



## The state of the fight against illicit financial flows in the extractive industry in Mozambique



**T**he fight against illicit financial flows (IFFs) in Mozambique's extractive industry reveals an alarming picture, where large companies in the sector, often overlooked, use sophisticated practices to hide profits and evade taxes. Despite evidence of a corrupt political elite, analysis shows that the commercial activities of large multinatio-

nals account for, on average, 65% of financial losses, far more than corruption and organized crime. Mozambique, rich in natural resources, is a fertile ground for these practices, which divert crucial resources that could be used to promote sustainable economic growth and improve the living conditions of citizens. Therefore, understanding the ori-



**By implementing a more robust regulatory framework, strengthening national and regional institutions, improving data collection and analysis, and fostering inter-agency cooperation, the country will be better equipped to mitigate fiscal losses associated with FFIs. More importantly, it will be possible to transform Mozambique's vast natural wealth into a significant source of revenue that contributes to inclusive economic development, poverty reduction, and strengthening public services.**



gins and dynamics of IFFs in this industry is essential for developing effective policies.

To address the challenges posed by IFFs, it is imperative to implement structural reforms focused on creating a robust regulatory framework and inter-institutional cooperation. Specific measures, such as reviewing transfer pricing laws and criminalizing the falsification of commercial documents, are essential.

## Background

Illicit Financial Flows (IFFs) represent a significant and long-standing challenge to global economic development, particularly affecting African countries. These flows include practices such as tax evasion, illegal financial transfers, price manipulation, criminal activities and corruption. Studies indicate that Africa loses between US\$50 and US\$80 billion annually due to IFFs, an amount greater than foreign aid and foreign direct investment (FDI).<sup>1</sup> This capital flight undermines efforts for sustainable growth, limits investment capacity in essential sectors and perpetuates structural inequalities.

Like other countries in the region, Mozambique is not exempt from the perverse problem of IFFs. On the contrary, its vast and diverse wealth in natural resources (minerals and gas reserves) makes the country fertile ground for the development of such practices. The exploitation of natural resources has become one of the main vectors of the national economy, but the distribution of these benefits remains highly unequal.

For years, the political elite was singled out as the main beneficiary of the sector's revenues, but there is a new central element in this scenario: large multinational companies in the extractive sector. These companies, often with the support of the local political elite, use sophisticated mechanisms to minimize their tax obligations and transfer huge amounts of wealth out of the country. As a result, the dividends from exploitation remain concentrated in restricted groups, to the detriment of national development.

The data shows that commercial activities – dri-

In addition, strengthening institutional capacities to detect and investigate IFFs will be crucial. With the collaboration of the government, financial institutions and civil society, Mozambique can transform its vast natural wealth into a solid foundation for inclusive economic development. Implementing these recommendations will not only mitigate fiscal losses, but also ensure that the extracted resources actually benefit the Mozambican population.

ven mainly by large multinational corporations – account for about 65% of IFFs in Africa. In comparison, criminal activities, including drug trafficking and other financial crimes, account for 30%, while public sector corruption accounts for only 5%.<sup>2</sup> Despite the lower percentage share of corruption in IFFs, corruption is often the most prominent dimension in public debates and anti-corruption efforts. On the other hand, the real source of losses for countries – the illicit financial practices of multinationals – receives much less attention and remains outside of public scrutiny.<sup>1</sup>

Mozambique, with its vast reserves of gas and mineral resources, is a prime example of this problem. The weak fiscal structure, combined with the lack of institutional capacity to monitor and combat IFFs, creates an environment conducive to capital flight. This directly impacts the population's living conditions, diverting resources that could be used to create jobs, reduce poverty, invest in infrastructure and mitigate the effects of climate change.

It is in this context that this paper aims to analyse IFFs in the extractive sector in Mozambique, with the aim of understanding their origins, dynamics and implications for the country. The text will be structured in three main parts: (i) a general analysis of the main sources and strategies used for illicit capital transfer in the extractive sector, (ii) a detailed examination of the different sectors of the extractive industry in Mozambique and their levels of risk in relation to IFFs, and (iii) public policy recommendations to enhance domestic resource mobilization, strengthen the regulatory framework and

<sup>1</sup> The Report of the High-Level Panel on Illicit Financial Flows in Africa defines IFFs as “money that is obtained, transferred or used illegally”. This approach is not limited to the legal aspect, but also introduces an ethical dimension to the debate, broadening the understanding of the impact of these practices. This is the definition adopted as the operational basis for this text.

mitigate the impacts of IFFs. In doing so, it is hoped to provide an informed basis for policymakers, civil society and other strategic actors to develop

more effective approaches to combating IFFs and promoting more transparent management of the country's natural resources.

## 2. Sources of Illicit Financial Flows in the Extractive Industry in Mozambique

The literature distinguishes three main sources of financial flows, often interconnected, that benefit different interest groups: corruption, illegal exploitation of resources and tax evasion.<sup>3</sup> The first source refers to income from corruption, which involves the abuse of public authority for personal gain, to the detriment of the general public. The second source concerns revenue from the illegal exploitation of resources, carried out without due authorization, where the State is prevented from receiving its fair share of the benefits from the ex-

ploitation. The third source is tax evasion, which is another illegal action and consists of the evasion of taxes owed to the State.

These practices do not occur in isolation. On the contrary, they often combine to reinforce their negative impacts. A typical example is a company that pays bribes to exploit resources outside its authorized concession. The extracted products are then exported without paying taxes, and the resulting profits are hidden in offshore accounts, completely escaping the national tax system.

**Table 1:** Main types of illicit financial flows and their beneficiaries

Type	Main Financial Flows	Main Beneficiaries
<b>Corruption</b>	Facilitation payments (bribes) made by companies, diversion of tax and budget revenues	Political elite, corrupt public officials and companies that obtain undue advantages
<b>Illegal Exploitation</b>	Undeclared corporate income from illegal resource exploitation	Domestic companies and local subsidiaries of foreign companies
<b>Tax Evasion</b>	Inflated costs deducted from taxable income, smuggling of resources	Parent companies or holding companies and exporting companies

**Source:** Le Billon, P. (2011)

As in any other context, the different sectors of the extractive industry in Mozambique are exposed to distinct risks of illicit financial flows, reflecting

the specific characteristics of the resources and modes of production involved, as shown in Table 2.

**Table 2:** IFFs Risk Levels for Different Extractive Sectors

Sector	Corruption	Illegal Exploitation	Tax Evasion
Gas	Average, due to limited market options	Low, as gas theft is difficult except in transit hubs between markets	High, due to large variation in gas prices caused by fragmented markets
Industrial Mining	High, due to confidentiality and concentration of decision-making and monitoring	Low, except in the measurement and classification of ore	High, due to transfer pricing manipulation
Artisanal Mining	Medium for large corruption cases, but high for small cases, due to diffuse resource flows outside official export channels	High, due to accessibility of deposits and limited monitoring	High, due to smuggling

Source: Le Billon, P. (2011)

Levels of IFFs also depend on resource dependence, i.e. the relative importance of the extractive sector to the economy and government revenues. When a country's resource dependence is high, as is the case in Mozambique, this generally reflects a poorly diversified economy, where the extractive sector plays a central role in government revenues and economic activity.<sup>4</sup> This situation increases the country's vulnerability to IFFs, as political and governance institutions tend to be weaker, allowing practices such as corruption, tax evasion and illegal exploitation. It is therefore not difficult to think of examples of the different types of IFFs in the Mozambican extractive industry.

In relation to corruption, several cases have already been reported involving companies with "strange" businesses in the extractive industry.<sup>5</sup> Often controlled by individuals linked to the political elite, these companies benefit from privileged access to strategic information about real opportunities in the sector. This allows them not only to offer services to multinationals operating in the mining, oil and gas sectors, but also to acquire exploration rights through favoritism and opaque practices.

Illegal mining is particularly prevalent in the arti-

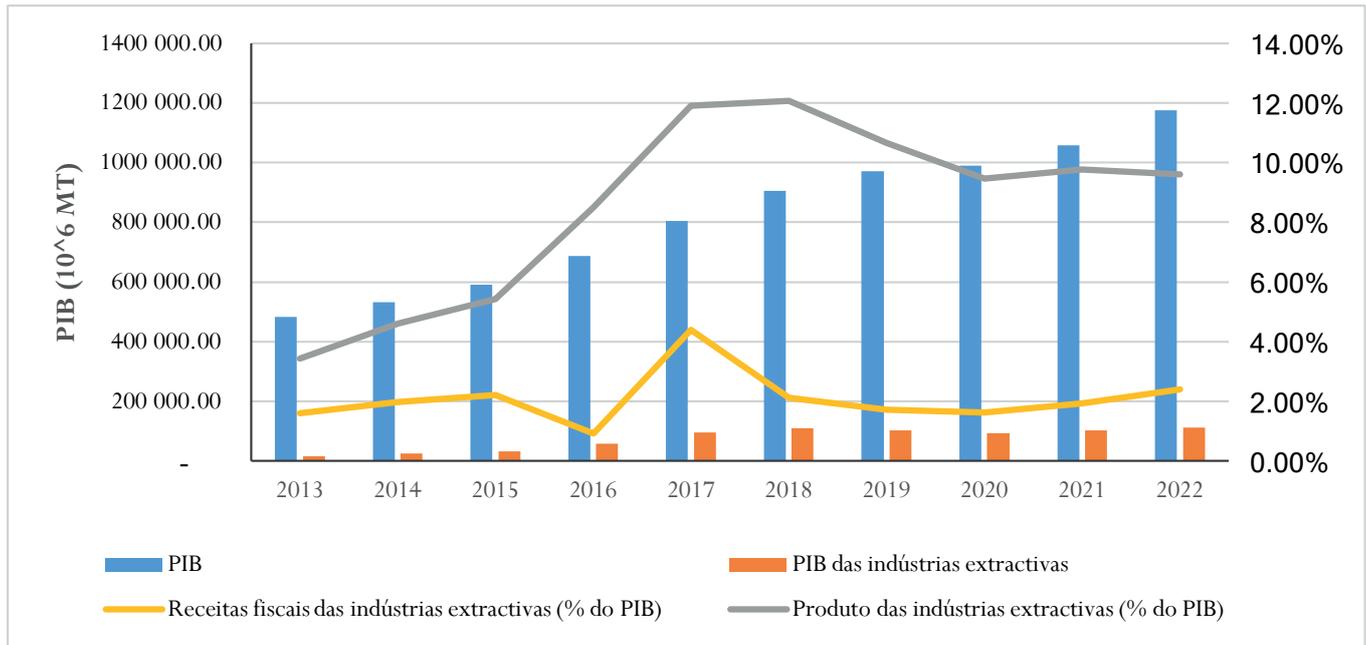
sanal mining sector. It is estimated that the country loses around 90 million meticaís annually due to this illicit practice, which impacts several provinces rich in natural resources.<sup>6</sup> Illegal mining usually occurs in areas that are difficult to access, which makes control by the authorities quite challenging. It is estimated that more than 806,000 citizens are involved in this activity throughout the country.<sup>7</sup>

Last but not least, we have tax evasion. Tax evasion is prevalent in the gas, industrial mining and artisanal mining sectors, due to factors such as market fragmentation, transfer pricing manipulation and smuggling, respectively. The Tax Justice Network estimates that Mozambique loses up to 8.58 billion meticaís (equivalent to 134.6 million dollars) in taxes annually due to international tax abuses. Of this amount, around 6.97 billion meticaís are lost due to multinationals transferring their profits to tax havens, underestimating the real profits made in the country and thus paying less tax than they should.<sup>8</sup> Considering, according to INE data, that the extractive industry represents more than 45% of the country's exports, it is reasonable to assume that a significant part of these losses is related to this sector.

IFFs in the Mozambican extractive industry are an unquestionable reality. It is not surprising that, despite the increase in the exploitation of natural resources over time, the tax contribution of this industry has not registered the expected evolution. Between 2013 and 2022, the share of mining activities and petroleum operations in the Gross Do-

mestic Product (GDP) grew from around 3% to 10%, with significant contributions from coal, heavy sands, graphite, tantalite, gemstones and natural gas. However, the proportion of tax revenue from the extractive industry in relation to GDP remained stable and low, ranging from 1.6% to 2.4% (see Fig. 1).

**Figure 1:** Evolution of GDP, Extractive Industries Production and Tax Revenues



**Source:** National Institute of Statistics (Various Years)

Over time, the discrepancy between the contribution of extractive production and the tax revenue generated by this industry to GDP has increased significantly. From 2013 to 2018, this gap rose from 2% to over 9%. This disparity is particularly intriguing because the growth in production has not been accompanied by a commensurate increase in tax revenue. This suggests that multinational enterprises (MNEs) may be using a variety of strategies to reduce their tax liabilities. Some of these strategies may include:

- Base Erosion and Profit Shifting: These are tax evasion strategies that exploit loopholes in tax regimes to shift profits to low or no-tax locations;
- Transfer pricing abuse: This occurs when a Multinational Corporation takes advantage of its multiple structures to shift profits between different jurisdictions;

- Negotiating incorrect prices: This involves manipulating import and export invoices to deceive the tax authorities or manipulate markets (Principle of Full Competition). Under-invoicing of exports occurs when companies declare a lower value than the real value of exported goods in order to avoid taxes on corporate profits, diverting the difference to accounts abroad. On the other hand, over-invoicing of exports involves inflating declared values, allowing exporters to obtain benefits such as tax credits or disguise capital inflows to circumvent capital controls and anti-money laundering measures. In the case of imports, under-invoicing is used to reduce tariffs and VAT, while over-invoicing legitimizes the illegal outflow of capital under the guise of commercial payments, functioning as a form of tax evasion and

circumventing financial regulations.

**Incorrect billing of services and intangibles:** This includes incorrect billing of services and intangibles such as intra-group loans, intellectual property and management fees.

Although the strategies mentioned above are representative, it is important to highlight that the

list of methods used to reduce or avoid tax liabilities is long and diverse.<sup>9</sup> All of these strategies share the common denominator of being inherently difficult to measure, given their illicit or opaque nature. Given the (un)availability of data, the next section will focus specifically on analyzing practices related to commercial price manipulation.

### 3. Commercial Price Manipulation Case

The adulteration of commercial invoices has been one of the essential aspects in the investigation of IFFs, deserving special attention due to its relevance and significant impact on the extractive sector. This category of practices revolves around the deliberate manipulation of commercial invoices, both for imports and exports, orchestrated with the intention of deceiving tax authorities or manipulating markets. The reasons behind these practices are diverse and include efforts to avoid paying customs duties and internal tariffs on traded products, as well as strategies aimed at channeling foreign exchange abroad.<sup>10</sup>

According to Global Financial Integrity (GFI), commercial invoice manipulation refers to the intentional misstatement of the value, quantity or composition of goods on customs declaration forms and invoices, usually for the purpose of evading taxes or laundering money. Other reports use the term “mispricing” to describe this phenomenon, but this term is less precise as it does not cover manipulations related to the quantity or composition of goods. The latter term would exclude, for example, the practic-

es of the 14 mining companies that were recently fined by the Mozambican government for failing to accurately declare the quality of the minerals they extracted, a strategy used to evade taxes.<sup>11</sup>

The latest GFI report<sup>12</sup> found that between 2004 and 2013, overall, Mozambique lost, on average, more than US\$240 million per year in illicit financial outflows related to commercial misinvoicing<sup>2</sup>. More recently, a study conducted by the CDD estimated cumulative illicit financial flows from trade invoice manipulation in extractive industry trade with partners such as India, China, UAE, Vietnam, South Africa, Thailand, Italy, Spain, France, Turkey, Germany, Pakistan, Poland, Netherlands, Japan, Saudi Arabia, Canada, Slovenia and Brazil to be USD 59.3 billion. The average annual illicit flows in the extractive sector were USD 4.9 billion, representing a staggering 27.7% of average annual GDP and 26.7% of average annual total trade over the same period.<sup>13</sup>

The following section explores specific cases of commercial invoice manipulation in some sectors of the extractive industry.

#### 3.1. Coal Exports

According to INE data, coal is by far the country's main export commodity, accounting for around one third of exports. Based on COMTRADE data, in the reference period, the main coal importers – India, the Netherlands and Vietnam – showed a pattern of over-invoicing totalling USD 1.6 billion. On the other hand, most countries, such as Japan, Germany, China, South Korea, Poland, UAE, Austr-

lia, Turkey, Brazil, France, Bulgaria and Myanmar, showed a pattern of under-invoicing.

In aggregate terms, and using mirrored trade discrepancy analysis<sup>3</sup>, it is estimated that around USD 1.4 billion left Mozambique in the form of under-invoiced coal exports, with Japan accounting for the largest share, around USD 554 million, followed by Germany, with USD 506.4 million.

<sup>2</sup> This estimate only covers incorrect invoicing of trade in goods.

<sup>3</sup> This is a methodology that compares a country's export data with the import data reported by its trading partner. This analysis is used to identify discrepancies that may indicate practices such as under-invoicing or other tax evasion practices.

**Table 3:** Under-invoicing in Coal Exports and Potential Tax Losses (2013-2023), Values in Millions of Dollars

Country	Imports (trading partner data)	Exports from Mozambique	CIF <sup>1</sup>	Incorrect invoicing in export <sup>2</sup>	Potential tax loss
India	7 582,00	7 961,00	10.90%	(1 246.75)	-
Rep. of Korea	1 939,00	1 448,00	10.90%	333.17	106.61
Poland	593.00	510.00	10.90%	27.41	8.77
Netherlands	321.00	455.00	10.90%	(183.60)	-
Vietnam	220.00	427.00	10.90%	(253.54)	-
China	544.00	413.00	10.90%	85.98	27.51
UAE	672.00	364.00	10.90%	268.32	85,86
Japan	815.00	241.00	10.90%	547.73	175.27
South Africa	604.00	209.00	9.10%	375.98	120.31
Pakistan	380.00	183.00	10.90%	177.05	56.66
Brazil	504.00	118.00	10.90%	373.14	119.40
France	257.00	57.00	10.90%	193.79	62.01
Türkiye	179.00	37.00	10.90%	137.97	44.15
Germany	543.00	33.00	10.90%	506.40	162.05
Australia	35.00	20.00	10.90%	12.82	4.10
Malaysia	38.00	13:00	10.90%	23.58	7.55
Myanmar	30.00	11:00	10.90%	17.80	5.70
Bulgaria	19.00	8.00	10.90%	10.13	3.24
Total	15 275,00	12 508,00	-	1 407.39	989.21

Source: COMTRADE (<https://comtradeplus.un.org/>)

Manipulation of export invoices resulted in a potential loss of approximately USD 989 million in tax revenue<sup>6</sup>. This situation is probably caused by abusive transfer pricing practices and distorted pricing between related companies, with the aim of avoiding the payment of taxes.

## 3.2. Basic Minerals

According to the same source, the basic minerals analyzed include tantalite, heavy sands and graphite. Between 2012 and 2023, China was the dominant market for these minerals, accounting for around two-thirds of exports. Analysis revealed a staggering USD 1.9 billion that went unrecorded due to under-invoicing of exports to China, resulting in potential tax losses of USD 613.6 million for

Mozambique.

With the exception of the United States, Spain and Russia, which showed small amounts of under-invoicing in exports, other countries, such as Saudi Arabia and Italy, demonstrated patterns of over-invoicing. Overall, Mozambique is estimated to have lost more than USD 676 million in tax revenue due to under-invoicing of exports of heavy sands, tanta-

<sup>4</sup> CIF, which stands for Cost Insurance and Freight, is used to capture the costs of insurance and freight to the port of destination. For the calculations, the authors adopted estimates of commodity-specific CIF factor values based on the OECD database on International Carriage and Insurance Costs for Trade in Goods. These estimates indicated, specifically, 10.9% for coal\*, 2.4% for precious stones, 7.2% for heavy sands, graphite and tantalite, and 6.5% for natural gas.

<sup>5</sup> Incorrect billing (TPEMIS) is calculated by the formula: TPEMIS=TPIMP-(MOZEX×CIF). This formula calculates the difference between the value of imports from a trading partner of Mozambique (TPIMPit) and the value reported as exports by Mozambique (MOZEXit), adjusted for freight and insurance costs (CIF). A positive sign indicates under-invoicing while a negative sign indicates over-invoicing of exports.

<sup>6</sup> In Mozambique, export invoice manipulation is used to shift profits and reallocate taxable income to low-tax jurisdictions through mispricing, transfer pricing and smuggling. Thus, commercial invoice manipulation serves as a proxy for taxable income, and a flat tax rate of 32% is applied to under-invoicing of exports, as provided for in the legislation.

lite and graphite (see Table 9).

It is important to note that these minerals are extremely vulnerable to transfer pricing practices and under-invoicing, as a result of the low level of min-

eral processing. Multinational companies often export these minerals in their raw form, with minimal processing, which reduces their value. In addition, sales are often directed to related companies.

Table 4: Exports of Heavy Sands, Tantalite and Graphite (Values in Millions of Dollars)

Country	Imports (Partner Data)	Exports from Mozambique	CIF (%)	Under-invoicing in Exports	Potential Tax Loss
China	3,263	1,255	7.20%	1,917.64	613.64
USA	431	347	7.20%	59.02	18.89
Italy	275	305	7.20%	(51.96)	-
Spain	327	252	7.20%	56.86	18.19
India	174	215	7.20%	(56.48)	-
Malaysia	104	139	7.20%	(45.01)	-
Japan	132	133	7.20%	(10.58)	-
Saudi Arabia	21	120	7.20%	(107.64)	-
Netherlands	64	78	7.20%	(19.62)	-
Canada	81	67	7.20%	9.18	2.94
Slovenia	77	58	7.20%	14.82	4.74
Mexico	19	53	7.20%	(37.82)	-
France	34	47	7.20%	(16.38)	-
Thailand	51	44	7.20%	3.83	1.23
Finland	13	43	7.20%	(33.10)	-
South Africa	26	22	7.20%	2.42	0.77
Germany	6	9	7.20%	(3.65)	-
Australia	6	8	7.20%	(2.58)	-
Russia	56	6	7.20%	49.57	15.86
Total	5,160	3,201	-	1,729	676

Source: COMTRADE (<https://comtradeplus.un.org/>)

### 3.3. Oil Industry

Since 2004, Mozambique has been producing and exporting natural gas to South Africa through a pipeline connecting the Pande/Temane fields in Inhambane to Secunda in Mpumalanga, South Africa. More recently, in November 2022, Mozambique began exporting LNG (Liquefied Natural Gas) from the Coral Sul project in the Rovuma Basin, destined exclusively for BP Poseidon Plc.

Between 2012 and 2023, South Africa was the sole buyer of natural gas, and data indicates an over-invoicing of exports of USD 462.2 million. This situa-

tion may be related to measurement and reporting issues. A similar pattern was identified in LNG exports to Spain, with an over-invoicing of USD 42.59 million.

On the other hand, other countries, such as China, Italy, Croatia and Japan, reported under-invoicing in exports, totaling USD 169.8 million. This resulted in a potential tax loss of USD 12 million in royalties and production sharing revenues, considering that the Coral South project is not expected to generate profits in the short term.

**Table 5:** Under(over)invoicing in Natural Gas Exports and Potential Tax Losses (2013-2023)

Country	Imports (Partner Data)	Exports from Mozambique	CIF (%)	Under(over)invoicing in Exports	Potential Tax Loss
South Africa	3,358	3,587	6.50%	(462.16)	-
China	384	337	6.50%	25.10	1.74
Italy	162	118	6.50%	36.33	2.52
Croatia	204	98	6.50%	99.63	6.92
Spain	49	86	6.50%	(42.59)	-
Japan	88	75	6.50%	8.13	0.56
Total	4,245	4,301	-	(336)	12

Source: COMTRADE (<https://comtradeplus.un.org/>)

## 4. What are the ways to combat IFFs in the extractive industry in Mozambique?

The data presented paints a very worrying picture. In fact, IFFs have been a factor in perpetuating poverty in the country, draining necessary resources and making it impossible to convert the country's natural capital into shared economic development for Mozambicans. Urgent reforms are needed to break the cycle of exploitation without benefits for the true owners of the resources: the Mozambi-

cans.

Following the taxonomy proposed by the Tax Justice Network Africa in its Policy Monitoring Tool against Illicit Financial Flows<sup>7</sup>, these can be grouped into four areas, namely: (i) Policy, legislative and regulatory frameworks; (ii) Institutional framework; (iii) Information and data framework, and; (iv) Inter-agency cooperation framework.

### 4.1 Improving political, legislative and regulatory frameworks

It is worth highlighting here the need to implement 4 of the 13 critical issues addressed by the aforementioned tool, namely:

- **Indicator R1-5:** Implementation and Compliance with Transfer Pricing Regulations
- **Indicator R1-7:** Existence and Implementation of Policies, Legislation or Regulations that Guide the Review, Renegotiation and Optimization of Double Taxation Agreements (DTAs)
- **Indicator R1-8:** Implementation of Legislation and Regulatory Measures to Combat False Commercial Invoicing and Criminalize False Declaration of Commercial Values
- **Indicator R1-11:** Existence and Implementation of Legislation and Regulations for Recovery and Repatriation of Illicit Financial Flows Related to Taxes.

<sup>7</sup> The Anti-IFF Policy Tracking Tool is a comprehensive platform designed to monitor, evaluate and strengthen tax policies aimed at combating IFFs in African countries. Developed by the Tax Justice Network Africa (TJNA), the tool provides up-to-date information, best practices and actionable insights for civil society, policymakers and tax units, driving meaningful change in the fight against illicit financial flows – <https://policytracker.africa/>

## 4.2. Institutional framework

At the institutional framework level, 5 of the 12 critical issues addressed stand out, namely:

- **Indicator R2-6:** Institutional capacity and independence to detect tax-related Illicit Financial Flows (IFFs);
- **Indicator R2-7:** Institutional capacity and independence to investigate tax-related IFFs;
- **Indicator R2-8:** Institutional capacity and independence to successfully/effectively prosecute

- and enforce sanctions in tax-related IFF cases;
- **Indicator R2-9:** Ability and competence to recover (and repatriate) stolen assets/tax-related IFFs following a judgment or decision by a court of competent jurisdiction;
- **Indicator R2-10:** Effective mechanisms established to engage with multinational companies to combat tax evasion and aggressive tax avoidance.

## 4.3. Information and data

Improving the collection, validation and analysis of data on IFFs will allow for greater tracking and mitigation of the negative impacts of these practices. Four of the 13 critical issues addressed stand out, namely:

- **Indicator R3-1:** A mandated institution/structure/entity is responsible for developing and implementing a structured framework for the collection, validation, integration and analysis of data related to Illicit Financial Flows (IFFs).
- **Indicator R3-2:** Institutions/structures/entities

- use their mandates to identify and access relevant data sources from financial institutions, regulatory bodies and law enforcement agencies to detect, investigate and prosecute illicit financial activities.
- **Indicator R3-12:** Cross-border activities and transactions, as well as the value of assets (especially in trade and investment), are collected, validated, integrated and analysed.
- **Indicator R3-13:** Customs data is collected, validated, integrated and analyzed.

## 4.3. Institutional framework

Strengthening national institutions is essential to ensure the capacity to detect, investigate and apply sanctions against IFFs. Of the 7 issues addressed by the tool, the following stand out:

- **Indicator R4-2:** Comprehensive and effective inter-agency coordination and collaboration mechanisms have been established for the exchange of information aimed at combating customs-related FFIs (e.g. UN tax resolutions, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD Africa Initiative, etc.).

- **Indicator R4-5:** Inter-agency coordination and cooperation mechanisms have been established to support the collection and accessibility of money laundering data to combat tax-related IFFs (e.g. engagement between tax and customs authorities, Financial Intelligence Units (FIUs), law enforcement authorities, national prosecution authorities, etc.).
- **Indicator R4-6:** Effective inter-agency cooperation mechanisms established at international and regional levels to address tax-related FFIs.

Implementing these recommendations, based on an integrated, collaborative and strategically-oriented approach, can enable Mozambique to effectively address the challenges posed by Illicit Financial Flows (IFFs). Reducing the negative impacts of these practices will require coordinated efforts between different actors, including the government, financial institutions, civil society and international organizations, promoting greater transparency, accountability and efficiency in the extractive sector.

By implementing a more robust regulatory framework, strengthening national and regional institutions, improving data collection and analysis, and fostering inter-agency cooperation, the country will be better equipped to mitigate fiscal losses associated with FFIs. More importantly, it will be possible to transform Mozambique's vast natural wealth into a significant source of revenue that contributes to inclusive economic development, poverty reduction, and strengthening public services.

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***Construindo uma sociedade democrática que promove, protege e respeita os Direitos Humanos.***

***Building a democratic society that promotes, protects, respect human rights & transform people's lives.***

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