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TRANSPARENCY IN TRANSITION

- Recoverable Costs, Information Asymmetry and the Limits of the EITI in the Mozambique LNG Project



CONTENTS

<i>1 INTRODUCTION</i>	<i>1</i>
<i>2 THEORETICAL AND REGULATORY FRAMEWORK</i>	<i>2</i>
2.1 The Political Economy of Production-Sharing Agreements	<i>2</i>
2.2 The EITI as a Governance Mechanism	<i>2</i>
2.3 Requirement 5.3 and the Conflict with the Domestic Regulatory Framework.....	<i>3</i>
<i>3 THE TAX REGIME OF THE MOZAMBIQUE LNG PROJECT AND THE IMPACT OF FORCE MAJEURE</i> ..	<i>4</i>
3.1 Structure of the Area 1 Contract	<i>4</i>
3.2 The Fiscal Impact of Force Majeure	<i>5</i>
<i>4 INSTITUTIONAL RESPONSES AS EVIDENCE OF NORMATIVE</i>	<i>6</i>
4.1 The Request for Information Process 7.....	<i>6</i>
4.2 The Tax Authority’s Response: A Legal Conflation	<i>6</i>
4.3 MIREME’s Response: Recognition with Deferral.....	<i>7</i>
4.4 The Independent Audit as a Window of Opportunity	<i>7</i>
<i>5 CONCLUSION</i>	<i>8</i>
5.1 RECOMMENDATIONS	<i>9</i>
<i>6 BIBLIOGRAPHICAL REFERENCES</i>	<i>11</i>

List of Acronyms and Abbreviations

Acrónimo	Significado
AT	Mozambique Tax Authority
CAPEX	Capital Expenditure
CIP	Centre for Public Integrity
EITI	Extractive Industries Transparency Initiative
ENH	National Hydrocarbons Company
FMI	International Monetary Fund
GNL	Liquefied Natural Gas
INP	National Petroleum Institute
IPP	Oil Production Tax (Royalty)
IRPC	Corporate Income Tax
LNG	Liquefied Natural Gas (GNL in English)
MEF/MF	Ministry of Economy and Finance
MIREME	Ministry of Mineral Resources and Energy
MSG	Multi-Stakeholder Group
MTPA	Million Tons per Year
NRGI	Natural Resource Governance Institute
OCDE	Organisation for Economic Co-operation and Development
OPEX	Operational Expenditure
PSC	Production Sharing Contract
RPCGE	Report and Opinion on the General State Account
TIA	Transparency International Australia
TCF	Trillion Cubic Feet
BCM	Billion Cubic Metres

ABSTRACT

TotalEnergies' claim for additional costs exceeding USD 4.5 billion, in connection with the resumption of the Mozambique LNG Project in January 2026 after a five-year suspension due to force majeure, highlights a fiscal issue of structural consequences for Mozambique's public finances. The acceptance of these costs as refundable directly affects the profit-sharing plan and the flow of public revenue from the Rovuma Basin.

This article examines, drawing on the experience of an independent monitoring exercise carried out by the Centre for Public Integrity (CIP), the conflict between Requirement 5.3 of the EITI Standard 2023, which demands full disclosure of the estimates used in public revenue projections for the extractive sector, and the internal regulatory framework governing tax confidentiality.

An analysis of institutional responses to the CIP's request for information shows that the Tax Authority (AT) applied regulations designed to protect individual contributors' data relating to macroeconomic and public policy information.

This rule represents a legal inconsistency (the improper enforcement of a rule in a situation other than that for which it was designed) which compromises the substantive compliance with the EITI commitments voluntarily undertaken by Mozambique. The article argues that this conflict does not represent a technical gap but rather a conflict between sovereign national legislation and voluntary international commitments, the resolution of which requires a specific legislative review.

The article closes with recommendations for a legislative revision that is specific to the extractive sector, in order to reinforce the technical capacity of civil society and other stakeholders, and to further clarify reporting requirements in the context of the Multi-Stakeholder Group (MSG).

Keywords: EITI; fiscal transparency; recoverable costs

1 INTRODUCTION

On 29 January 2026, Patrick Pouyanné, Chairman and CEO of TotalEnergies, met with the President of the Republic of Mozambique, Daniel Chapo, in Afungi, in the district of Palma, Cabo Delgado province. At the meeting, the parties jointly announced the full restart of the Mozambique LNG Project’s activities, both offshore and onshore. The announcement marked the withdrawal of the force majeure clause declared in April 2021 after the attacks by insurgents in Cabo Delgado, bringing an end to a period of suspension of almost five years. However, this announcement has immediately raised a critical fiscal issue. The termination of force majeure does not imply that the costs claimed during the suspension will be automatically recognised; the amounts and eligibility of these costs remain subject to validation by an independent audit (TotalEnergies, 2026; Resolution No. 42/2025).

The Mozambique LNG Project is one of the largest investments in liquefied natural gas (LNG) infrastructure in Africa, with a production capacity of 13.12 million tonnes per year (MTPA) and estimated reserves of 1,840 bcm (65 TCF) in the Golfinho-Atum offshore field. The first production of LNG is scheduled for 2029. At present, construction progress stands at 40% (TotalEnergies, 2026; National Petroleum Institute – INP, 2025). The expected economic benefits are significant: the creation of up to 7,000 direct jobs during construction, the awarding of contracts to Mozambican companies, estimated at over USD 4 billion, along with expected tax revenues and profit-sharing over three decades.

The resumption of the project does not resolve, but rather exacerbates, a critical fiscal issue that remains unsettled. TotalEnergies is claiming additional costs of more than USD 4.5 billion incurred during the suspension period, including security, standby, maintenance and remobilisation costs (MZNews, 2025). The recognition of these costs as eligible for recovery, under the terms of Area 1 Contract, directly affects the timing of when the State will begin to receive significant profit-sharing revenues, the central mechanism for capturing public value in production-sharing contracts (PSCs).

It is in this context that Requirement 5.3 of the 2023 EITI Standard gains direct operational relevance. Under this requirement, EITI implementing countries must disclose the parameters used in projections of public revenues generated by the extractive sector, including the cost recovery schedule, assumed production levels, projected international prices and applicable tax rates (EITI International Secretariat, 2023).

Mozambique is a member of the EITI since 2009 and has published twelve compliance reports up to 2025¹. The participation in this initiative is voluntary but has a binding institutional commitment. The implementation of the requirements is a necessary condition for maintaining compliance status (EITI International Secretariat, 2023).

This article aims to examine the “conflict” between this normative commitment and the existing national framework of tax confidentiality, taking into account the concrete experience of the independent monitoring conducted by the Centre for Public Integrity (CIP) within the scope of the “*Strengthening Civil Society Oversight of Revenue Projections under EITP*” project, supported by Transparency International Australia (TIA) and the Natural Resource Governance Institute (NRGI). The analysis of the institutional responses provides original primary evidence on which the arguments developed are based.

The article is divided into six sections. Section 2 presents the theoretical and regulatory framework. In Section 3, the project’s tax regime and the impact of force majeure on cost recovery mechanisms are analysed. Section 4 examines responses from institutions as evidence of the core regulatory conflict. Section 5 presents the conclusions. Finally, Section 6 sets out the recommendations.

¹ The latest report, published in 2025, is related to data from 2022.

2 THEORETICAL AND REGULATORY FRAMEWORK

2.1 *The Political Economy of Production-Sharing Agreements*

Production Sharing Contracts (PSCs) are the predominant instrument governing the fiscal relationship between governments and oil companies in developing countries (Hogan & Goldsworthy, 2010). Contrary to traditional concession regimes, under PSCs the state maintains ownership of the resources, while the contracting company assumes the risks of exploration and development in exchange for the right to recover costs incurred (*cost oil*) and to share the residual profit (*profit oil*) according to predefined rates.

The fiscal framework of PSCs structurally gives rise to an information gap between the government and the company. Whereas the company holds complete information concerning the nature, timing and amount of costs incurred, the government relies on audit, verification and certification mechanisms to validate requests for recoverable costs (Calder, 2014). This asymmetry is exacerbated when, as in the case of Mozambique LNG, the project undergoes an exceptional period, such as force majeure, during which normal oversight mechanisms may have been partially suspended or weakened.

In his seminal analysis of the ‘abundance paradox’, Karl (1997) demonstrated that countries dependent on natural resource revenues tend to develop patterns of governance characterised by low transparency, institutional capture and budgetary volatility. Mozambique is not immune to this dynamic. Studies by the International Monetary Fund (IMF) and the World Bank have consistently highlighted vulnerabilities in the fiscal management of the extractive sector, particularly with regard to revenue estimates, fiscal risk management and independent audit capacity (IMF, 2022; World Bank, 2023).

In this context, civil society’s ability to exercise independent scrutiny over cost negotiations and revenue projections is not only an imperative of democratic accountability but also a mechanism for mitigating fiscal risks for the state itself. The literature on extractivism and public governance emphasises that informed civil society participatory processes reduce the transaction costs of negotiation and increase the probability of fiscal agreements that are more favourable to the public interest (Rosenblum & Maples, 2009; Natural Resource Governance Institute, 2014).

2.2 *The EITI as a Governance Mechanism*

The EITI, introduced in 2002 at the initiative of the United Kingdom and formalised as an international standard in 2003, is the main multilateral mechanism for promoting transparency in the extractive sector (EITI International Secretariat, 2023). Its model is based on the independent reconciliation of payments reported by companies with receipts reported by the State, published in annual reports produced by an independent administrator and monitored by a Multi-Stakeholder Group (MSG) that includes representatives from government, industry and civil society.

The EITI Standard 2023, adopted at the EITI Global Conference in Dakar, Senegal (2023), represents a significant extension of the reporting scope required, and reflects a more comprehensive understanding of the information gaps that persist in implementing countries. Requirement 5.3, specifically, provides that countries must disclose the inputs used by the governments in their projections of public revenues in the extractive sector, so that stakeholders can assess the plausibility of these projections and monitor their compliance (EITI International Secretariat, 2023).

This development is theoretically significant. It shifts the EITI from a mechanism for retrospective transparency (how much was paid and received) to an instrument for prospective and analytical transparency, based on estimations and assumptions regarding future receipts. This distinction is crucial in the context of Mozambique LNG, where significant revenues for the State depend on assumptions that are not currently public, namely: the time frame for cost recovery, international LNG price estimates, production rates and decline rates, and the parameters of the R-factor for *profit oil* sharing.

Critical literature on the EITI highlights structural limitations of the mechanism. Sovacool et al. (2016) argue that the reconciliation of payments, by itself, does not address the more substantive issues of fiscal equity, particularly

the adequacy of contracts and revenue-sharing arrangements. Acosta (2013) identified a lack of explicit theories of change in extractive transparency initiatives, including the EITI, arguing that the implementation process has no mechanisms for linking the provision of information to tangible governance outcomes — a criticism subsequently confirmed by the experience of several African countries (Corrigan, 2014; Sovacool et al., 2016). Mozambique’s experience with Requirement 5.3 appears to confirm this tension. The existence of a normative commitment does not, in itself, guarantee access to the information necessary for the substantive compliance with that commitment.

2.3 Requirement 5.3 and the Conflict with the Domestic Regulatory Framework

Requirement 5.3 of the 2023 EITI Standard does not require the disclosure of individual taxpayer data, but rather of public policy assumptions used in government revenue projections. This distinction is legally fundamental. Projection assumptions, expected production rates, international reference prices, cost recovery schedules and contractual profit-sharing parameters are elements of fiscal and budgetary policy, not private tax data of taxpayers.

The distinction between public policy information and fiscally confidential information is recognised in comparative tax law doctrine, precisely because tax secrecy was designed to protect individual rights and not to shield public policy parameters from democratic scrutiny (Thuronyi, 2003; OECD, 2010). Mozambique’s Law No. 34/2014 of 31 December (Law on the Right to Information) enshrines the principle of active transparency and the right of access to information of public interest. Article 6 sets out limits on access, including state secrecy, judicial secrecy and others, but the assumptions regarding the projection of public revenues from an extractive project do not fall under any of these categories of exception.

In addition, Article 3 of this Law establishes that it also applies to private entities which, by virtue of their activities, benefit publicly funded resources or hold information of public interest. The Mozambique LNG Project, to which the State has committed a 30-year contract period and whose revenues will set the course of Mozambique’s budget for three decades, clearly falls within this context. This additional argument strengthens legal grounds for access to information regarding the assumptions underlying revenue estimations and emphasizes the inconsistency of the refusal. The Right to Information Act applies to entities in these circumstances, which makes the exclusive invocation of tax secrecy even more questionable.

It is important to be technically precise regarding the nature of this conflict. This is not a legislative gap; indeed, the matter is regulated. What we have here is a conflict between sovereign domestic legislation, Law No. 2/2006 of 22 March (Law on the Tax Legal System), which is a special law and prevails over general law, and a voluntarily undertaken international commitment whose requirements cannot be fully met under current domestic legislation.

From a normative hierarchy perspective, a country’s national laws prevail within its territory. This is precisely why the solution is not to ignore international commitments, but rather to reform national legislation to bring it into line with those commitments – as, indeed, the process of adhering to the EITI required Mozambique to do.

Countries such as Ghana, through the Petroleum Revenue Management Act (Act 815, 2011), and Colombia, through the General Royalties System, regulated by Law 2056 of 2020, have created legal obligations for the regular publication of revenues generated by the extractive sector, which facilitate independent projections and stand as examples of extractive fiscal transparency in the broadest sense. As far as the available literature indicates, a more direct solution to the specific conflict between fiscal confidentiality and the disclosure of projection assumptions under the EITI remains an unsolved challenge in any comparable country, which increases the urgency for specific guidance from the EITI International Secretariat on this matter (NRGI, 2021; Ghana EITI, 2023)

This conflict is not exclusive to Mozambique. Comparative studies on EITI implementation in African oil-producing countries – Ghana, Tanzania, Nigeria and Cameroon – provide evidence of cases where national tax confidentiality rules are invoked to limit the release of information required by the EITI Standard (Lujala et al., 2017; Corrigan, 2014). Therefore, the pattern is well documented.

3 THE TAX REGIME OF THE MOZAMBIQUE LNG PROJECT AND THE IMPACT OF FORCE MAJEURE

3.1 Structure of the Area 1 Contract

The Mozambique LNG Project operates under an Exploration and Production Concession Agreement for Area 1, Offshore of the Rovuma Basin, approved by Decree No. 67/2006 of 26 December. This agreement sets out a fiscal regime that integrates various instruments for capturing public value, the key components of which are summarised in Table 1.

Table 1: Key components of the tax regime under the Area 1 Contract

Fiscal Component	Parametre	Source
Royalty (IPP)	2% of production	Contact Area 1, Art. 9
Limit of Cost Recovery	65% of the oil available per period	Contact Area 1, Art. 9.5
Participation of ENH	15% (shareholder)	Contract Mozambique LNG
IRPC (standard rate)	32%	Mozambican Tax Law
IRPC (reduced - 1 st 8 years)	24% (reduction of 25%)	Contact Area 1, Art. 11.4
Bonus - Start of Commercial Production	USD 5 millions (2029)	Contact Area 1, Art. 12
Bonus - 20.000 BOE/day	USD 10 millions (est. 2030)	Contact Area 1, Art. 12
Bonus - 50.000 BOE/day	USD 20 millions (est. 2031)	Contact Area 1, Art. 12

Sources: Area 1 Concession Agreement, Decree No. 67/2006; Mozambican Tax Law

The *profit oil* sharing mechanism is governed by the R Factor (the ratio of the project's accumulated revenue to its accumulated investment costs), with progressively increasing thresholds that stipulate the proportion of *profit oil* allocated to the State compared to the investor consortium.

Tabela 1: Escalões do Factor R para partilha de profit oil.

R Factor	State (%)	Investor (%)	Implication
$R < 1$	10%	90%	Project has not yet recovered costs
$1 \leq R < 2$	20%	80%	Partial cost recovery
$2 \leq R < 3$	30%	70%	Substantial cost recovery
$3 \leq R < 4$	50%	50%	Earnings parity
$R \geq 4$	60%	40%	Majority stake in profit oil

Source: Area 1 Contract

This mechanism creates a structural incentive that is directly relevant to the current debate. The more costs are recognised as recoverable and, therefore, included in the denominator of the R-factor, the longer the project remains in lower categories, where the Government's share of *profit oil* is lower. As such, the increase of USD 4.5 billion in the total recognised cost has direct and measurable implications for the timing and volume of public revenue.

3.2 The Fiscal Impact of Force Majeure

To understand the tax implications of force majeure, we need to look at the status of the project before and after the suspension. The Mozambique LNG Project declared force majeure in April 2021, after the attacks on Palma. In accordance with Resolution No. 42/2025 of 19 November, the 30-year Development and Production period is guaranteed by the State, thus accommodating any period of suspension, which implies that the contract extends beyond 2052.

The costs reported under the project as of December 31, 2024, amount to USD 13,673.35 million, out of which USD 7,600.70 million were audited during the 2015–2022 period, with an acceptability rate of 96%, according to the Report and Opinion of the General State Accounts (RPCGE, 2024). TotalEnergies claims additional costs in excess of USD 4.5 billion² incurred during the force majeure period, an amount that, as of the date of this article, was not validated by the independent audit mandated by Resolution No. 42/2025 of 19 November. This claim is currently by the company currently under negotiation with the Government (MZNews, 2025).

It is essential, from an analytical perspective, to distinguish between claimed costs and validated costs. The scenarios analysed here are based on the principles of the fiscal model of the Area 1 Project, using verifiable contractual criteria, and distinguish three scenarios for the international price of LNG.

These scenarios are not presented as isolated alternatives to the question of force majeure, rather they demonstrate that, regardless of the market price, the impact of the claimed costs on the R-factor is decisive. None of the scenarios show the State reaching higher profit oil levels in the first years of production should the USD 4.5 billion be recognised:

Table 3: LNG price scenarios and implications for government revenue.

Scenarios ³	Price (USD/MMBtu)	Source of Reference	Implications for the Government Revenue
Stress	USD 8.00	IEA WEO (2024)	Long cost recovery period, delayed profit oil, irrespective of force majeure costs.
Base	USD 12.00	OpenOil (2021)	Balance between cost recovery and revenue sharing. Cost recovery is delayed, preventing the R Factor from reaching higher tiers.
Optimistic	USD 16.00	Oxfam (2019)	Faster cost recovery, but the additional USD 4.5 billion remains a barrier to the R Factor's progression.

Sources: IEA World Energy Outlook (2024); OpenOil (2021); Oxfam (2019).

The critical factor is that, with a total estimated capital expenditure (CAPEX) of USD 20 billion (OpenOil, 2021) plus an additional claimed cost of USD 4.5 billion – which is still pending validation – the project's R-factor will remain below 1 for several years even after the start of production in 2029, regardless of the price scenario. Within this bracket ($R < 1$), the State receives only 10% of the profit oil. Progression to more favourable revenue-sharing brackets for the State ($R \geq 2$ or higher) depends directly on the total cost recognised as recoverable, which confers a high fiscal significance to the outcome of the independent audit mandated by Resolution No. 42/2025 of 19 November.

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² Approximately 22.5% of the approved investment of USD 20 billion.

³ Note: The scenarios reflect analytical assumptions, not official projections from the Government of Mozambique.

a high fiscal significance to the outcome of the independent audit mandated by Resolution No. 42/2025 of 19 November.

This analysis, although based on public and verifiable premises, clearly highlights the gap identified by Requirement 5.3 of the EITI. Without full disclosure of the official parameters used in government projections—including the cost recovery schedule, price estimates, production rates and R-factor parameters—civil society and Parliament are unable to independently assess the budget revenue projections associated with the project, nor to monitor compliance over time.

4 INSTITUTIONAL RESPONSES AS EVIDENCE OF NORMATIVE

4.1 The Request for Information Process 7

As part of the CIP project, three formal requests for information were sent to the competent authorities, based on Law No. 34/2014 of 31 December (Right to Information Act) and within the framework of the disclosure obligations set out in Requirement 5.3 of the 2023 EITI Standard. The aforementioned law establishes a period of 21 days for responding to requests for information. The requests were addressed to TotalEnergies, the Mozambican Tax Authority (AT) and the Ministry of Mineral Resources and Energy (MIREME). CIP received formal written responses from the AT and MIREME, which constitute the primary evidence analysed in this article.

In addition, CIP, together with the Civic Coalition on the Extractive Industry and the Extractive Industry Platform, organised a technical roundtable on 6 February 2026 in Maputo. This event was attended by 14 participants (12 representatives from CSOs, 2 technical experts; 6 women and 8 men). Of particular note was the absence of the National Petroleum Institute (INP) and the project consortium, who had been invited to attend. The absence of the entities responsible for key technical information undermines the extent and quality of the multi-stakeholder dialogue advocated by the EITI.

4.2 The Tax Authority's Response: A Legal Conflation

On 12 January 2026, the CIP submitted a request to the AT for tax-related data, disaggregated by type of tax, collected in the liquefied natural gas sector for the period 2023–2025, accompanied by a request for a summary of the methodology regarding the criteria for calculating, recording and classifying revenue, as provided for in Article 14 of Law No. 34/2014 (CIP, 2026a).

This request was rejected by the AT on 17 February 2026, as per a decision of the President of the Tax Authority dated 5 February 2026. As justification, the AT invoked the principle of confidentiality, set out in Article 75(1) of Law No. 2/2006 of 22 March (Tax Legal System Act), which determines that tax administration officials, employees and agents are required to maintain confidentiality regarding data collected on the tax status of taxpayers. The AT acknowledged the principle of active transparency established in the Law of the Right to Information but held that the obligation of confidentiality should prevail (Tax Authority of Mozambique, 2026).

In our view, this decision constitutes a clear case of legal conflation⁴. Article 75 of Law No. 2/2006 of 22 March was intended to protect the tax situation of taxpayers, both individuals and corporations, from any disclosures that could harm their rights and legitimate interests. CIP's request was for tax revenues broken down by project and by type of tax, as well as the methodology for their calculation; such information, by its very nature, constitutes fiscal and budgetary policy data about a project of national public interest, and not private data of taxpayers, within the meaning protected by Article 75 of Law No. 2/2006 of 22 March. The relevant distinction is not between sectoral data and project-specific data. Rather, it is between information that serves the democratic scrutiny of

⁴ A legal conflation occurs when a legal provision is applied to a situation other than that for which it was intended. In this case, the confidentiality law was designed to protect taxpayers' private data. For example, the taxes paid by a company or citizen. CIP did not request this private data; instead, it requested information on the assumptions used by the government to estimate the state's revenue from gas. These are two completely different matters, and dealing with them in the same way is what the article identifies as a conflation.

public revenue and information that exposes a taxpayer’s private tax situation. This distinction is recognised in comparative tax law (Thuronyi, 2003; OECD, 2010) and is precisely what EITI Requirement 5.3 presupposes.

It is important to point out that the AT acted in strict accordance with Law No. 2/2006 of 22 March, which is currently in force; since this is a special law on tax-related matters, it takes precedence over the general law on access to information should there be any conflict. By rejecting the request, the AT did not breach any regulations. In fact, it acted in accordance with the applicable legal hierarchy. The problem lies not with the AT’s conduct, but with the fact that, upon voluntarily joining the EITI, Mozambique failed to harmonise its internal legislation with the reporting requirements that this commitment involves.

The identified normative conflict is therefore as follows: the published EITI reports (up to the 12th report) already include data on extractive sector payments reconciled by the Independent Administrator. This data is public. The legally pertinent question raised by the AT’s decision is: what is the rationale that allows payment data to be shared for the purposes of the EITI report, which is a public document, while methodological assumptions regarding revenue projections cannot be shared with civil society, upon a request justified under the Right to Information Act? The answer points to a regulatory conflict that needs to be resolved through legislative reform.

4.3 MIREME’s Response: Recognition with Deferral

The Ministry of Mineral Resources and Energy responded to the request for a technical meeting to discuss Requirement 5.3 of the EITI Standard via Memorandum No. 35/MIREME/GM/06.4/2026, dated 21 January 2026, signed by the Minister Estêvão Tomás Rafael Pale (MIREME, 2026). MIREME’s response is more legally and politically sophisticated. It expressly acknowledges the relevance of the matter and states that, pursuant to Resolution No. 42/2025 of 19 November, an independent audit of the project’s costs, including those incurred during the force majeure period, is currently underway. On this basis, it considers it premature to hold a meeting specifically focused on the analysis of recoverable costs and the respective revenue projections whilst the audit has not been completed. It also redirects questions regarding revenue forecasts to the “entities responsible for the planning and management of public finances” (MIREME, 2026).

From a procedural standpoint, this position is perfectly legitimate. Resolution No. 42/2025 of 19 November effectively makes the validation of force majeure costs conditional upon the completion of the audit (Article 4). However, this creates a specific risk for fiscal accountability. No published deadline has been set for the audit. Project activities have resumed, regardless of the audit’s conclusion (Article 5 of Resolution No. 42/2025), and the indefinite postponement of the dialogue on revenue projection assumptions is precisely the type of situation that Requirement 5.3 seeks to avoid.

At the same time, MIREME is not the entity primarily responsible for revenue projections. That responsibility, as the letter itself indicates, lies with the Ministry of Finance (MF). This clarification of responsibilities is useful but also reveals an institutional fragmentation that may hinder compliance with Requirement 5.3. If revenue projections are prepared by the MF, but contractual and cost data are managed by MIREME and the INP, what is the coordination mechanism that enables the integrated disclosure of the assumptions required by the EITI?

4.4 The Independent Audit as a Window of Opportunity

Resolution No. 42/2025 of 19 November, issued by the Council of Ministers, which mandates an independent audit of costs incurred during the force majeure period, paradoxically creates a window of opportunity to enhance fiscal transparency. Article 1 of the Resolution stipulates that the Government’s validation of the audit results must ensure “a transparent and impartial process”, that concessionaires have the right to be heard, and that the expenses claimed must be associated with contracts previously approved by the oil operations regulator.

For civil society, the key issue is not merely the outcome of the audit—namely, how much of the claimed USD 4.5 billion will be validated—but the process whereby that outcome is produced and communicated. The audit terms of reference, the criteria for cost eligibility, the timetable for the process and the mechanism for disseminating the results are all pieces of information that should be made public, in accordance with Requirement 5.3. Their current lack of transparency is inconsistent with Mozambique’s EITI commitment.

5 CONCLUSION

The restart of the Mozambique LNG Project in January 2026 marks a turning point for Mozambique's public finances. The amount of the disputed costs, which exceed USD 4.5 billion as claimed by TotalEnergies, the lack of transparency regarding the projections used in government revenue forecasts, and the evident limitations of current mechanisms for accessing information create a scenario of fiscal risk for the state and a failure to provide independent scrutiny for civil society and Parliament.

The analysis presented in this article demonstrates that the conflict between Requirement 5.3 of the EITI Standard 2023 and the national framework for tax confidentiality is not a marginal technical issue. Instead, it is a matter of fiscal governance with direct consequences for the quality of public debate about a project that will determine the fiscal direction of Mozambique over the next three decades.

The institutional responses obtained by the CIP provide empirical evidence of this conflict. The Tax Authority's refusal – legally correct according to current law but revealing an incompatibility between domestic legislation and EITI commitments – and the MIREME's recognition with a postponement, backed by the ongoing audit with undetermined deadline, are primary evidence that the current regulatory framework does not allow for an effective compliance with Requirement 5.3.

An additional, and equally important, conclusion is that Mozambique has adopted an international commitment — adherence to the EITI and its 2023 Standard — without promoting the necessary harmonisation of its domestic legislation. This is not exclusive to Mozambique; there are documented cases in Ghana, Tanzania, Nigeria and Cameroon, amongst others. These findings represent a legitimate criticism of the process of adopting international governance models. Formal adherence without domestic legislative reform creates a gap between the commitment assumed and the institutional capacity to comply with it, leading to expectations that the existing regulatory framework does not have the capacity to satisfy.

The analytical value of this study lies exactly in its empirical basis. The institutional responses that were analysed are a primary source of original evidence, produced within the context of an active civil society monitoring project, which provides a clear picture of the mechanisms through which information asymmetry is reproduced and institutionalised. Addressing this issue, not through rhetoric about transparency, but through verifiable normative and institutional changes, is a necessary condition for Mozambique's EITI commitments being effectively translated into real fiscal accountability.

5.1 RECOMMENDATIONS

R1: Legislative Review Specific to the Extractive Sector

The regulatory conflict identified calls for legislative intervention. This paper proposes that the Mozambican Parliament, through its 2nd Committee (Planning and Budget) and 5th Committee (Agriculture, Economy and Environment), undertake a review of Law No. 2/2006 of 22 March, or adopt specific legislation for the extractive sector that: i) makes a clear distinction between the confidentiality of individual taxpayers' data and the disclosure obligations regarding public revenue projections from the extractive sector; ii) explicitly recognises the reporting obligations arising from the EITI Standard as a regulatory framework with sufficient legal force to override tax confidentiality when public policy considerations are at stake; and iii) establishes a specific mechanism for the regular publication of revenues generated by extractive industries and the respective projection estimates, drawing on the best practices of Ghana (Petroleum Revenue Management Act, Act 815, 2011) and Colombia (Law 2056 of 2020, General Royalties System).

This recommendation is consistent with international practice. Comparative evidence of EITI implementation and transparency in the extractive sector shows that the mere release of information alone does not, on its own, result in better governance outcomes. There is a need for specific legislative mechanisms that would make the publication of budget estimates mandatory, together with effective enforcement tools, including penalties for non-compliance and independent oversight (Lujala & Epremian, 2017; NRG, 2021). The experience of Ghana with the Petroleum Revenue Management Act (Act 815) and of Colombia with Ley 2056 of 2020 illustrates how sector-specific legislative reform can create a more robust transparency framework than voluntary compliance with the EITI.

R2: Recommended actions for the EITI Mozambique Multi-Stakeholder Group

The EITI MSG in Mozambique should take the following measures: firstly, to formally request the Ministry of Finance to draft and publish a methodological note about the underlying assumptions used in the LNG sector revenue projections included in the State Budget, specifically the production estimates, international reference prices, cost recovery schedule and R-factor parameters. This note would be the first step towards meeting Requirement 5.3 and should be presented and discussed at a technical session of the MSG. Secondly, request information from the INP regarding the terms of reference for the independent audit provided for in Resolution No. 42/2025 of 19 November, including the planned timetable, the applicable cost eligibility criteria and the mechanism for disseminating the results.

R3: Recommended actions for civil society

Civil society should develop its own revenue projection model, based on verifiable public data, which would enable it to produce alternative scenarios and assess the plausibility of official projections, even in the absence of formal disclosure of the government's assumptions. This approach is methodologically sound and it has been adopted by organisations such as NRG and OpenOil in similar contexts (OpenOil, 2021; NRG, 2021) and represents the appropriate response to a situation where access to official information remains limited.

Civil society, specifically CIP, should also document the regulatory conflict identified in a legal note that can be submitted to the MSG, Parliament and the legislative review process. Although the TA's response is a refusal to provide access to information, it serves as an official record documenting the regulatory conflict and lays the procedural basis for legislative advocacy.

R4: Recommendations to the EITI International Secretariat

The Mozambican experience reflects a recurring pattern, also identified in Ghana, Tanzania, Nigeria and Cameroon, whereby the adoption of the EITI Standard 2023, with its broader transparency requirements, conflicts with domestic regulatory frameworks in implementing countries that have not been updated to accommodate the new requirements. The EITI International Secretariat should consider drafting specific guiding principles concerning the relationship between Requirement 5.3 and national tax confidentiality rules, including examples of good practices from countries that have resolved this conflict through specific legislative or administrative mechanisms. Recognising the principle of states' legislative sovereignty, these guidelines would be in the nature of recommendations of good practices, without legally binding force, but with impact on the EITI compliance validation process.

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