

# Civil Society Engagement with EITI in Mozambique: Challenges and Opportunities

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## 1. Introduction

EITI is a mechanism that has helped many extractive resource rich and developing countries to improve transparency in extractive industry revenue collection mechanisms. EITI seeks to strengthen the management of extractive resources, and ensure greater transparency in the extractive sector, through the full publication of payments made by the companies and of public revenues accrued from extractives.

In Mozambique, EITI has been allowing citizens to access information, which on other ways the citizens would not ever have access to, taking into account government secrecy. The secrecy is partially derived from the lack of adequate policy and legislation on access to information. For instance, it is hard to know what information is considered as “classified” or confidential, so that can be or not disclosed. For instance, civil society has proposed and submitted a draft law to the parliament in 2005, but successively the parliament has never considered it as priority on its agenda, despite continuously lobbying from civil society for its passing. With this vacuum on legal framework for access to information, EITI constitutes a unique opportunity for citizens to access information on revenues derived from extractive sector.

Mozambique was admitted as EITI candidate country in May 2009 and became compliant in October 2012. Mozambique is the second country in Africa to achieve the compliance status within a record time (three years after candidacy), only behind Liberia.

Civil society in Mozambique has been playing important role on EITI implementation process; according to civil society opinion, the decision of the government of Mozambique to join the initiative was partially influenced by civil society. This is sustained by the fact that civil society initiated the public debate on transparency in extractive industry; through the global campaign Publish What You Pay (PWYP), Mozambique chapter, then represented Center for Public Integrity (CIP), that pioneered the debate on EITI as the chronology of Mozambique’s road to EITI compliance is illustrated in the table below.

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Table 1. Some implementing countries' years to achieve compliance in Africa

<b>Implementing country</b>	<b>Candidature</b>	<b>Compliance</b>	<b>Years</b>	<b>Secretariat Staff</b>
Liberia	2007	2009	2	9
<b>Mozambique</b>	<b>2009</b>	<b>2012</b>	<b>3</b>	<b>4</b>
Nigeria	2005	2009	4	55
Mali	2007	2011	4	22
Zambia	2008	2012	4	9
Ivory Cost	2008	2013	5	

*Source: Gently conceded by Mozambique EITI Secretariat*

The paper accesses the role of civil society on the EITI implementation in Mozambique, its challenges, successes and opportunities for transparency and accountability on revenues from extractive industry and management of natural resources for sustainable development. Additionally, public facts on the EITI road to join and implement the initiative in Mozambique and the role civil society played/is playing on the implementation process were accessed.

## **2. Methodology**

The literature available on EITI implementation process in Mozambique and other related documents, reports, newsletters, working papers were reviewed. Members of the Multi-Stakeholder Group, including the current and ex- members were interviewed from the government, private sector and civil society, as well as key informants who have been following the process and/or working on natural resources extractive industry issues were also interviewed.

### 3. Mozambique's Route to EITI

Table 2. Chronology of EITI Implementation process in Mozambique

- In May 2008 the Center for Public Integrity (CIP and PWYP country chapter) held in Maputo the first national seminar on EITI attended by government officials through the Ministry of Mineral Resources, companies' representatives, civil society and a representative from the International EITI Secretariat. The government of Mozambique announced publically for the first time in the CIP's seminar its willingness to join EITI.
- In October 2008, the Government of Mozambique organized in Maputo a seminar to launch EITI.
- In April 2009 a coordinating committee (Multi-Stakeholder Group) was established. The MSG is led by the Ministry of Mineral Resources. It is composed by 12 members being 4 from the government, 4 from private sector and 4 from civil society.
- In May 2009 Mozambique was accepted as EITI candidate country.
- In October 2009, the President of the Republic, His Excellence Armando Guebuza, declared publically the government's support for EITI implementation. However, in 2009 the process was delayed due to general elections.
- In May 2010 the Mozambique EITI (MEITI) secretariat was set up, which allowed the implementation process to begin.
- In February 2011 Mozambique launched its first EITI report
- In April 2011 the validation team sent its report to the International Secretariat.
- In August 2011 the International EITI Secretariat declared that Mozambique has made considerable progress but failed to become compliance, because some indicators were not achieved. The country was given eighteen months to renew its validation process. However, the country requested to be validated before the deadline set by international secretariat.
- In October 2012, Mozambique was declared compliance country and so far the country has produced four EITI reports, being the first in 2010, the second in 2011, the third in 2012 and the fourth in 2013. Currently it is in process of preparation for the fifth report with data from 2012. The challenge of the MSG is to reduce the time lag between the year of the report and the year of the data from two to one year. The second validation within the new EITI standards it is expected to be in 2016.

*Source: Adapted by the author from data gathered from different sources (MEITIM reports, Nombora, 2012, Selemene and Nombora, 2011).*

#### **4. Civil Society in the Rout for EITI in Mozambique**

Civil society in Mozambique has been pro-active in advocating for transparency and accountability in extractive sector before the government joined EITI. In fact civil society held the first EITI advocacy conference in May 2008, where all interested parties participated. Government held the public seminar on preparation to join EITI in October. In the seminar, civil society representatives' message congratulated the government and stressed that EITI is "an opportunity for government and civil society to make extractive industry a development factor of the country for a well-being of the Mozambican people"<sup>2</sup>. Civil society called the government for "guaranty strategies and public policies on exploitation of non-renewable resources that respond to the necessity of cautiousness management of extractive resources, and the challenge of use of the wealth generated to build new and diversified opportunities in order to contribute for enhanced social, environmental and economic development"<sup>3</sup>. Additionally, civil society organizations called for public contracts disclosure and the need to revise and re-negotiate the signed contracts in order to reflect and defend national interest; taking into account their impact on the lives of citizens; as the Republic Constitution states that natural resources are owned by Mozambican people. In the message civil society reiterated its determination to support the State to mobilize the necessary capacity to review and monitor the process.

Furthermore, civil society's message stressed that EITI in Mozambique should go beyond information on payments and revenues from extractive industry, to information about the use of the revenues, considering that revenues accrued from extractives should be invested in provinces, districts and communities where extractive resources are being exploited, including law enforcement and environmental impacts monitoring. From civil society message in the seminar, one can perceive that civil society had already been pro-active and progressive in terms of its desire and demands on what EITI for Mozambique should respond, beyond the basic ITIE. EITI is perceived by civil society as an opportunity to advocate for more deep reforms in policy and development strategies in the context of non-renewable natural resources governance and management, pushing for transparency and accountability in revenue management to fight corruption and maximize the gains from the extractive sector, including contract disclosure, re-negotiation and diversify the economy, taking into account the government secrecy in natural resources governance.

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<sup>2</sup> Author translation of Mensagem da Sociedade Civil por Ocasão do Seminário do governo em Preparação a Adesão do País na ITIE (Civil society message for the government seminar on preparation of the country to join EITI)

<sup>3</sup>Ibid.

## 5. Challenges and Opportunities of EITI Implementation Process for Civil Society

The Coordinating committee (Multi-Stakeholder Group) established for implementation of EITI, comprised a president, a coordinator, both from the Minister of Mineral Resources, and twelve Multi-Stakeholder Group (MSG) members, being four from government, four from extractive companies and four from civil society. A secretariat composed by four members to assist and support the work of MSG was hired. Below the composition of MSG set up for implementation of EITI in Mozambique.

Table 2. Composition of the EITI implementation Board in Mozambique

<p>Government:</p> <ul style="list-style-type: none"><li>- President- Vice Minister of Mineral Resources</li><li>- National Coordinator - Senior officer from the Minister of Mineral Resources</li><li>- One representative from the Minister of Mineral Resources,</li><li>- One representative from the Minister of Finance,</li><li>- One representative from the Minister of Plan an Development,</li><li>- One representative from the Minister for Coordination of Environmental Affairs.</li></ul> <p>Companies:</p> <ul style="list-style-type: none"><li>- Two representatives from Mineral Industry,</li><li>- Two representatives from Oil and Gas Industry.</li></ul> <p>Civil Society:</p> <ul style="list-style-type: none"><li>- Two representatives from civil society platform G20<sup>4</sup></li></ul>
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<sup>4</sup> G20 is a civil society network/coalition/platform established to be the link (and “spokesperson”) between different civil society thematic groups and the Government. G20 was established to facilitate communication between the Government and the wider civil society thematic groups in the context of civil society consultation and participation in the Observatório de Pobreza (Poverty Observatory) later renamed Observatório de Desenvolvimento (Development Observatory). In this regard government contacted G20 to indicate two members for MSG, from where Center for Public Integrity (CIP) and Institute for Social and Economic Studies (IESE) working on natural resources and extractive were indicated. The G20 secretariat acted as executive board and was initially hosted by FDC (Foundation for Community Development) and later transferred to GMD (Mozambican Debt Group) which is the current host organization. However, by reasons we cannot reveal the G20 secretariat no longer exists. Therefore, currently several civil society thematic groups have established their specialized platforms as the CSO platform for natural resources an extractive industry that its establishment was initiated by the two CSO in MSG in partnership

- One representative from media, and
- One representative from academia.

The MSG is supported by the secretariat composed by one executive secretary, one public relations officer, one administrative and financial officer and one office assistant/driver

*Source: Author's compilation.*

The challenge of civil society participation on EITI dates back from the establishment of MSG, as the model of civil society nomination for MSG has been somehow questionable. While EITI requires that representatives from each stakeholder group be independently indicated by its constituency; the government of Mozambique requested G20 (see the footnote 4 above for details about platform G20) to indicate two representatives, Civil society understand that each stakeholder group should indicate its four representatives according to EITI requirement<sup>5</sup>. The other two civil society representatives were requested to be indicated from academia (Tertiary Education Association represented by the Mozambican Geological and Mining Association) and media (National Union of Journalists). Consequently, the model for nomination of civil society representatives was questioned by civil society. The question is: why the government preferred to request from platform G20 to designate only two civil society representatives, while it is required that each stakeholder group indicates four representatives independently? One could argue that civil society is diverse; therefore, this was an attempt of the government to bring aboard broader civil society representatives from different segments. Yet, defining civil society is complex, as there is a broader range of civil society. However, in the context of Mozambique, the complexity of civil society representatives from broader groups had been resolved through the establishment of platform G20, where thematic groups were affiliated according to their area of interest, in the context of civil society participation/consultation in the Development Observatory, to facilitate the interaction of the government with different civil society thematic groups. Civil society also used the platform G20 as the channel to interact with the government in collective action and vice-versa.

It is worth noting, that the platform G20 civil society representatives had never opposed the participation of academia and media in MSG. Nevertheless, the tricky was that there has never been articulation of ideas and position between the platform G20 representatives, academia and media representatives. While the two civil society

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with other stakeholders working on natural resources and extractives which is the present link with the government in extractives.

<sup>5</sup> See Requirement 1 of the EITI Standar.

representing the platform G20 always harmonized their positions and articulated with the wider civil society working on natural resources and extractives within the platform G20 constituency; while academia and media had never been part of the articulation, with the wider civil society.

## **6. Civil Society versus Government in MSG**

Mozambique is a young democracy country. Participation of civil society in governance decision-making process in Mozambique has been characterized and/or limited to consultation process, within the participatory governance mechanisms established at different levels. In participation by consultation is not mandatory for the government to take into contributions from the consulted for final decision-making.

EITI in Mozambique represents a democratic participation process; however, it has been proven as challenging for the young democracy which is under construction and consolidation. EITI is a unique opportunity and acquired space so far, for civil society to exercise effective participation in decision-making process on governance of natural resources, transparency and accountability in revenues derived from extractive industry. Civil society has capitalized this unique opportunity and space to influence good governance and decision-making process.

For civil society, its participation in EITI has not been an easy task. In some instances, there were clashes between civil society, the coordinator and secretariat. Civil society perceptions was that both the coordinator and the secretariat were not interested on effective participation of civil society, but to legitimate the process, as some decisions of MSG, resulted from civil society proposals were disrespected, the coordinator was not capable of listening and discuss openly new ideas and contributions of civil society<sup>6</sup>. Civil society representatives felt that their contributions were only considered as relevant only if there were of interest of government or if there were in-line with the recommendations of the EITI international secretariat. Therefore, civil society demanded an open discussion as EITI should be a discussion forum for broader changes in order to improve the management of natural resources for development.

At the beginning the implementation of EITI has been characterized by lack of trust between civil society and government representatives. The two parties had diverged positions and understanding on how EITI should be implemented. Government pointed that civil society did not understand the real objective of EITI and its role in the process, therefore, acted as opposing group. Additionally government accused civil society for

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<sup>6</sup> The Platform G20 sent a complaint letter to the coordinator of MSG on 29 November 2011, with reference to the production of the second ITIE report and the MSG modus operands, with regards to violation of working principles by the national coordinator as state above.

leaking information under discussion, making it public before an agreement with MSG, or civil society agreed some points in MSG but it went out to public to say contrary to what had been discussed. Civil society claims that going to public was one of the ways and strategy to voice out, as most of their views and proposals were not being taken into consideration and the broad citizens needed to know the process. It is worth noting that companies' representatives were neutral to civil society and government differing positions, their role was to safeguard good implementation of EITI principles, without prejudice companies business.

The process for the first EITI report, proved that implementation of EITI requires that stakeholders be prepared for open discussion forum, which was not the case for both government and civil society when they had differed points of view. After the first EITI report civil society demanded that companies on exploration should be included in the next EITI reports, the payments to social funds by oil companies and investments in social corporate responsibilities also should be included. Additionally, civil society proposed the reduction of materiality from 1.500.000 MZN (50.000 USD) to 500.000 MZN (16.650 USD), to allow inclusion of many companies that had been left out in the first report. It is worth noting that from a list of 23 companies only 6 were part of the first report.

Civil society demanded implementation of EITI beyond basic EITI, such as contract disclosure, data on production, transport revenues, in-kind payments to government, tax regime and inclusion on the EITI report for other natural resources sectors such as forestry and fishery. Government, academia and media representatives, defended that the country should first concentrate on the Basic EITI requirements to be consolidated, as the demands of civil society were not within the domain of EITI requirements<sup>7</sup>. For government, academia and media, civil society demands could be analyzed to be considered after the country had consolidated the basic EITI. However, some of the proposals such as the new materiality and inclusion of exploration companies were considered.

Surprisingly, most of the civil society's demands are currently part of the new EITI standards requirements, such as the contextual data on production, in-kind payments to government, contract disclosure (recommended in EITI Standards), the tax regime and data on transport. Currently, civil society is advocating for implementation of the recommendations of the new EITI standard. The implementation of the new EITI standard seems to be challenging for countries such as Mozambique that were satisfied by implementing the basic EITI.

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<sup>7</sup> The coordinator of the MSG in the name of group sent a response letter on 14 December 2011 in response to the G20 platform letter of 29 November 2011, refuting civil society complains and accusing them of behaving contrary to the working methodology defined by MSG. The letter reminded civil society that Mozambique was implementing Basic EITI according to the requirements, so, demands of civil society were out of MSG competences.

## **7. The Impact of Civil Society on Implementation of EITI**

There is consensus on acknowledging the positive impact of civil society in the implementation of EITI in Mozambique. Civil society is seen as an important role player, in implementation of EITI and improvement of government's transparent revenue collection, including contract disclosure by the government.

Civil society demands have influenced public opinion on extractive resources governance, for instance, pro-eminent political figures such as the former president Joaquim Chissano, the Central Bank Governor Ernesto Gove and the Minister of Mineral Resources Esperança Bias have come to public to call for the need for contract re-negotiation.

Civil society has influenced an open discussion, which led to trust among MSG members. Nowadays the relationship between civil society and government in MSG has improved, although differences in the views remain. Currently, the initiative constitutes an open discussion forum, where each stakeholder manifests its position freely. Civil society has recently proposed the review of Terms of Reference of MSG; the proposal was discussed and approved.

Civil society has been active on analyses of EITI reports and dissemination of EITI through analyses of EITI reports and information sharing. Additionally, there has been an effort on training/capacity building of civil society and community based organizations on EITI and extractives in provinces with extractive industry. Government acknowledges that civil society play important role on dissemination of EITI to broader citizens and local communities. However, there is technical and financial capacity for dissemination of EITI and extractives. The efforts to analyze and disseminate EITI, and build capacity to the broader civil society have been done by the two civil society representatives in MSG, namely the Center for Public Integrity (CIP) and KUWUKA JDA Youth Development and Environmental Advocacy.

However, while efforts have been done to broader the participation and capacity of civil society, generally there is still a restricted and limited participation and understanding of EITI by broader civil society. The general understanding is that EITI is about information on companies' payments and government receipts. Civil society need to understand that EITI to use it as a tool for advocacy to promote transparency and accountability in all value chain, demanding reporting on how the revenues are used. EITI will be of great and effective relevance when it will allow transparency and accountability.

## **8. The Civil Society Platform on Natural Resources and Extractive Industries**

The development of extractive industry sector is new in Mozambique. However, it has been growing exponentially in recent years. Consequently, civil society interest in monitoring natural resources and extractive industry to guaranty good governance has been also growing. Nevertheless, the challenge is the weak technical, organizational and financial capacity of civil society. Recognizing the challenges, civil society organized into a coalition to share information and for collective advocacy, including its participation in EITI – The Platform of Civil Society for Natural Resources and Extractive Industries.

It is through the platform that civil society in Mozambique articulates the monitoring of natural resources and extractive industry, including resettlement resulted from extractive industries; build capacity of its members, share information and exercise collective action advocacy. The platform is membership based, its origin started from six organizations in 2009 to more than 35 member organization in 2014 spread in all provinces. he platform communication is through a secretariat, hosted by a member organization elected for a mandate of two years, renewable if members vote to. There is a governance board (coordinating group) of 10 member organizations for strategic planning and operational decisions and it articulates with the secretariat to share information with the broad members. The general assembly meets once a year where all members are invited for strategic decision-making process.

The mechanism of participation of the broader civil society in EITI is through the platform. KUWUKA JDA and CIP are MSG members and were elected by the platform. These members report back the EITI process to the CSO platform through meetings with the coordinating group, which articulates with the secretariat to share the information with all members. The CSO Platform through its representative in MSG has proposed the review of the Terms of Reference of the MSG, and the change on the model of indication of civil society representatives in MSG, to completely independent, so that the four seats of civil society in the MSG to be indicated through the CSO platform on Natural Resources and Extractive Industry<sup>8</sup>, to be in-line with the EITI requirement setting that the nomination process must be independent and free from any suggestion of coercion<sup>9</sup>. The proposed review of the TOR was approved by MSG. Therefore the next general assembly will elect the four representatives for MSG.

In addition the CSO platform through the coordinating committee has been advocating for comprehensive extractive policy development and review. The Minister of Mineral Resources has acknowledged and legitimized the CSO platform as civil society link

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<sup>8</sup> The Platform for Natural Resource and Extractive Industry sent a letter to the Minister of Mineral Resources, where one of the point was the need to change the model indication of civil society indication to MSG.

<sup>9</sup> The EITI Standard, EITI International Secretariat, 22 May 2013.

with the government on issues related to extractives. Additionally, the Minister agreed to meet twice a year with the CSO platform to discuss relevant themes and issues to be proposed by civil society in the context of extractive resources governance.

## **9. Conclusions**

Civil society in Mozambique has been pro-active in advocating for transparency and accountability in extractive sector before the government joined EITI, through its involvement on international PWYP campaign, initiating public debates on extractive and demanding implementation of EITI beyond basic EITI requirements and to use it as a tool to advocate for more deep reforms in policy and development strategies in natural resources management.

The implementation of EITI in Mozambique proved to be challenging for civil society, which perceives that from the model chosen by the government for indication of civil society representatives in MSG was questioned by not favoring the EITI requirement on the independence of each stakeholder group to appoint its representatives. The process for production of the first EITI report, proved that implementation of EITI requires that stakeholders be prepared for open discussion forum, which was not the case for both government and civil society when they had differed points of view.

However, EITI constitutes a unique opportunity of acquired space for civil society for effective participation and influence of decision-making process, although, in the process, there have been divergences between civil society and government representatives. Civil society perceived that government was not interested on effective participation of civil society, but to legitimate the process, while government considered civil society demands out of the basic EITI ambit. But, EITI has brought about discussion forum of democratic and effective participation of civil society playing a vital role in influencing positively natural resources governance. The relationship between civil society and government in MSG has improved and both have been working openly respecting the views of each other, although differences remain.

Additionally, EITI in part is a driving force for society in Mozambique to come together through the Platform for Natural Resources and Extractive Industry that has been articulating collective advocacy actions for good governance of natural resources, including participation in policy reform and support of communities affected by extractive industry.

The challenge remains on bringing about broader and wider civil society participation, as it is still limited to few organizations, there is weak technical capacity to understand EITI as a tool to influence good governance, transparency and accountability in revenues management accrued from extractive industry.

## **Consulted Documents**

Carta do G20 ao Comité de Coordenação da Iniciativa de Transparência da Indústria Extractiva em Moçambique (ITIE); Assunto: Produção do segundo relatório da Iniciativa de Transparência da Indústria Extractiva e Funcionamento do Comité de Coordenação da Iniciativa de Transparência da Indústria Extractiva em Moçambique (CC -ITIEM), Maputo, 29 de Novembro de 2011.

Carta do Coordenador do Comité de Coordenação de Iniciativa de Transparência na Indústria Extractiva em Moçambique Ao Grupo de Coordenação do G20, assunto: (Re) Produção do Segundo Relatório e Funcionamento do Comité de Coordenação da ITIE, Maputo, 14 de Dezembro de 2011.

Carta de Plataforma da Sociedade Civil para Recursos Naturais e Indústria Extractiva a Ministra os Recursos Minerais, Assunto: Pedido de Audiência, Ref:23/CTV/2014 de 18 de Março de 2014.

Carta das Organizações da Sociedade Civil ao comité de Coorenação sobre o Regime Fiscal

Governo de Moçambique Seminário sobre a Iniciativa de Transparência das Indústrias Extractivas (ITIE) de Moçambique 23 de Outubro de 2008 Centro Internacional de Conferências Joaquim Chissano.

Mozambique EITI Validation Letter, EITI International Secretariat, Oslo, Norway, 19 August, 2011.

Mozambique EITI: Transition to New Rules Letter, EITI International Secretariat, Oslo, Norway, 1 July, 2011

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The EITI Standard, EITI Secretariat, May 2013, Oslo, Norway, also available online [www.eiti.org](http://www.eiti.org).