissions
30)	Environment (6/15)	4.2.2	Practices to Integrate Environmental Rehabilitation into	All infrastructure planning should be approved by the Council of Ministers or relevant bodies (in accordance with Article Six of Land Law Regulation Decree 66/98) only after review by MICOA and other environmental authorities.

			Planning	Furthermore the Government of Mozambique should seek the advice and cooperation of international environmental organizations to learn about and adapt best practices in order to mitigate the harmful environmental impacts of infrastructure development.
31)	Environment (7/15)	4.2.3	Artisanal Mining in Mozambique	Increase efforts to organize artisanal miners into officially registered and monitored associations. Institute training and awareness campaigns on the danger of mercury pollution and inhalation and introduce locally available solutions, with the use of a retort, that reduce mercury vapor and increase mercury recovery.
32)	Environment (8/15)	4.2.4	Preventative Measures for Environmental Impacts	Improve the legal framework for small-scale and artisanal miners through formal recognition. Mozambique should ensure that small-scale and artisanal mines are subject to specific regulations including requirements that: Owners possess a mining title and an environmental license; Owners ensure compliance with environmental laws; Owners pay appropriate taxes and The exploited product is distributed or exported in accordance with regulations.
33)	Environment (9/15)	4.2.4	Preventative Measures for Environmental Impacts	Building a good business environment for small-scale miners to operate within the legal framework is key. This includes: Sufficient tax regulations that do not overly burden the small mines; simple and sound bureaucratic procedures; outreach and awareness-raising in areas where miners operate, including education and mitigation of harmful pollutants, such as mercury.
34)	Environment (10/15)	4.2.5	Gender Issues with Artisanal Mining and Health	Create a support fund for small-scale and artisanal miners. In an effort to better study and build capacity in this sector, the Government of Mozambique should set up a fund with revenues from large scale mining operations, that goes directly to supporting artisanal miners and the ASM sector through trainings, research on local mining habits, credit and activities to mitigate negative social consequences of mining.

35)	Environment (11/15)	4.3.1	Environmental Effect of Offshore Geologic Seismic Surveying	<p>Due to the importance of fisheries and marine biodiversity to Mozambique's environment and economy, the government should exercise caution during their issuance of exploration licenses.</p> <ul style="list-style-type: none"> - Strategic Environment Assessment (i.e. geological seismic survey) should be conducted with multiple players, such as coastal managers, the fishery sector, environmental nonprofits and local communities. - The SEA should reserve certain areas and prohibit exploration in those sites, including all artisanal fishing areas. - The government should have clear standards for geological seismic surveys, such as enforcing the companies to comply with EIAs and related international treaties. - The government should prohibit seismic surveys in shallow or marine protected areas, given that these areas are very important for renewal of fish stocks. - Companies should also avoid conducting surveys during the migration of key and endangered species. Meanwhile, drilling companies should be required to use "soft start" technique when they are conducting the surveys. Finally, it is important for the company to comply with UNCLOS ("United Nations Convention On the Law of SEA")
36)	Environment (12/15)	4.3.2	Importance of FPSO regulation	<ul style="list-style-type: none"> - The Government should conduct Strategic Environmental Assessments ("SEAs") in line with the Abidjan Convention and Paris Declaration. - Establish legal water quality standards for offshore natural gas

				<p>exploration.</p> <ul style="list-style-type: none"> - Prohibit production in venerable areas, such as Marine Protection Areas, around all coral reefs—especially shallow corals used by artisanal fishermen—and other nursery areas for the renewal of fish stocks. - Implement zero discharge regimes prior to production.
37)	Environment (13/15)	4.4.2	Environmental Impact Procedures Need to Be Improved	EIA review period for extraction project exceeding 100 million dollars should be 90 days or more.
38)	Environment (14/15)	4.4.2	Environmental Impact Procedures Need to Be Improved	Make EIAs publicly available in electronic form on company or government websites during and after the review period.
39)	Environment (15/15)	4.4.2	Environmental Impact Procedures Need to Be Improved	Mozambique Government should have the power to turn suggestions written in EIAs to be adhered to as other environmental laws.
40)	Resettlement (1/10)	5.1.1	Establish early, inclusive, free, and transparent consultation processes and ensure community participation in all stages of the resettlement process	<p>1) Ensure that the consultation process starts during the exploration phase of the project. The private company that is carrying out exploration activities and causing the resettlement should bear the cost of consultation. The role of the Government is to provide the framework, oversee activities and ensure that the agreements reached are fair to the community.</p> <p>2) Clarify who is to be recognized as both legal and legitimate community representatives and interlocutors. Set up a protocol to identify and validate these 1 legitimate representatives and ensure the full representation of ethnic and</p>

				<p>minority groups (See below the Case of Chinalco and the Resettlement of Morococha in Peru).</p> <p>3) Define what instances of participation correspond to a legal consultation as opposed to solely informing communities about resettlement. Demand proper inclusive consultation in addition to basic informational activities.</p> <p>4) Ensure fair agreements by addressing technical and information asymmetries, building the capacity of communities to be able to fully participate in consultation processes and negotiations</p>
41)	Resettlement (2/10)	5.1.2	Level the playing field by building the capacity of communities to participate in negotiations	<p>1) Ensure that community representatives have the necessary skills and information to participate at negotiation tables. Extractive companies operating in Mozambique should provide all the necessary training and capacity to community representatives to hold fair negotiations and must bear the cost of such training.</p> <p>2) Include in contracts with extractive companies a clause that ensures that the company covers the cost of experts accompanying negotiations and working on behalf of the communities. External experts should be able to accompany communities in the negotiation process if necessary.</p> <p>3) Ensure Government representation at all stages of the negotiation process, not only from the Ministry of Natural Resources, but also from other relevant incumbents including the Ministry of Health, Ministry of Education, Ministry of Environmental Coordination, and Ministry of Women and Social Affairs.</p>
42)	Resettlement (3/10)	5.1.3	Ensure fair and holistic compensation, improved livelihoods and standard of living, and poverty reduction strategies	<p>1) Livelihoods of resettled communities must be actually improved. If Mozambique is able to do this, it will become a global best practice and a leader in establishing sustainable resettlements.</p> <p>2) Compensation must be established prior to resettlement and all costs related to the resettlement must be covered by the entity causing the relocation.</p>

				3) All basic services must be in place and their operational costs fully funded by the Government prior to the resettlement.
43)	Resettlement (4/10)	5.1.4	Minimize negative environmental impacts in resettlement	<p>1) Include in the EIA an identification of adverse social effects of extractive operations, including the impacts and losses for resettled communities, prior to the exploration phase.</p> <p>2) Expand regulations on environmental accountability to include a strict liability standard for environmental and health damage caused by extractive operations.</p>
44)	Resettlement (5/10)	5.1.5	Constitute an inclusive and legitimate post-resettlement committee that overlooks agreement compliance, progress and accountability	<p>1) Resettlement agreements should be legally-binding and compensation and other aspects must be respected and enforced.</p> <p>2) A Post-Resettlement Committee must legitimately represent the community, should meet periodically, and its members must have the necessary skills and resources to monitor the terms of the agreement. It must also be granted access to information necessary to make relevant decisions, and counts on the participation of government agents that supervise the fulfillment of agreements.</p> <p>3) Communities and other stakeholders must be kept informed about the project through established mechanisms for two-way communications.</p>
45)	Resettlement (6/10)	5.2	Gendered Social and Environmental Impacts from Mining Activities	Amend existing mining legislation to improve safeguards for women in matters of resettlement, consultation and compensation.
46)	Resettlement (7/10)	5.2	Gendered Social and Environmental Impacts from Mining Activities	Safeguard women's rights to land in concession and leasing arrangements.

47)	Resettlement (8/10)	5.2	Gendered Social and Environmental Impacts from Mining Activities	Improve women's economic opportunities and ability to benefit from extractive sector employment.
48)	Resettlement (9/10)	5.2	Gendered Social and Environmental Impacts from Mining Activities	Establish a 'Women's Land Rights Network' with a special focus to educate women on their land rights and to address situations where women have been resettled due to extractive operations.
49)	Resettlement (10/10)	5.2	Resettlement-Conclusion	<p>In order for extractive operations in Mozambique to earn/achieve a legitimate, stable, and sustainable social license, the Government must ensure that all resettlement processes meet the following six conditions:</p> <ol style="list-style-type: none"> 1) Establish early, inclusive, free, and transparent consultation processes. Ensure community participation in all stages of the resettlement process. 2) Level the playing field by building the capacity of communities to participate in negotiations. 3) Ensure fair and holistic compensation, improved livelihoods and standard of living, and poverty reduction strategies. 4) Address the gender impacts in mining operations by taking special measures to include women in consultation matters concerning resettlement, compensation, livelihoods and income generation. 5) Minimize negative environmental impacts in resettlement. 6) Constitute an inclusive and legitimate post-resettlement committee that oversees agreement compliance, progress, and accountability.

50)	Legal: Mining Laws (1/7)	6.2.1	Increase Checks and Balances	Incorporate checks and balances in mining industry regulation to supplement MIREM's central role, and to incorporate greater coordination between, and powers for, the Ministries of Environment, Health and Safety and Social Affairs.
51)	Legal: Mining Laws (2/7)	6.2.1	Use Reference Laws in Adopting Clear Standards for "Best" and "Good" Mining Practices	Clearly define "Best" and "Good" mining practices in the New Mining Legislation. In determining best practices, draw upon the scientific knowledge, technology, reference laws, and standards of more established jurisdictions, including Australia and the European Union.
52)	Legal: Mining Laws (3/7)	6.2.1	Health	Strengthen environmental laws and regulations in order to reduce harmful environmental and health impacts through the following: 1) Hold companies strictly liable for environmental and health damage arising from mining activities. 2) Hold directors of a company jointly and severally liable for negative environmental and health impacts.
53)	Legal: Mining Laws (4/7)	6.2.1	Amend existing Mining Legislation to bolster safeguards for communities in matters of resettlement, particularly by ensuring procedures for public consultation and expansive, holistic compensation	Amend the existing Mining Law and the 2012 Resettlement Decree to provide greater protection of land occupancy rights of local communities who are forced to resettle due to mining operations. Amendments include: 1) Minimizing involuntary resettlement whenever possible; 2) Gaining full and informed community consent by consulting with impacted communities, with particular attention being paid to women and other marginalized groups, at all stages of the resettlement process; 3) Improving the impacted community's standard of living through livelihoods and by ensuring access to markets, education and healthcare facilities. Providing resettled communities with a share of future profits from mining

				operations.
54)	Legal: Mining Laws (5/7)	6.2.1	Implications for Government Revenues	<p>1) Mozambique's fiscal regime should establish royalty, tax and windfall profit provisions which are firmly grounded in the Mining Legislation instead of in one-off contracts.</p> <p>2) The Mining Legislation should specify minimum royalty rates payable by companies and provide for a windfall profit tax that is activated when mineral prices increase beyond a stipulated amount.</p> <p>3) All such payments should be independently audited, applying international auditing standards, with results and auditing comments made publicly available.</p>
55)	Legal: Mining Laws (6/7)	6.2.1	Implications for Government Revenues	Stabilization clauses must only be allowed in narrow circumstances and for a prescribed period of time. Stabilization clauses should never be allowed to limit the host country's ability to regulate or impose stricter standards in labor, health, safety and the environment.
56)	Legal: Mining Laws (7/7)	6.2.1	Benefits of Full Contract Transparency and Published Contracts	Promote transparency in natural resource extraction by making all mining contracts publicly available.
57)	Legal: Gas & Petroleum Laws (1/11)	7.2	What works best, legislation or contract?	The Government of Mozambique should standardize and set out in legislation as many details of the deal as possible. This will provide greater transparency for investors, and a more accountable democratic process.
58)	Legal: Gas & Petroleum Laws (2/11)	7.2.1	Balancing Confidentiality and Freedom of Information	The Petroleum legislation itself must contain an exception from confidentiality provisions of future Concession Contracts for appropriate situations where there is a strong public interest in disclosure, particularly in respect of health, environment and social impacts. The government should also seek to agree with

				existing concessionaires appropriate guidelines for disclosure of information to the public.
59)	Legal: Gas & Petroleum Laws (3/11)	7.3.1	Clarifying, Modernizing, and Strengthening the Gas and Petroleum Legislation	To define “good practice” or “best practice” the amended Petroleum Law should refer to the highest international standards of the oil and gas industry, and should include specific rules and standards, either in regulations, or by incorporating references to “model laws”. These model laws can be drawn from the best available international standards or from the laws of foreign jurisdictions.
60)	Legal: Gas & Petroleum Laws (4/11)	7.3.1	Stabilization clauses should be limited	<p>1) Set out clear limits on stabilization clauses in the petroleum legislation so that they never extend to non-fiscal regulations, such as environment, health, or labor.</p> <p>2) Stabilization clauses should be limited to apply in respect of changes in the fiscal regime for the first five years of the project, and no longer.</p> <p>3) Stabilization clauses should either ensure that the fiscal regime agreed in the concession contract will remain in effect for the time period, or should provide for an “economic equilibrium”.</p> <p>4) If the stabilization clause provides for an “economic equilibrium”, the clause should require the concessionaire to mitigate the costs of compliance with the new fiscal regime and ensure that the cost of compliance is determined or verified by an independent expert before payment.</p>
61)	Legal: Gas & Petroleum Laws (5/11)	7.3.1	Access to facilities must be strengthened	Amend the Petroleum Law to provide more specific obligations and guidelines about access to infrastructure. The legislation must ensure access to infrastructure on fair and reasonable terms to promote competition, increase efficiency, and accelerate the development of Mozambique’s extractive industry.
62)	Legal: Gas & Petroleum Laws	7.3.1	Penalties must be clear and significant to deter	Prescribe clear and significant penalties for breaches of the petroleum and environmental legislation and regulations.

	(6/10)		bad behavior	
63)	Legal: Gas & Petroleum Laws (7/11)	7.3.1	Environmental protections must be strengthened	Shift the regulatory burden for environmental monitoring and reporting onto the companies. Ensure that penalties for environmental damage and pollution are significant enough to act as a deterrent. Hold companies strictly liable, and hold directors of the company jointly and severally liable for the actions or omissions of the company.
64)	Legal: Gas & Petroleum Laws (8/11)	7.3.1	Holistic Resettlement Provisions must be included in the legislation	Amend the existing Petroleum Law and the 2012 Resettlement Decree to provide greater protection of land occupancy rights of local communities who are forced to resettle due to gas and petroleum operations. Amendments include: <ul style="list-style-type: none"> 1) Minimizing involuntary resettlement whenever possible; 2) Gaining full and informed community consent by consulting with impacted communities, with particular attention being paid to women and other marginalized groups, at all stages of the resettlement process; 3) Improving the impacted community's standard of living through livelihoods and by ensuring access to markets, education and healthcare facilities. 4) Providing resettled communities with a share of future profits from mining operations.
65)	Legal: Gas & Petroleum Laws (9/11)	7.3.1	Work with existing investors to renegotiate contracts in line with new regulations	Engage concessionaires to agree on a timeline and work program to bring their operations into line with the new environmental, health, labor, and other regulatory standards
66)	Legal: Gas & Petroleum Laws	7.3.1	Archaeological Heritage Protection	Include in the Petroleum Law an unconditional "stop work" order whenever a

	(10/11)			company finds archaeological materials. Appoint an independent agency to assess the finds and to delay work in the relevant area, and/or to approve continuance
67)	Legal: Gas & Petroleum Laws (11/11)	7.3.3	Responses and a way forward for Mozambique	Mozambique should take a phased approach to strengthening its current transfer pricing rules. First, a simplified mechanism should be imposed, such as a cap on intra-company costs for tax purposes. Second, the Government should work with the OECD and other international organizations or donors to formulate a comprehensive transfer pricing strategy that will help to ensure a fairer share of revenue for Mozambique.
68)	Governance (1/21)	8.2.1	Establish clear division of decision-making powers across multiple ministries/agencies.	Ensure structural separation of powers through establishment of MICOA as a co-equal ministry mandated to provide oversight and monitoring empowered through an articulated enforcement tool: the ability to fine, suspend and revoke Concessions through EIA, ESIA and Environmental License non-compliance.
69)	Governance (2/21)	8.2.1	Establish clear division of decision-making powers across multiple ministries/agencies.	Involve additional co-equal ministries parallel to MIREM and MICOA able to regulate other extractive impacts including Social Impacts on Local communities, possibly through the Ministry of State Administration which already works at the district, provincial and Federal level (MAE) to administer governance, or the Ministry of Women and Social Action whose mandate could provide strong stakeholder representation, and health and safety regulations, possibly through the Ministry of Labor whose mandate already covers these functions.
70)	Governance (3/21)	8.2.2	Strengthen the oversight and implementation role of Parliament	Create an Extractive Industry Parliamentary Committee and mandate it to provide oversight through direct reporting, optional audits and appropriate expert staff.
71)	Governance (4/21)	8.2.2	Strengthen the oversight and implementation role of Parliament	Increase the technical expertise and staff within Parliamentary Committees.

72)	Governance (5/21)	8.2.3	Strengthening the auditing role of the Administrative Court and Ministry of Finance	Increase independence of the Administrative Court through mandatory Parliamentary Ratifications of Presidential nominations to the court.
73)	Governance (6/21)	8.2.3	Strengthening the auditing role of the Administrative Court and Ministry of Finance	Give the Administrative court the ability to make mandatory decisions during first round decisions for all Administrative court hearings.
74)	Governance (7/21)	8.3.1	Conflicts of Interest	Ensure that Conflicts of Interest are regulated and sanctioned by the Central Public Ethics Commission. Ensure legitimate enforcement extends to family members
75)	Governance (8/21)	8.3.2	Central Public Ethics Commission and Ethics Commission	Central Public Ethics Commission (CCEP): <ol style="list-style-type: none"> 1) Promote role as institute to regulate conflicts of interest. 2) Harmonize communication with other anti-corruption institutions 3) Provide transparency and strengthen sanctions for violations. Central Ethics Commission (CEP): <ol style="list-style-type: none"> 1) Begin formation of CEPs in key ministries
76)	Governance (9/21)	8.3.3	Declaration of Assets	<ol style="list-style-type: none"> 1) Coordinate the collection of Declaration of Assets. 2) Provide transparency when investigations are initiated.

				3) Provide mechanisms for the public to access all information quickly and with minimal transactions.
77)	Governance (10/21)	8.3.4	Implement strict penalties for ethical breaches	1) Provide explicitly defined penalties for violations. 2) Prioritize the adoption of the Mozambique Criminal Code and Criminal Procedure Code.
78)	Governance (11/21)	8.3.5	Obtain approval or ratification for key nominations from the National Assembly	Form a committee in the National Assembly that oversees all matters related to the extractive economy and regulatory structure and which also has the authority to be involved in the nomination and appointment process.
79)	Governance (12/21)	8.3.6	Protect appointees	Guarantee appointees' independence by giving them greater security of tenure and establish an independent appointment process. Encourage parliament to confirm appointments in key ministries.
80)	Governance (13/21)	8.3.7	Protect whistleblowers and encourage them to come forward	1) Work with international donors to get more funds for developing protection programs and conduct an awareness campaign to raise visibility of the new institutions. 2) Develop stronger communication links between the GCPV, CCEP, GCCC and other relevant agencies to ensure protection of whistleblowers
81)	Governance (14/21)	8.3.8	Develop Private Sector Transparency Regulations	1) Develop a private sector transparency initiative that requires extractive companies to report payments to the government in line with international best practices 2) Include rules on corruption in the private sector in the revised Criminal Code

				and Criminal Procedure Code. 3) Increase institutional linkages between EITI and the GCCC 4) Increase training for monitoring private sector practices in GCCC
82)	Governance (15/21)	8.4.1	Give agencies broader investigation powers	Give agencies the right to conduct unannounced audits and inspections, including to right to compel the production of documents, and facilitate cooperation and information sharing across agencies.
83)	Governance (16/21)	8.4.2	Give agencies the power to impose sanctions or suspend operations when an agency finds that oil industry actors have violated their contractual obligations	Donors, NGOs, Bi-Lateral Partners and UN Agencies should continue to coordinate and use their leverage to ensure media, civil society and governance institutions can hold each other accountable.
84)	Governance (17/21)	8.5.1	Encourage donors to redirect aids towards building capacity and promoting transparency	Governments and Donors should examine their current technical support programs and develop partnerships and offer support through direct placements pending government approval.
85)	Governance (18/21)	8.5.3	Professionalizing the Civil Service	1) Professionalize the core of the civil and administrative service to create a competent administrative staff. 2) Hire experts to help assess, structure and develop the current civil service program.

86)	Governance (19/21)	8.5.4	Reversing the Brain Drain and Increasing Expert Admin	Collaborate with bi-lateral donors, NGOs, and companies to bring expert knowledge into various agencies to bridge the administrative skill gaps and developing domestic capacity across all sectors.
87)	Governance (20/21)	8.5.4	Reversing the Brain Drain and Increasing Expert Admin	Create policies to ensure Mozambican and foreign talent is recruited into the civil and administrative services. This can include salary matching, civil service placements of foreigners and other creative solutions.
88)	Governance (21/21)	8.6.1	Transparency through E- Governance and Information and Communication Technology ("ICT")	Parliament should hold an open forum with key stakeholders to identify what information should be made public regarding the extractive industries, and should then legislate the creation of this platform with the ICT Policy Implementation Technical Unit providing implementation. It should draw on the experience and insight of other jurisdictions with effective e-governance processes, including Estonia.
89)	SWTF (1/17)	9.1	A Sovereign Wealth Fund for Mozambique	Mozambique needs a SWF for the thorough management of its natural resource revenues. Now is the time to prepare the relevant institutions and actors and create the legal framework for resource revenue management.
90)	SWTF (2/17)	9.1.1	Dutch Disease	Place the SWF in a well-established, traditional financial center located in London, New York or Singapore. Invest in foreign assets and currencies to create a diversified portfolio that generates ongoing revenue for the country.
91)	SWTF (3/17)	9.1.4	Tapping into International Financial Markets	Draw on the experience of established financial experts to manage the investment of the SWF's assets.
92)	SWTF (4/17)	9.1.4	Tapping into International Financial Markets	Instruct a reputable institution to handle operational management for now, but consider building a management team located in Mozambique as a long-term

				goal. While all assets are still invested in traditional financial markets, this would allow Mozambique to develop and improve its investment management.
93)	SWTF (5/17)	9.1.5	The Santiago Principles and the Linaburg-Maduel Transparency Index	Adhere fully to the Santiago Principles, but do not stop there. These principles provide a benchmark and should not be the end point in ensuring macroeconomic stability.
94)	SWTF (6/17)	9.1.5	The Santiago Principles and the Linaburg-Maduel Transparency Index	Comply with all ten principals that make up the Linaburg-Maduell Transparency Index. Mozambique shall score full ten points on that index.
95)	SWTF (7/17)	9.2.1	Budget Support	For accounting, administrative and management purposes, all revenues flowing from natural resource production should be paid directly into the SWF, and later distributed for different purposes such as budget, development, stabilization or savings. All withdrawals from the fund are subject to specific legislation or Parliamentary approval.
96)	SWTF (8/17)	9.2.2	The Stabilization Fund	The Mozambican SWF must incorporate a stabilization mechanism to protect the country from fluctuation in natural gas and coal prices.
97)	SWTF (9/17)	9.2.3	The Development Fund	Mozambique will require significant investments in infrastructure and social projects. Parts of the Mozambican SWF should be used to target specific long-term investments that diversify the economy while taking its limited absorption capacity into account.
98)	SWTF (10/17)	9.2.4	The Savings Fund	Make sure that the Mozambican SWF incorporates a solid saving mechanism. While development and budget support will be (and should be) predominant in the early years of natural resource production, the ultimate goal of the SWF is saving for the future and the generation of recurring revenues.

99)	SWTF (11/17)	9.4.1	A Sovereign Wealth Trust Fund for Mozambique	Mozambique's SWF should be set up as a trust fund to benefit from the highest standards of legal protection, access to financial markets and protection from creditors.
100)	SWTF (12/17)	9.5	A Sovereign Wealth Trust Fund Structure for Mozambique	To accommodate Mozambique's current socio-economic situation the sovereign wealth trust fund should include four separate accounts: a budget account that supports the budget, a stabilization account to protect against price fluctuations, a development account to invest in infrastructure and social projects and a savings account to ensure that future generations will also be able to benefit from the fund.
101)	SWTF (13/17)	9.6.1	Trustees	Follow the highest legal standards for the selection process of trustees along with setting clear rules for their responsibilities and range of action.
102)	SWTF (14/17)	9.6.2	Management	Define and legally enshrine a governance structure that determines the investment strategy and the responsibilities of the fund's management.
103)	SWTF (15/17)	9.6.3	Audits	Establish a tight reporting and auditing system for the sovereign wealth trust fund. Determine an established, highly reputational, international auditing firm to conduct at least one audit of the fund per year. Additionally, we recommend that the Administrative Court be in charge of the domestic audit. In order to ensure excellence capacity building has to be undertaken within the Administrative Court.
104)	SWTF (16/17)	9.6.4	Oversight	Establish an oversight mechanism that represents a cross-section of Mozambique's society, including members from major political parties, civil society, the private sector, religious and community leaders and ethnic minorities.

105)	SWTF (17/17)	9.6.5	Legal Adjustment	All aspects of the aforementioned recommendations on the sovereign wealth trust fund should be codified into law.
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