**Background and context**

Recent years in Mozambique have seen a period of rapidly rising extractive sector investment followed by a period of sustained falls in commodity prices, shrinking investment and delayed decisions on projects at an advanced stage of planning. Throughout this time – even during periods of high commodity prices and investment – the industry has been slow to transform local and regional development or deliver sustained benefits to the national economy. While major extractive industries have brought some local employment and infrastructure benefits to host provinces and districts, these areas have also experienced significant negative socio-economic and environmental impacts, including involuntary physical and economic displacement, pollution of air and adjacent water resources, and numerous health, safety and security concerns. Recognising the need to support the development of a sustainable extractives sector during both ‘boom’ and ‘bust’ scenarios, the Government of Mozambique (GoM) has been working on institutional, legal and policy reforms to increase the inclusiveness and sustainability of the sector and better align it with the overall socioeconomic and environmental development targets of the country as a whole.

To support this programme of reform, the GoM, through the Ministry of Mineral Resources and Energy (MIREME), has received World Bank financing for the "Mining and Gas Technical Assistance Project" (MAGTAP). The overall objective of the World Bank financing is to strengthen the capacity and governance systems of key institutions to manage the mining and gas sectors. A Strategic Environmental and Social Assessment (SESA) has been carried out as a key component of the project to help strengthen the sustainability of the sector and provide information to support the development of improved institutional, regulatory and policy frameworks for identifying and managing environmental, socio-economic and health and safety impacts in the mining and gas sectors. The referred SESA is a policy tool to support reform of the mining and gas sectors by informing the updating process of environmental, socio-economic, health, safety and security (ESHSS) regulations, policy, governance arrangements and decision-making pertaining to the sector.

The SESA is multi-dimensional in nature, as it analyses social, environmental and economic issues, prioritizes and validates the key issues with extensive, participatory and responsive consultations with stakeholders, and recommended policy options.
The SESA Scope and Objectives

Recognizing the sometimes-contrasting nature of impacts and policy options associated with mining and gas, the SESA treated these sectors separately when appropriate, also recognizing that there are significant overlaps in how these sectors can be effectively managed and monitored by government departments and agencies. Across this broad scope, the key objectives of the SESA with respect to the mining and gas sector were defined as:

(i) Identify, prioritize and validate positive and negative, direct, indirect and cumulative, ESHSS issues and impacts of Mozambique’s mining and gas (onshore and offshore) sector, at the national, regional and local level.

(ii) Identify gaps and overlaps in current institutional arrangements, policies and regulations that are responsible for failures to adequately mitigate negative ESHSS issues and impacts, or enhance positive ESHSS issues and impacts, associated with the mining and gas sector.

(iii) Propose measures to streamline, and reconcile gaps in, current mining and gas sector institutional arrangements, policies and regulations so that the management of positive and negative ESHSS issues and impacts associated with those sectors is improved.

The SESA Process

The SESA process was completed in four sequential phases, building a logical picture of the current situation, consulting on the priority ESHSS issues and proposing measures to streamline, and reconcile gaps in mining sector institutional arrangements, policies and regulations so that the management of positive and negative ESHSS issues and impacts associated with the extractive sector is improved:

Phase 1 – Inception Phase: covered mining and gas industry activities, the principal institutions, regulations and policies, ESHSS impacts associated with mining and gas, key stakeholders and international standards and approaches applicable to the management of mining and gas sector. Analyses were updated throughout the project as further documentary information was collected by SESA team members and consultations were completed with a wide range of stakeholders.

Phase 2 – Consultation: established the strategic environmental and social concerns to be taken into account during the development of the country’s mining and gas sectors through a comprehensive public consultation exercise with different stakeholders (central, provincial and district government, civil society organizations and private sector). Phase 2 validated, built upon, and prioritized, the ESHSS issues and impacts identified through the situational analyses.

Phase 3 – Analysis: updated the institutional, regulatory and policy analysis drafted during Phase 1 through extensive consultations with government stakeholders to identify gaps and overlaps that are undermining the effective management of priority ESHSS issues and impacts in the mining and gas sectors.
Phase 4 – Reporting and Validation: collated the findings of the previous phases and recommended policy and regulatory updates and institutional adjustments to address the gaps and overlaps defined in Phase 3. A comprehensive institutional and policy matrix was developed that specifies timelines, targets and indicators for monitoring, and outlines institutional responsibilities, capacity building requirements and an implementation plan. An Environmental and Social Screening Framework (ESSF) for mining and gas (onshore and offshore) has also been developed to screen future developments. The ESSF includes sector-level Environmental and Social Management and Monitoring Plans (ESMMP) and high-level ESHSS Guidelines. Stakeholder validation of the recommendations and ESSF was undertaken prior to submission of the Final SESA Report for the Mining and Gas Sector and Final ESSF for the Mining and Gas Sector. The Final SESA Report for the Mining (LSM and ASM) and Gas Sector and Final ESSF for both were reviewed by government stakeholders, MAGTAP and the World Bank.

Priority ESHSS Issues

Based on the situational analyses, a preliminary comprehensive list of potential ESHSS issues was first developed. The comprehensive list was then screened to identify a draft list of priority issues.

The draft list served as the starting point for discussions during subsequent consultations, during which stakeholders at national and provincial workshops and meetings were invited to refine and prioritise ESHSS issues specific to mining and gas operations. The output from the consultations was a validated list of higher and lower priority issues for the two sectors.

Cumulative impacts analysis

Beyond the priority issues identified in Phase 2, the SESA team also considered the cumulative impacts on infrastructure that could arise from the continuing expansion of mining projects, both at a general (national level) and then at province level based on existing and forecast mining activity. Mining projects can result in numerous and complex impacts on the environmental and social setting. While many of these are direct and immediate, the impacts of individual projects can combine and interact. Based on recent and current exploration and production information or data, the SESA team has developed qualitative province-level forecasts for the development of the mining sector.

Mozambique’s ASM sector can be broadly divided into two sub-sectors; a large number of (usually informal) artisanal mining operations; and a small number of small-scale mining operations distributed within different regions. Given the informal nature and temporal instability of much of the ASM activity in Mozambique, it is not possible or appropriate to complete a cumulative impact assessment for the ASM sector. However, the SESA report assesses in very broad terms the implications of higher numbers of ASM operations and/or more densely packed ASM sites within a fixed geographic region.
Policy issues

Broadly, there are two principal issues at policy level. The first relates to the gaps, overlaps and inconsistencies apparent when considering policies and dependent laws and regulations relevant to the mining and gas sectors. The second relates to the policies, laws and regulations that are strong on paper, but which are only weakly implemented or misinterpreted (differently interpreted) by different parties.

Institutional issues

A number of important institutional issues were identified, focused on roles and functions of key institutions, the capacity of those institutions to undertake the tasks assigned, institutional interactions and coordination, and issues related to stakeholder engagement and management.

Implementation and monitoring

The starting point for implementation is the extensive list of implementation activities included in the Policy and Institutional Matrix. Those implementation activities represent the step-by-step guide (to the maximum extent possible, acknowledging that later steps may be dependent on the outcomes of the earlier steps). There are three broad enabling activities that collectively represent the point of entry for the implementation and monitoring phase:

Recruitment: addressing deficiencies in staffing across relevant government institutions is critical, particularly within MIREME and MITADER.

Capacity building in government institutions: combine training and capacity building activities for government institutions into an integrated programme delivered via a mix of delivery methods, which should ensure that those involved benefit from enhanced institutional interactions, the joint (cross-institution) understanding of issues and solutions and cross fertilisation of innovative ideas and approaches.

Capacity building in potentially affected communities: stakeholder engagement and consultation is a critical element of the SESA and more broadly governance of the mining sector now and into the future. The SESA proposes a number of key areas where capacity building should initially focus, including revenue sharing and resettlement process.

Once these enabling activities are underway, the other implementation activities can be rolled out according to the proposed sequencing (near-term, medium term or long-term). The indicators suggested in the Policy Matrix should be used to monitor and evaluate the SESA implementation process specifically; some of the indicators may also be useful in evaluating and quantifying positive changes in the mining sector as a result of the interventions proposed in the SESA.