



Mozambique: Preparation for the High Level Seminar on Managing Revenues and Optimizing the Benefits of Coal and Gas Resources

- 1. Mozambique is likely to witness a spurt in extractive activities over the coming years as the recent discoveries confirmed coal and gas reserves estimated at 25 billion tons and between 50 and 70 trillion cubic feet (tcf), respectively.** Seismic activities in the discovery areas of gas, the Rovuma off-shore Basin, suggest that possible gas reserves could actually exceed 120 tcf. Coal and gas are expected to bring to the country revenues estimated at USD 5 billion a year and contribute to achieving GDP growth of 20 percent by 2020.
- 2. While optimistic on the economic opportunities that can arise from the production, transformation and exportation of coal and gas, the Government of Mozambique (GoM) recognizes that these are completely new business areas for which it is necessary to implement policy reforms and develop expertise to appropriately manage them.** In particular, the natural resource curse, while not inevitable, requires efficient macroeconomic and revenue management. These will help the country avoid adverse effects such as those resulting from Dutch Disease, transmission of global commodity price volatility and increased rent seeking. Transparency and accountability, managing expectations, preventing conflict and avoiding a surge of misappropriation of revenues and corruption are critical.
- 3. In August 2012, President Donald Kaberuka made a firm commitment to the Mozambican Head of State, Honorable Excellency Armando Emilio Guebuza, to have the Bank to advise the country based on international best practices and success stories on how to manage the flow of revenues derived from natural resources.** Within this context, the Bank's Regional Operations South B Department (ORSB), the Development Research Department (EDRE) and the Mozambique Field Office (MZFO) are planning to organize on the **27th and 28th of February 2013** in Maputo, with the collaboration of the Ministry of Planning and Development, a high level policy seminar on Managing Revenues and Optimizing the Benefits of Coal and Gas in Mozambique. The Bank's other key departments, including Policy Department (ORPC), Energy Sector Department (ONEC) and Private Sector Department (OPSM), etc., will make presentations during the seminar.
- 4. The objective of this seminar is to inform the GoM on international best practice and to share country experience in natural resource management, contributing to inclusive growth.** Moreover, it aims to draw policy recommendations that could serve the GoM on further reforms and measures enabling the country to properly manage the expected flow of revenues. Finally, it provides a key opportunity for the Bank to brief the Government on the Bank's stance, readiness and instruments in supporting natural resource management for inclusive growth.
- 5. The seminar will primarily target the Economic and Social Council which is chaired by the Prime Minister and includes all major Ministers.** The seminar will also benefit parliamentarians and representatives of civil society/NGOs, the media, natural resource-bearing communities as well as representatives of exploration/extraction companies already operating in the country and local private sector players. Key donors in Mozambique will also be invited to the seminar.
- 6. The seminar will cover a series of sessions including the GoM's resource management efforts to date, the paradox of natural resource plenty, legal and regulatory frameworks, taxation and fiscal policies, revenue and expenditure management, governance, and determinants for long-run inclusive growth.** The Bank's experience in relevant areas will also be introduced. Following the seminar, the Bank will draft papers encompassing key issues of management of revenues and optimizing the benefits of coal and gas to Mozambique, and provide technical assistance accordingly to support the tax and revenue management reforms being undertaken by the GoM.