

Govuro and Inhassoro reflect on two years of revenue sharing under the new legal framework in Inhambane province

- Have there been improvements in the allocation and management of resources? Has the new framework contributed to greater community involvement in defining priorities for the application of funds? What about transparency and accountability? These were some of the central questions that guided the Provincial Dialogue on the Exploitation of Natural Resources and the Right to Development of Producing Regions, held on April 8, with the participation of state and non-state actors from the districts of Inhassoro and Govuro.





“

“This decree even increases the value, setting 10% of the revenues from the extractive sector for the producing region. Of this, 7.25% was indicated as the value or percentage for structuring projects at provincial level. And the 2.75% remains at district level.”

”

In a hybrid format, the event brought together government actors, local communities, civil society organizations, the private sector and other relevant stakeholders from the province for an in-

clusive and evidence-based dialogue on the results of the implementation of the new legal framework for sharing revenues from the exploitation of natural resources.

“There are challenges, there is progress, there are expectations”, José Matsinhe – Permanent Secretary of the District of Inhassoro

Making the opening remarks of the event, José Matsinhe, Permanent Secretary of the Inhassoro district, highlighted the importance of the meeting as a continuation of a process of dialogue initiated in previous moments, focused on the sharing of revenues from mining and oil exploration. He

stressed that the legal instrument in force — Decree No. 40/2023 — resulted from a process of legislative adaptation to national realities, replacing the 2013 circular that, for years, guided the selection of community projects based on 2.75% of revenues.



“This decree even increases the value, setting 10% of the revenues from the extractive sector for the producing region. Of this, 7.25% was indicated as the value or percentage for structuring projects at provincial level. And the 2.75% remains at district level.”

Matsinhe stressed that the approval of the new decree represents a step forward in terms of scope and structure, by introducing a more robust financing component beyond the directly affected communities. At the same time, he warned of the challenges faced in implementation, which justify further reflection on the topic.

“There are challenges, there is progress, there

are expectations. And that is why we are here,” he emphasized, before appealing to the need to maintain an open and constructive dialogue, focused on identifying strategies that allow community initiatives to be aligned with local development efforts. He also highlighted the importance of coordination mechanisms that reinforce the role of communities in the economic and social development of their territories.

“This contribution is important so that we can see the best ways to associate and aggregate community initiatives that will catalyze and boost development,” he highlighted.

Benefit sharing has always been a process marked by controversy- Professor Antonio Jerónimo (FOSCI)

Launching the initial notes for reflection, Professor António Jerónimo, representing the Forum of Civil Society Organizations of Inhassoro (FOSCI), presented the main objectives of the session and

offered a normative and critical framework for the sharing of revenues from the extractive industry in Mozambique, with a focus on the province of Inhambane.



In terms of the legal and regulatory framework, Jerónimo highlighted that the structure results from Decree No. 40/2023, of July 7, designed as a response to pressure from civil society and the gaps in transparency and participation that marked the previous model, supported by a 2013 circular. The decree establishes a sharing of 10% of exploration revenues, with 7.25% allocated to structuring projects at provincial level and 2.75% allocated directly to the districts where the extractive operations are located.

Despite the regulatory progress, the professor warned of several persistent challenges, including:

- The weak promotion of better living conditions for host communities;
- The persistent lack of transparency in fund management processes;
- Systematic delays in disbursements;
- The exclusion of the voice of communities in the choice of implemented projects;

- And cases of misappropriation and mismanagement of transferred resources.

“Benefit sharing has always been a controversial process,” he stressed. Jerónimo questioned the real effectiveness of the model, calling for deeper reflection on the role of communities in defining and managing the funds received. He warned of the risk of maintaining a system in which beneficiaries merely legitimise decisions already made, without any real influence over the destination of the resources.

Subsequently, it promoted a reflection on the need for communities to be strengthened with technical and organizational capacity, so that they can propose and manage grassroots development projects — including income generation and productive activities — and not just visible infrastructures of limited utility.

“Communities always ask for a market, a football pitch, among others. But we need projects that generate income, that make the effects of exploitation

feel in the pocket.”

His intervention ended with the presentation of three guiding questions for the debate, which summarize the central dilemmas of the meeting:

1. Have there been improvements in the allocation and management of resources?
2. Does the new framework effectively contribute to community development and priority

setting?

3. What is the real level of transparency and accountability?

In conclusion, António Jerónimo invited participants to break with the logic of exclusion and to use the space of dialogue to demand more equity, transparency and active participation in the development process of producing regions.

Advances, challenges and existing expectations from the perspective of the District Government – José Matsinhe, Permanent Secretary of the District of Inhassoro



In his speech, the Permanent Secretary of the District of Inhassoro, José Matsinhe, presented a detailed overview of the functioning of the new revenue sharing regime for the extractive industry based on the concrete experience of the district of Inhassoro. His speech articulated three main dimensions: the institutional and logistical circuit of communication and decision-making; the gains introduced by Decree No. 40/2023; and the operational challenges still to be overcome.

Matsinhe began by explaining the budget communication process, which starts at the central level and reaches the district via the provincial government. Once received, this communication is shared with the administrative posts and, from there, it

goes down to the localities and towns, via the Advisory Councils.

After the figures have been communicated, planning and validation sessions follow, where the proposed projects are technically assessed and budgeted. The final decision is made by the community councils themselves, with the support of the district government.

“We have a regular session of the Local Advisory Council, which will then make the decision. And we don’t stop there. (...) We have a technical council session to evaluate the projects, and we leave it for the purposes of technical analysis and assessment of the projects, budgetary assessment, and then the Advisory Council itself will make the final prioritization.”

This communication chain, he explained, triggers a structured process of community consultation and decision-making, anchored in the Local Advisory Councils. However, as he stressed, there are challenges associated with the effective representation

of these bodies, especially in localities with a large number of villages. In the specific case of Maimelane, for example, there are more than 20 villages, and there are challenges in terms of representation, since the local advisory council has only 20 members.

Progress and persistent challenges

For Matsinhe, Decree 40/2023 represents a substantial advance compared to the previous circular, especially by expanding the range of eligible projects. While the previous rule limited the options to infrastructures such as “roads and bridges of community interest”, the new framework has opened up space for more diverse initiatives adjusted to local priorities.

“We feel that this Decree 40 provides a legal opening, which gives communities space to choose other types of projects that will influence development in the community. So, we feel that these provisions provide greater benefits to the communities.”

Additionally, he pointed out significant improvements in the alignment between the budget planning and execution processes, particularly with regard to the timing of communication. He said that, in 2024, information on the 2.75% was sent together with the district’s budget limits — an improvement compared to previous years.

Despite the progress, Matsinhe was incisive in identifying one of the main obstacles to the effectiveness of the model: the systematic delays in the disbursement of funds. Even if the budget is communicated on time, the resources are not always effectively transferred, even when the works have already been contracted or are underway.

“In the last two years we have not received these funds in a timely manner (...) There was work, contractors were hired and went to work, and there is even work done, and there has been no disburse-

ment to date. This is the current challenge of timely disbursement and of all funds being communicated.”

This uncertainty undermines planning and confidence among both communities and service providers. He added that while there are informal explanations linked to flaws in production projections by extractive companies, there is no clear formal communication about the causes of the delays.

Matsinhe also addressed the functioning of the 7.25% component, managed at provincial level. He stressed that the challenge in this area is to ensure that the selection criteria allow for a fairer and more inclusive rotation between the various districts and communities.

He gave as an example a project proposed by the district of Inhassoro — the construction of a health center on the coast — which, although considered eligible, was not selected: “Ours unfortunately did not pass this time, but it is an eligible project, it is a project with all the necessary community sensitivity.”

Concluding his speech, he made a strong appeal to value the knowledge and capacity of local communities, rejecting the view that they do not know what they want.

“I do not generally agree with saying that communities do not know what they want. (...) What can happen is to show the paths that are above the locality, above the town, so that they have a vision of this course”, he stressed.

“It is not up to the company to manage the State’s revenues”, Mateus Mosse – Senior Director of Corporate Affairs at Sasol

In turn, Mateus Mosse, Senior Director of Corporate Affairs at Sasol, shared a critical and enlightening view on the role of the private sector in the revenue sharing model from the exploitation of natural re-

sources. His intervention sought to clarify institutional responsibilities, highlight the limitations of the current 2.75% allocation model and launch a call for a deeper debate on tax justice in the extractive sector.



Mosse began by acknowledging that, although the company has no direct responsibility for the management or execution of the funds, Sasol’s role is fundamental, as the amounts to be transferred result from its production: “The company plays a very important role, especially because all this calculation [of transfers to the communities] is based on production and the company is the one who produces.”

However, he drew attention to a frustrated expectation: the announcement made in 2022 by the government that 10% of all tax revenues from natural resources would be channeled to the provinces where extraction takes place. As he explained, in practice, this proposal was not approved by parliament.

“Our expectations were partially dashed, because, in the end, the parliament, which is us the people, did not approve this beautiful proposal from the government (...). We continue to receive 2.75% of the production tax, which is royalties, and for us, from 2022 onwards, nothing has changed.”

Based on 2023 production data, he explained that royalties represented around 15% of all reve-

nue collected by the Mozambican state from Sasol. Even so, the 2.75% that is allocated to communities refers exclusively to this component, not to the entire tax package (which would include IRPC, IRPS and other taxes).

To illustrate the material limitations of the resources allocated, Mosse used recent data on transfers made to the districts of Inhassoro and Govuro. According to him, in total, the two districts received around 26 million meticaís (approximately 400 thousand dollars) in the year of highest revenue collection. This amount, in his view, is far below the real cost of community infrastructure.

“A water supply system like the one we have there costs 6 million dollars. (...) We are on the right track to do what we can with this amount, but development is very demanding.”

In responding to concerns raised during the dialogue, he reiterated that Sasol complies with its tax obligations within the deadlines and that it has no influence over the management of funds after payment to the State.

“Sasol cannot monitor the government. It would be like reversing roles. (...) Sasol pays its taxes on

time. And, for those who don't know, Sasol is in the top 3 of the largest tax-paying companies in the country," he stressed.

He also stressed that the data on payments made by the company are public and accessible, reinforcing Sasol's commitment to transparency: "All I can do here is provide information on what Sasol paid. We are not saying any data that is not already published. This data is in the Ministry of Economy and Finance."

In a proactive tone, Mosse suggested that the de-

bate on revenue sharing evolve to a more strategic level, centered on the concept of tax derivation, with a focus on broadening the scope of taxes considered for calculating the fair share of revenues for affected communities, and encouraged civil society to use the legal instruments at its disposal to propose changes.

"Civil society can take advantage of the concept of legislative initiative and drive change that can truly help our communities in their development," he emphasized.

Carmínio Mawai – Representative of the Bazaruto Community

In his speech, Carmínio Mawai, a representative of civil society and the Bazaruto community, expressed concerns about the equity in the distribution of funds from the exploitation of natural resources, particularly with regard to the 7.25%

component managed at provincial level. The speaker began by reflecting on the limited scope of the 2.75% allocation, which has traditionally been directed only to directly affected communities.



According to Mawai, in districts such as Inhassoro, where there are 45 communities, it is essential to question whether all of them actually benefit from the funds — especially those that are not formally classified as "host communities".

More specifically, transparency in the territorial

distribution of the 7.25% and the absence of public mechanisms that allow communities to track whether or not they have been included remain critical challenges.

"When the government receives the funds, will it allocate them to Bazaruto, which is not part of the

host community? Is there any way we can monitor this? That is the concern," he stressed.

For Mawai, this challenge is linked not only to financial management, but also to a chronic problem of communication and sharing of clear information between the government, companies and communities. In view of these challenges, he highlighted the urgent need to strengthen community training and communication mechanisms, which, according to him, are the foundation of transparency.

"It is possible to find a sign that says it is 2.75%. Does the entire community have information to distinguish that this market here, this porch here,

was the social funds, was it 2.75 or was it 7.25?"

In conclusion, Mawai questioned the origin of the systematic delays in disbursing funds. Based on the information provided during the meeting — and Sasol's public position that it complies with its tax obligations on time — he asked: "If Sasol says, 'no, I paid', then why are they late in channelling the money to the district?"

He concluded his speech with an appeal to civil society, urging it to continue to advocate for the creation of monitoring mechanisms that allow communities to clearly monitor the origin, value and destination of funds allocated to local development.

“We have been in debt to the contractors for two years”, Adriano Chivambo, Head of the Inhassoro Administrative Post



The intervention by the Chief of the Inhassoro Administrative Post, Adriano Chivambo, focused on the operational and institutional challenges experienced at the most local level in implementing the revenue sharing model, particularly the 2.75% funds. Although he acknowledged improvements in communication between the district government and the localities, he was emphatic in highlighting the growing frustration resulting from the lack of timely disbursements, even after participatory planning and the start of works.

The Head of the Post revealed that, since the en-

try into force of Decree No. 40/2023, the last two years have been marked by frustration and lack of disbursement of funds.

"In 2020, everything was fine [before the decree was approved]. But from 2023 and 2024, with the new decree coming into force, we were unhappy. (...) The advisory board meets, defines the priority projects, but the money is not disbursed over the 12 months," he denounced.

Even after the community selection of projects — such as classrooms for localities without any educational infrastructure — the funds did not arrive:

“We sat down, I am talking about the Local Advisory Council, the post, we sat down, defined here which projects are priority and the money does not come in for 12 months.”

This disconnect between planning and financing has led to a dramatic situation: contractors start work based solely on the communication of the existence of funds, but without the amounts having actually been transferred.

Delays are only part of the problem. He explained that there are other operational challenges when we move from the central to the local level. For example, in 2022, a fund that should have been allocated to Maimelane ended up being channeled to Govuro district — without explanation.

“In 2022, a fund was deposited in Govuro. After that fund, we don’t know where it ended up. Will it be returned to the district, to the town of Maimelane? No.” After that episode, the town began to plan based only on communicated expectations, without actual funds in the accounts — which resulted in accumulated debts with contractors.

At the institutional level, he drew attention to the need to revitalize the advisory boards, which have not been formally renewed for four years. Despite this limitation, he added, the advisory boards continue to play a critical role in transparency, accountability and inclusion (especially for marginalized groups such as women and young people).

“Exactly at the level of the locality of Maimelane, we have a percentage of 20% for young people and a percentage of 30% for women. So we have six women and four young people”, he highlighted.

In the final part of his speech, he made a direct appeal to civil society to amplify local voices before provincial and national authorities, especially with regard to the allocation of 7.25%, which according to him has benefited only one of the localities in the district.

“We have this situation of 7.25%. Well, this is for the province. But we also have, at the district level, some localities that have not yet benefited. (...) We would like to ask civil society to take this information as far as possible, at least to say that the district is crying out for this”, he emphasized.

Marcia Pascoal Orchestra – Field Officer, FOSCI



Márcia Orquestra Pascoal, a FOSCI field officer, brought to the forefront of the debate the lack of clear and accessible information on the actual amounts to which the revenue sharing percentages refer (2.75% and 7.25%). In her speech, she expressed concern about the ability of communities to understand, discuss and monitor the implementation of the public funds allocated to them.

“Referring to the 2.75 that are allocated to the communities, I would like to know: it is 2.75, we are only talking about the percentages, what is the value of this 2.75? What is the value of the 7.25%?”, he asked.

Márcia acknowledged that there are visible actions

that benefit communities, as well as the progress already achieved with the implementation of the new model. However, she argued that, for this progress to be sustainable and appropriated by the population, it is necessary to translate the percentages into concrete values, understandable to citizens.

“Everyone can say that this isn’t working, that isn’t working, but in fact we have concrete actions that are helping (...) we need improvements, of course, for the continuation of these activities.”

His speech ended with an implicit call for more transparency and information sharing, essential elements for strengthening community participation and trust in public institutions.

VOICES FROM THE GROUND IN THE DISTRICTS OF INHASSORO AND GOVURO



Representative of the Locality of Pande;

In the town of Pande, we receive funds through the District Secretariat. Our advisory board, with 20 members representing various social classes, selects the priority projects. We have already built water wells, a mortuary, a hospital and an irrigation system. There is transparency, but we face challenges. The community questions the guidelines that limit the choice of projects. We also demand greater oversight, as we have projects that have been stalled, such as an irrigation system that has been in place for four years. We want to be involved from the tender process through to the completion of the project.



Vulandjane

In Maimelane, the first years of the fund were marked by a lack of transparency and poorly executed projects. We fought as a community and today we participate in the verification of the projects and the presentation of contractors. I advocate real decentralization, where the community chooses the projects without impositions. The biggest problem is the exclusion of young people, who leave because they do not receive incentives. We work without pay, but young people do not accept this. We need solutions to ensure greater involvement and continuity.



Temane

I represent the village of Temane, which is part of the Maimelane district. We received a water system through the fund, but it is not enough for our situation. In Temane, there are practically no visible projects. Young people are demanding this because they feel excluded and without opportunities. The current project will only benefit about 30 people. We want more attention for Temane, more inclusion and more investment that reaches young people directly and brings real improvements to the community.



Representative of the Locality of Mangungumete

In Mangungumete, despite the existence of boreholes, we have never seen any concrete benefits from the 2.75%. A water pump was installed, but it was abandoned. The community continues to consume contaminated water. I argue that the funds should prioritize drinking water and not abandoned markets. We need investments that solve real problems and that are discussed with the communities, not imposed from above.



Community Representative in Development Agreements

The main challenge is the management of the infrastructure financed with the 2.75%. There are markets and irrigation systems that are not used because there is no effective management. We need clear and sustainable models. Furthermore, young people do not engage in agricultural activities because they are looking for immediate income. We need to rethink projects, creating alternatives that respond to the urgent needs of the population and bring visible benefits, especially for the youngest and most vulnerable.

THE EVENT WAS HELD WITHIN THE SCOPE OF THE PROJECT "FROM THE GROUND – REALIZING RIGHTS BY MOBILIZING FAIR EXTRACTIVE SECTOR REVENUES (FTG)", IMPLEMENTED BY THE CENTER FOR DEMOCRACY AND HUMAN RIGHTS (CDD) AND OXFAM IN MOZAMBIQUE, WITH SUPPORT FROM THE MINISTRY OF FOREIGN AFFAIRS OF FINLAND.



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.



EDITORIAL INFORMATION

Property: CDD – Centro para Direitos Humanos
Director: Prof. Adriano Nuvunga
Author: Gabriel Manguela
Layout: CDD

Address:
Rua Dar-Es-Salaam Nº 279, Bairro da Sommerschild, Cidade de Maputo.
Telephone: +258 21 085 797

Twitter: CDD_moz
E-mail: info@cddmoz.org
Website: <http://www.cddmoz.org>

FINANCING PARTNERS

