



African Policy Dialogues

EVIDENCE FACTSHEET

MOZAMBIQUE

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Extractive industry, inclusive governance and structural economic transformation in Mozambique

This document is about INCLUDE's African Policy Dialogue (APD) in Mozambique which is hosted by the Centre for Democracy and Development (CDD). The APD generates evidence for informed decisions on how the Liquefied Natural Gas (LNG) value chains and megaprojects can contribute to economic and structural transformation through inclusivity in local context and productive employment opportunities.

Key findings about the extractive industry

- Mozambique LNG reserves are the third largest in Africa and their contribution in tax revenues is estimated at \$500 billion by 2045, plus dividends and other investments.
- From 2010-2018, the extractive industry absorbed about 70% of the Foreign Direct Investment.
- Abundance of resources and large investments in the extractive industry have not significantly contributed to structural transformation, economic diversification and improved livelihoods.
- The extractive sector contributes less than 1% of total employment.
- The 2.75% of the extractive sector royalties allocated for the development of the communities hosting large investments is the lowest in Africa and the world.
- Local communities benefit from oil revenues through projects aimed at building socio-economic infrastructures such as education, health, agriculture, and public services roads and bridges.
- Violent conflict, the management and revenue sharing of natural resources limit the contribution of LNG projects to inclusive development.
- More than 50% of the population lives in extreme poverty and with considerably high levels of food insecurity and malnutrition, with the central and northern regions being the most affected.

Recommendations to enhance the contribution of the extractive industry in the economy

- Link natural gas from the Rovuma Basin to specific national development such as using it to generate electricity, fuel and fertilizer.
- Enhance job creation along natural gas value chain projects through local content policies especially in manufacturing and provision of services.
- Multinational firms in the extractive sector should give preference to Mozambicans when hiring labour for their projects.
- Support small Mozambican firms and subcontract them to carry out some activities such as stone extraction and sand for the oil multinationals.
- Revise upwards the percentage (2.75%) of royalties allocated for the development in communities affected by extractive industry projects.
- Adopt an inclusive governance model to ensure stakeholder involvement in the decision-making, transparency and management of natural resources and revenues generated.
- Establish an efficient, fair and stable sharing of revenues from the extractive industry by clarifying the sharing objectives, alignment of the revenue sharing system with its objectives, codifying the formula in the law and formalization of an independent supervision.



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Our publications from the APD Mozambique:

- What paths should Mozambique follow to ensure a greater contribution of the extractive industry for growth and structural economic transformation?
- Natural Gas and Development: Integrating the Future Gas Revenues from the Rovuma Basin into the Local Development Agenda in Cabo Delgado
- Mozambique should revise upwards the percentage of 2.75% in favor of communities affected by extractive industry projects
- Inclusive governance is essential to ensure that the extractive industry contributes to the structural transformation of the economy
- Youth employment in Mozambique's extractive sector: end of project report
- Sustainability of social investments and indirect employment in Mozambique
- Transparency in public funds and access to employment and education in Mozambique
- Intersectoral debates on youth employment and income generation in the extractive industry in Mozambique
- Involving the youth in Mozambique's extractive industry

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<https://includeplatform.net/theme/african-policy-dialogues/>

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