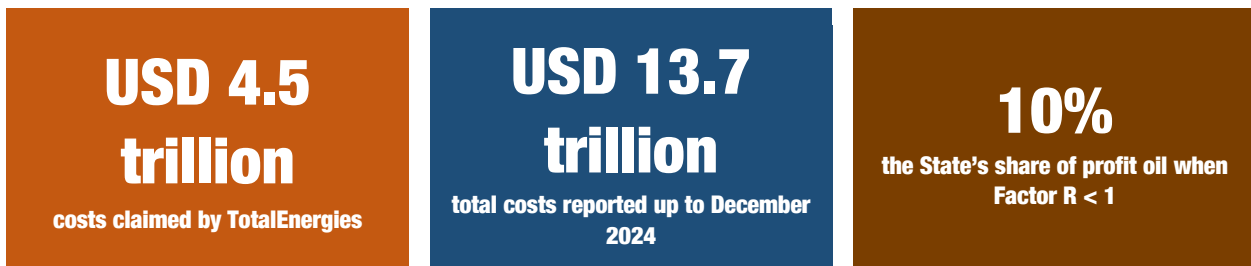


# \$4.5 BILLION AT STAKE

## What Mozambique Doesn't Know About the Revenues from the Mozambique LNG Project

*Fiscal transparency, EITI Requirement 5.3 and the limits on access to information in the extractive sector*

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### AN OVERVIEW OF THE PROBLEM

On 29 January 2026, the chairman of TotalEnergies and the President of the Republic of Mozambique jointly announced the full resumption of the Mozambique LNG Project, following a five-year suspension due to force majeure. The announcement was hailed as a turning point for the Mozambican economy. However, the announcement highlighted a fiscal issue that remains unanswered: **who knows exactly how much the State will receive, and when?**

TotalEnergies is claiming additional costs of over USD 4.5 billion incurred during the suspension. If these costs are recognised as recoverable, the Mozambican state will only begin to receive significant profit-sharing revenues much later than anticipated. The mechanism by which this occurs, the R Factor, is defined in the contract, but the assumptions used in the government's revenue projections are not public.

The R-factor is the ratio between cumulative revenues and cumulative project costs. As long as  $R < 1$ , the State receives only 10% of the profit oil. With the additional USD 4.5 billion being recognised, the project remains in this minimum bracket for several years after 2029. The difference between recognising these costs and not recognising them could amount to billions of dollars in deferred public revenue.

### WHAT THE EITI REQUIRES – AND WHAT MOZAMBIQUE IS FAILING TO MEET

Mozambique has been a member of the EITI (Extractive Industries Transparency Initiative) since 2009 and has published twelve reconciliation reports up to 2025 (the latest of which relates to data from 2022). Membership is voluntary but binding (once a country formally joins, it commits to complying with the initiative's Standard). Failure to meet the requirements results in the loss of compliance status.

Requirement 5.3 of the 2023 EITI Standard requires countries to disclose the assumptions used in projections of public revenues from the extractive sector, including cost recovery schedules,

international price assumptions, R-factor parameters and expected production rates. The aim is simple: to enable citizens, Parliament and civil society to assess whether the Government’s projections are plausible and to monitor their fulfilment.

Mozambique does not substantially comply with this requirement. The assumptions are not public. They do not appear in the State Budget. They were not made available to civil society when requested. And the independent audit to the force majeure costs, required by Resolution No. 42/2025 of 19 November, has no defined deadline published. Meanwhile, the project has already resumed its activities.

### THE EVIDENCE: TWO REQUESTS, TWO REFUSALS

As part of an independent monitoring project funded by Transparency International Australia (TIA) and the Natural Resource Governance Institute (NRGI), CIP submitted formal requests for information to the Tax Authority (AT) and MIREME, pursuant to Law No. 34/2014 of 31 December (Right to Information Act).

TAX AUTHORITY	MIREME
<p><b>Request:</b> Tax data broken down by LNG project (2023–2025) and the methodology used to calculate it.</p> <p><b>Response:</b> Rejected. Cited Article 75 of Law No. 2/2006 of 22 March – confidentiality regarding the tax status of taxpayers.</p> <p><b>CIP Analysis:</b> The provision invoked protects the private data of individual taxpayers and not the underlying public fiscal policy assumptions. The Tax Authority acted in accordance with the law in force, but that law is incompatible with the EITI commitments.</p>	<p><b>Request:</b> Technical meeting concerning Requirement 5.3 and the assumptions underlying the project’s revenue projections.</p> <p><b>Response:</b> Acknowledges the relevance of the request, but considers the meeting premature whilst the independent audit (Resolution 42/2025) has not been completed. Referred to the Ministry of Finance.</p> <p><b>CIP Analysis:</b> Procedurally justifiable, but creates a risk of indefinite postponement. No deadline has been published for the audit. The project has resumed regardless of its conclusion.</p>

The CIP’s experience points to a structural regulatory conflict. The published EITI reports already include data on payments in the extractive sector. This data is publicly available. However, the methodological assumptions underlying the revenue projections – precisely what Requirement 5.3 mandates – cannot be accessed. **This conflict is not accidental; it is the result of Mozambique adhering to the EITI without harmonising its domestic legislation with the disclosure requirements that this commitment involves.**

### MOZAMBIQUE IS NOT ALONE – BUT IT CAN DO BETTER

The pattern identified in Mozambique is documented in other African hydrocarbon-producing countries: Tanzania, Nigeria and Cameroon. In these countries, domestic tax confidentiality rules are similarly invoked to restrict information required by the EITI. However, other countries have found concrete legislative solutions:

<b>Gana</b>	The Petroleum Revenue Management Act (Act 815 of 2011) requires the quarterly publication of all petroleum revenues received by the State, thereby facilitating independent projections and scrutiny by civil society. This is one of the most robust models of fiscal transparency in the extractive sector in Africa.
<b>Colombia</b>	Law No. 2056 of 2020 (General Royalties System) sets out detailed publication requirements regarding the distribution and use of extractive industry revenues, with an explicit policy on sectoral transparency, which serves as a reference framework for legislative reform in Mozambique.

Law No. 30099 (Law Reinforcing Fiscal Responsibility and Transparency) and its implementing regulations require the annual publication of the Multi-Annual Macroeconomic Framework, setting out the methodological assumptions underlying the State's fiscal projections. Although it is not specific to the extractive sector on a project-by-project basis, it demonstrates that the institutionalised publication of projection methodologies is legally feasible, a step ahead of Mozambique, which has no equivalent mechanism

## RECOMMENDATIONS

### To the Parliament of Mozambique:

- ▶ Revise Law No. 2/2006 of 22 March (Law on the Legal Framework for Taxation) to clearly distinguish between the confidentiality of individual taxpayers' data and the obligations to disclose fiscal policy assumptions relating to the extractive sector, in accordance with the EITI commitments undertaken.
- ▶ Hold parliamentary hearings to discuss the terms of reference and timetable for the independent audit required by Resolution No. 42/2025 of 19 November, and the mechanism for publishing its findings.

### To the Ministry of Finance:

- ▶ Publish a methodological note explaining the assumptions used in the LNG sector revenue projections incorporated into the State Budget, including assumptions on production, reference prices, the cost recovery schedule and R-factor parameters. This note is the primary instrument for ensuring compliance with Requirement 5.3.

### To the EITI Mozambique MSG:

- ▶ Request public information from the INP regarding the terms of reference, timetable and cost eligibility criteria for the ongoing audit.
- ▶ Organise a technical session dedicated to the R-Factor mechanism and its implications for the State's revenue schedule.

### To CivilSociety:

- ▶ Develop independent revenue projection models, based on verifiable public data, that enable the creation of alternative scenarios and the assessment of the plausibility of official projections, even in the absence of formal disclosure.
- ▶ Formalise the identified regulatory conflict in a legal note to be submitted to the MSG, Parliament and the legislative review process.

### To the EITI International Secretariat:

- ▶ Draft specific guiding principles about the relationship between Requirement 5.3 and national tax confidentiality rules, with examples of good practices for countries facing this regulatory conflict.

The key question is not whether the Mozambique LNG Project will generate revenue for Mozambique. The question is when and how much, and whether there will be sufficient capacity for independent scrutiny to verify that the state receives what is due to it. Without legislative reform and without the disclosure of the assumptions underlying the projections, fiscal transparency remains a promise without any means of verification.



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## **“SUPPORT FOR CITIZEN ENGAGEMENT FOR ACCOUNTABILITY AND TRANSPARENCY IN THE EXTRACTIVE SECTOR”**

This policy brief is based on the research paper “Fiscal Transparency in Transition: Recoverable Costs, Information Asymmetry and the Limits of the EITI in the Mozambique LNG Project”, produced as part of the “*Strengthening Civil Society Oversight of Revenue Projections under EITI*” project, funded by TIA and NRGi.