

From expectations to the realities on the ground: Two years of implementation of the new revenue sharing legal framework in Tete Province

- Despite progress in strengthening the legal and regulatory framework, significant challenges remain in the process of sharing revenues from natural resource exploitation with affected communities in Tete Province. This was one of the key messages highlighted at the Provincial Revenue Sharing Dialogue held on 4 April 2025 in Moatize district.



The event took place under the banner: “Exploitation of Natural Resources and the Right to Development of Producing Regions in Mozambique”. With an evidence-based approach, the dialogue allowed for a critical analysis of the transforma-

tions that have occurred since the approval of Decree No. 40/2023, which operationalizes the allocation of 10% of extractive revenues destined for local development (7.25% for provinces and districts, and 2.75% for directly affected communities).



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“There is a genuine interest on the part of everyone” – Adelson Rafael, Oxfam Programs and Policy Manager

Providing the opening remarks for the event, Adelson Rafael, Oxfam’s Programs and Policy Manager, began by welcoming all participants, highlighting the importance of broad participation in the dialogue as a clear expression of collective interest in the issue. “Your presence here shows the value that this issue has for all of us,” he said, highlighting the recognition of Tete province as the epicentre of extractive activity in Mozambique and the Southern African region.

When justifying the choice of Moatize as the location for the event, Rafael stressed that the aim was to give priority to the protagonists of the process — the communities and direct beneficiaries —, creating a space for them to be able to share their experiences and perceptions about the impacts of resource exploitation in person.

“The choice of Moatize is not accidental. It is about ensuring that local voices, often marginalized, are at the center of the debate,” he highlighted.

Rafael also praised the active participation of local communities, as well as the presence of the district and provincial government, in particular that of the Permanent Secretary, whose attendance, he stressed, “demonstrates a genuine and inclusive interest on the part of the government, in a topic that affects the lives of men and women, indiscriminately”.

Closing his speech, Adelson Rafael emphasized the symbolism of the event as it marked the beginning of a new, more participatory and decentralized approach to discussing issues related to the extractive sector in the province. “After the city of Tete, today we are in Moatize. Who knows, in the future we may reach a location even closer to the communities. The important thing is to ensure that this debate continues and takes root,” he concluded, thanking everyone on behalf of Oxfam for their active participation.



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“Paradigm change requires concrete solutions” – Eugénio Muchanga, Permanent Secretary of the District of Moatize

Representing the local government, the Permanent Secretary of the Moatize District, Eugénio Pedro Muchanga, opened the session with a note of thanks for holding the event in the district, highlighting its importance for the dialogue between different social actors around the development of communities affected by the exploitation of mineral resources.

Recognizing the strategic role of the event’s partners and organizers, he stressed that, in recent years, the government’s approach has evolved, with increasing attention being paid to communities directly impacted by extractive activities: “For some time now, the philosophy has been changing, our attention has been focused on the targeted communities,” he stressed.

Muchanga argued that the debates held must be objective and geared towards concrete results, capable of producing real changes in the lives of local populations. In this sense, he called for the active participation of all those present and made clear the expectation that the event would not be limited to reflection but would lead to effective commitments.



Two Years of Implementation of the New Revenue Sharing Legal Framework in Tete Province: Progress, Challenges and Existing Perspectives

The first session aimed to analyze the practical impacts of implementing the new revenue sharing legal framework. The progress achieved, the persistent challenges in the allocation and management of funds, as well as the perceptions of the beneficiary communities on the impact of this model in promoting local development were presented and discussed. In addition, the session sought to identify gaps and opportunities for improving the process, based on local evidence and experiences.

Launching the initial notes on the topic, the Executive Director of OREMO, Aurélio Capito, began by providing a brief retrospective of the legal framework for revenue sharing in Mozambique.

As he explained, the sharing of 2.75% of royalties for affected communities, initially established in 2013, was created without public participation. This omission generated tensions and demands

for review by civil society. The culmination of this process was the announcement and subsequent approval, in 2022, of a new legal model, which set the percentage of revenues earmarked for the development of producing regions at 10% — of which 7.25% is allocated to the provinces and districts, and 2.75% to the directly affected communities.

Capito acknowledged that, although the new framework represents an important legislative milestone, it still lacks clear and detailed mechanisms to ensure a sustainable and equitable distribution of resources. The new legal framework — regulated by Decree No. 40/2023, of July 7, defines eligible projects, distinguishes between structural and community projects, and establishes the bodies responsible for their selection and approval. However, operational weaknesses remain, especially in its practical application.

Among the main advances highlighted, the following stand out:

- The creation of multisectoral district commissions with the participation of civil society;
- Improved communication between government, communities and CSOs, with prior disclosure of the amounts available for projects;
- Strengthening community monitoring of works, with the involvement of public prosecutors and government authorities;
- The provision of documents on the 2.75% process at district level.
- However, some challenges remain, namely:
- Local communities continue to need technical support to ensure effective participation and transparent management;
- The monitoring and accountability process is still fragile;
- There are still flaws in procurement and awarding mechanisms;
- Late disbursements of funds, often made in December, hamper planned implementation and create confusion at the local level;
- The repetition of past mistakes raises concerns about institutional capacity to break with past practices.

“We have to change, times have changed” – he warned, highlighting the urgency of aligning legal implementation with real local development objectives.

Capito also highlighted the importance of inclusive participation in the process of defining projects, citing the case of Benga, where there was a divergence between men and women regarding investment priorities: while some advocated the rehabilitation of a road, women demanded the construction of a maternity hospital. “The needs are simply different,” he stated, before emphasizing the need to include the voices of all communities, in-



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cluding marginalized groups of women and young people.

Concluding his presentation, the speaker reinforced that the new legal framework will only fulfill its function if it is fully appropriated by communities and local authorities, based on transparency, inclusion and co-accountability.

What advances, challenges and expectations from the perspective of the Provincial Executive?

In her speech, Miren Modesto Marissane, senior technician at the Provincial Directorate of Economy and Finance of Tete, addressed, from the executive's perspective, the advances and limitations observed

in the application of the new legal framework for sharing revenues from the extractive industry, with a particular focus on the challenges associated with programming and disbursement of funds.



Starting by outlining the regulatory developments, he recalled that the process has had legal roots since 2007, but only saw concrete progress with the 2022 review that established the current model for allocating 10% of royalties from extractive revenues. This model, he acknowledged, represents an important milestone in the public policy of redistributing benefits in the extractive industry, not only because of its scope, but because it includes districts without active exploration among the beneficiaries.

“We went from a distribution of 2.75% to 10% (...). It was a great gain, because this revenue will benefit not only those who live in the areas with direct proximity, but also those who do not have resources and who are part of the experience of the territory.”

Furthermore, he explained, the new framework introduced improvements in the operationalization of benefit sharing at the decentralized level and in communication between the central, provincial and district levels, which now allows communities to participate more actively in defining priorities.

“The procedures manual, as well as Decree 40/2023, helped to ensure compliance with all of these procedures, especially in the regulation of contracting and other aspects related to the acquisition of goods and services,” he emphasized.

However, he acknowledged the persistent challenges, with particular emphasis on the systematic delays in the disbursement of funds. He explained that projects are often approved early in the year, but the corresponding funds arrive only in December — too late to allow for effective implementation within the same fiscal year.

“If these projects had enforced cycles in the middle of the year, as the State Economic and Social Plan law provides, I believe that by now we would already be taking stock.”

When addressing the issue of disbursements, he detailed the constraints related to the way revenues are initially forecast by companies and subsequently adjusted throughout the year. Revenues, he explained, are based on revenue projections made by com-

panies that do not always materialize. As a result, the amounts initially announced to communities end up being reduced as actual production data is updated. This requires the reprogramming of expected amounts, causing frustration among communities.

“When, throughout the year, these companies realize that their production will no longer reach the projection, in coordination with MIREME, they review the target. In the end, the value projected in the Economic and Social Plan, which is communicated to the provinces, districts and communities, is no longer enough — because the target was not reached,” he highlighted.

This gap between projections and reality has fueled local tensions and distrust in the process. According to him, the central government, more specifically the Ministry of Finance, is aware of the problem and has even held a national meeting to find alternatives that will allow subnational governments to receive revenue on time.

Referring to the delay in the execution of funds

for the 2024 financial year, the technician explained that this was due to an incorrect classification of revenue in the budgetary system, which led to amounts intended for communities being erroneously channelled to generic State sources (Source 101), making their traceability and allocation difficult: “In that source 103, where the revenue should have been, it was not. The revenue was in another source.”

The technique also revealed that, even at the level of operational instructions, weaknesses persist. For example, the revenue declaration forms submitted by companies do not always include the specification of the beneficiary communities, which compromises the segmentation of funds and the coherence of planning.

Finally, Miriam called for better inter-institutional coordination and greater technical rigour on the part of those involved in the budget cycle, from companies to local planning bodies, so that communities can effectively benefit from the resources to which they are entitled.

“We are still in the implementation phase, but progress is already being made” – Alcomo Sinalo, technician of the acquisitions execution management unit



In his speech, Alcomo Sinalo, technician of the Acquisitions Management and Execution Unit in the Moatize district, highlighted the positive effects of the introduction of the new legal framework for revenue sharing, especially with regard to the technical-administrative organization of the planning and execution processes.

As he explained, before the approval of the new decree, operational procedures were unclear and often improvised. The arrival of the new regulation brought a more stable normative basis, allowing greater predictability and coherence in the actions of the technical team.

“Before, we worked in a random way, but now we have some guidelines that guide us so that we can work in the necessary way.”

One of the main improvements, as reported, is the possibility of providing specific allocations for administrative expenses and inspection actions, which was previously non-existent. The new regulation stipulates clear percentages — 5% for administrative costs and 10% for inspection —, allowing for better logistical and technical planning, including for trips to communities.

“On the technical side, there was no funding to

carry out the inspection. We also didn’t have fuel. But this new decree already gives us this guidance.”

Sinalo recalled that, in 2024, during community consultations, the technical team had the opportunity to disseminate the new procedures manual among the beneficiary communities, strengthening communication and increasing expectations about clearer and more participatory management of the funds.

Nevertheless, he acknowledged that the implementation process is ongoing and that constraints persist, particularly related to delays in disbursements. An example of this was the financial planning made in 2023 for 2024 activities, which ended up being frustrated when the expected amounts were not transferred as planned.

“We are still in the implementation phase. (...) We were informed in December that the planned value would no longer be the same. This caused us setbacks.”

Despite these limitations, Sinalo classified the changes as “positive” and called for a stronger link between planning and financial execution, stressing that the progress achieved must be consolidated more regularly in the provision of funds.

Transparency, participation and sustainability: Civil Society Demands – Stela Malula, AAAJC Program Officer



Stela Malula, representing the Association for Legal Support and Assistance to Communities (AAA-JC), brought to the table a critical analysis of the implementation process of the 2.75%, highlighting the advances in community consultation, but underlining persistent challenges in the design, execution and monitoring of projects.

He stated that the process of consulting beneficiary communities has improved in recent years, allowing them to be more aware of the existence of the 2.75% and to be consulted to some extent when defining priorities. However, he warned that these improvements are undermined by structural limitations that compromise the effectiveness of the model.

“The communities have been consulted, in a good or bad way, but at least they are aware that the 2.75% exist. (...) We have improved the consultation process, but we have also created a trap because of the structural projects.”

Malula criticized what he called the “normative trap” of structural projects, which impose a centralized technical filter and limit the expression of the real needs of communities. According to him, community projects end up being reduced to conventional infrastructures — water, sanitation, schools, hospitals —, while communities show increasing interest in initiatives linked to income generation and small business management, more aligned with their direct and perceived development.

His criticism also focused on the process of hiring contractors, which, he denounced, lacks transparency and shows signs of systematic favoritism.

“The process of hiring companies (...) is not transparent. (...) We believe there is a lot of favoritism. (...) It is always the same contractor.”

In addition to the weaknesses in the choice of implementers, Malula highlighted serious flaws in the maintenance of infrastructures built with the 2.75% funds. He gave as an example the case of the Benga community, where two water supply systems were

implemented but are completely inoperable due to a lack of resources for maintenance.

“Since it was in operation for one or two months, it stopped. They are there as ghost infrastructures. (...) How do we ensure that these projects are continuous and sustainable?”

The activist also questioned the lack of regular sharing of information with communities, from implementation reports to selection criteria and budgeted amounts. She argued that the lack of consolidated and publicly accessible data compromises the capacity for social participation and monitoring, both by civil society organizations and by the communities themselves.

“There must always be information sharing (...). Where did it happen? How much was spent? Who benefited?”

At the structural level, Malula stressed the urgency of creating permanent mechanisms for information sharing and multisectoral coordination. He suggested the establishment of a joint monitoring network involving civil society, government, the provincial finance department, tax authorities and community representatives.

“We have to add these actors and work with the Provincial Directorate of Economy and Finance, the Tax Authority (...), so that we can all, in fact, have knowledge about what is happening.”

In conclusion, he reported that in the district of Marara — where AAAJC also intervenes — the local administrator has expressed frustration at not receiving the 2.75% for two consecutive years, a sign of a deeper problem of management, coordination and commitment to territorial equity.

Stela Malula made it clear that, despite advances in legal architecture and formal procedures, the revenue sharing model will only be effective if it is anchored in transparency, meaningful inclusion of communities and sustainability of the investments made.

“We have a very beautiful legal framework, but it is not sustainable for the communities” – Ezequiel Ernesto Lampião, University Professor (UNIPUNGUE-Tete)

In his speech, Professor Ezequiel Ernesto Lampião presented a critical analysis of the implementation of the new legal framework for sharing revenues from the extractive industry in Mozambique, highlighting the contradictions between economic growth driven by the mining sector and persistent poverty in producing communities.

He began by recognizing the regulatory advance represented by the increase in the percentage of revenue allocated to local development: “We have to congratulate the government for having increased the value from its 2.75% to 10%.”

However, he quickly countered with structural reservations that, he said, limit the real impact of the legislation. The first concerns the management of the 7.25% and its distribution among the districts, the criteria for which are not transparent. The second, more central, refers to the opacity of the application of the 2.75% in the communities directly affected.

“If we look at the communities where coal is mined, there is extreme poverty (...). It is inconceivable that the town and district of Moatize would have water problems, being on the riverbank.”

The professor directly cited Article 8 of Decree 40/2023, noting that, although the text provides for community participation in the definition of projects, final approval falls to centralized governance structures. According to him, this compromises the autonomy of communities:

“Although there is a community advisory board, it is the government’s plan that has to approve [the projects]. This raises the question: does this 2.75% have a direct impact on the life of the community? In my opinion, no.”

Lampião linked the lack of visible impacts to a mining model that, although economically profitable, has proven to be socially and environmentally

unsustainable. He highlighted that the local population continues to live without access to basic services such as water, health and roads, while facing environmental degradation and loss of livelihoods.

“Local entrepreneurs complain about the lack of business opportunities, fishermen and farmers face environmental degradation (...) Our mining is not sustainable for communities.”

He also denounced the weakness of oversight mechanisms, warning of the risk of corruption and the lack of public accountability: “We often see a sign indicating the construction of a tap that cost 4 million meticaís. I wonder: how serious is this?”

Among the main challenges highlighted, he mentioned:

- The lack of independent audits with a community mandate;
- Lack of continuous monitoring and publicly accessible reporting;
- The distancing of the community at key moments in the project implementation cycle.

In the form of recommendations, Lampião called for the creation of a more inclusive system, with formal involvement of community leaders and CSOs in the committees linked to the 2.75%. He also defended the need for integrated short- and long-term projects that generate income and local autonomy, in addition to participatory and transparent audit mechanisms.

Their intervention, based on empirical and normative data, reinforced the urgency of a model that goes beyond the legal appearance and that effectively results in structural and sustainable improvements for communities that live with the costs of resource exploitation.

VOICES FROM THE GROUND – MARARA AND MOATIZE DISTRICTS



Representative of the Locality of Cateme

Since the 2.75 million meticaís began to arrive, we have faced serious transparency challenges. In 2023, they promised materials to build a community headquarters — sheets, cement, beams, sand and others — but to this day we do not know where they went. In 2024, they said that 25 million meticaís had been allocated for projects in Cateme, including school blocks, water wells and school improvements, but nothing has materialized. The community feels cheated. There is no accountability or clear explanations. We want transparency — because this money is ours, it is for the people.



Representative of the Locality of 25 de Setembro;

“The 25 de Setembro community is well informed and is included in the consultations for the selection of projects. As evidence, two paved roads are under construction: one from the roundabout to the school and another from the roundabout to the hospital. These are positive advances. However, there is still a lack of transparency, although the relationship between the government and the communities is good.”



Representative of the Locality of Chipanga II

In Chipanga 2, there is confusion about the projects being funded. It was announced that the construction of a school in the 1º de Maio neighborhood would be funded by 2.75, but it is actually an initiative by the parents, with the support of an NGO. The community, already affected by pollution and displaced from its territory, is concerned about the possible mismanagement of the funds, including cases of misappropriation for personal gain.



Representative of the Locality of Benga;

The situation in 2.75 is very complicated. There is a lack of transparency and clear evidence of corruption. In 2019, we requested sheets to expand classrooms, but of the 175 purchased, only 6 were used in the school and 42 in an administrative block — the rest disappeared. In another project, more than 7 million meticais were allocated to build classrooms and latrines, but only about 5.8 million were justified, with an 'addendum' made without the community's knowledge. The remaining 60 thousand meticais were supposed to be pooled with funds from other communities for something visible, but it never happened. The community feels tired, disrespected and excluded from the processes. We want to know where the money is and we demand participation and accountability."



Representative of the Locality of Cassoca

The Cassoca community has never benefited from the 2.75% funds. In 2023, we asked the government to build a small water supply system, and a project was started with the construction of a 5,000-litre tank and a pump. However, the pump broke down twice and the system never worked. Since then, nothing has been done, and between 2023 and 2025 we had no response. Now, with the promise of new funds in 2025, we can only hope that this time the commitment will be fulfilled.

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