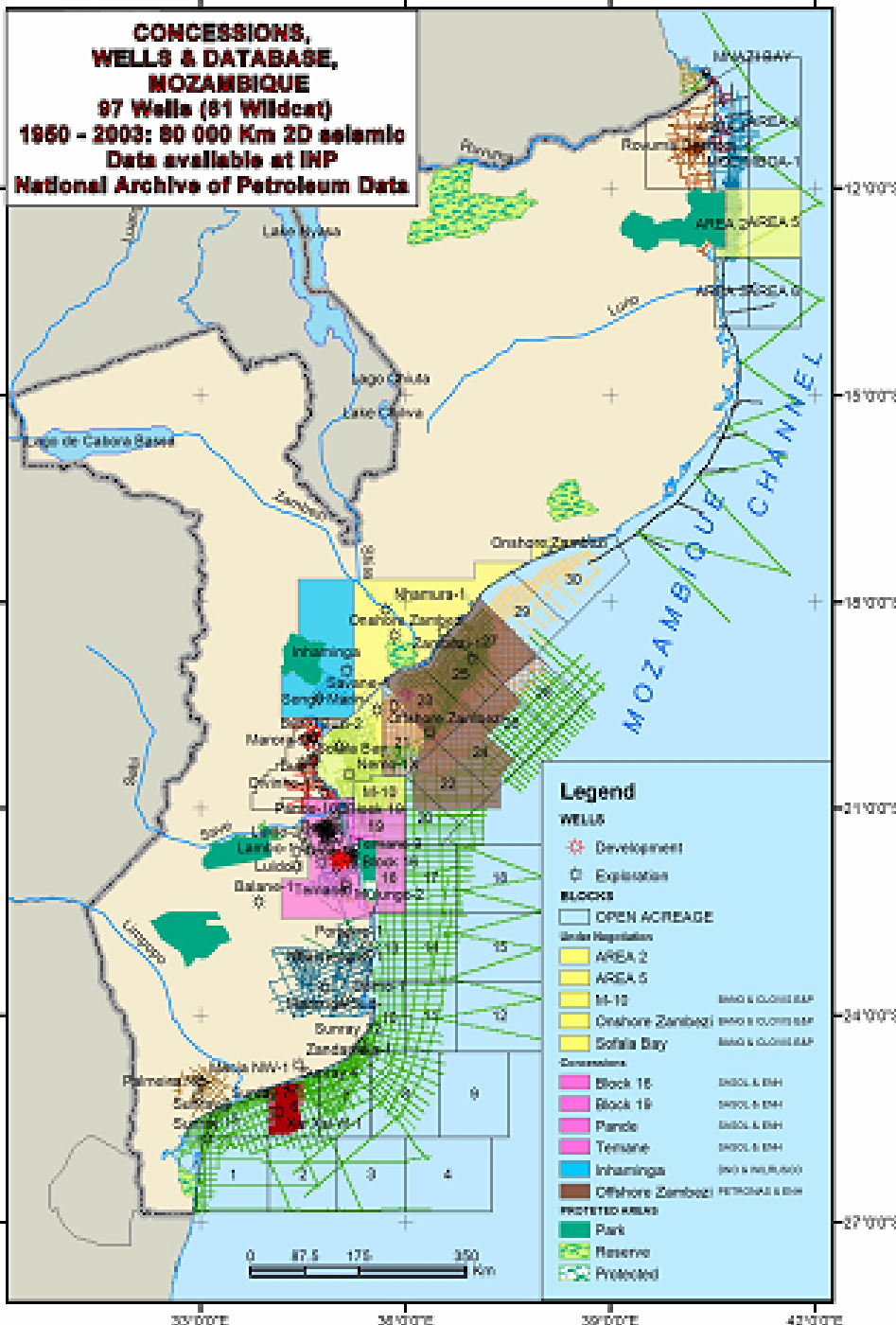


Improving Environmental Licensing In Mozambique: The Case Of The Oil And Gas Industry

Sean Nazerali, September 2013

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Context



- Oil and Gas Exploration in Mozambique for more than 100 years
- No Commercial Oil
- Small scale Gas production in centre of country since 2004
- Globally important Gas reserves discovered in the north in the last few years
- 145 tcf discovered, perhaps another 128tcf to be discovered
- Palma LNG plant possibly the largest single investment ever in Africa

A Great Opportunity

....but....

**...there
are
Risks !!**



Managing Risk – Environmental and Social Impact Assessments

- Mozambican Legislative Framework
 - Generally Good
 - Environmental and Social Impact Assessments Mandatory
 - Public Consultations Obligatory
 - Environmental License “prerequisite to the issuance of any other license which may be legally required” (Env. Law)
 - Recent Updates for the Oil and Gas Sector

Weaknesses in the Process

- Three key weaknesses
 - quality of EIAs
 - compliance with the approved Environmental Management Plans (EMPs)
 - lack of transparency and follow-up of the process post-licensing
- Main Cause:
 - Institutional Weakness

EIA Quality

- Very specialized field
- Lack of Technical Capacity in MICOA (Envir. Ministry)
- Lack of time
- Result: Quality of EIA depends too heavily on the investor
- Trust is lacking!



Noble Drilling Corporation

Chief Problems



Daily Shipping Newsletter

“Energy Searcher” Drill boat in
Zambezia

- unrealistic / impossible mitigation measures
- downplay certain risks where effective mitigation measures would be costly
- limited degree to which they consider indirect impacts
- almost always ignore cumulative impacts

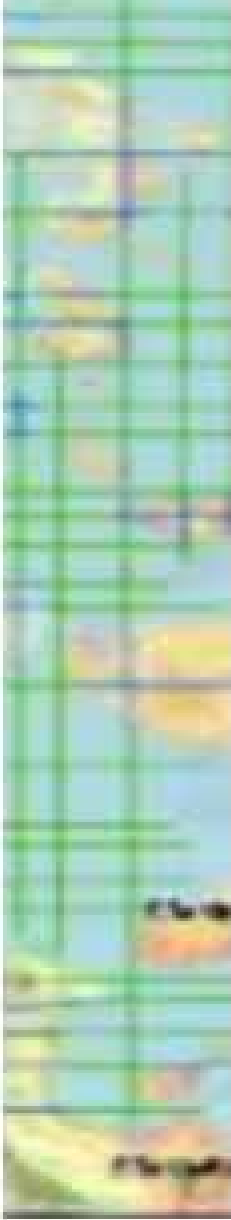
Environmental Management Plan Compliance – The Biggest Problem

- “Third-party” EMP monitoring
 - Weak, ineffective
 - Very company-dominated
- Limited oversight from MICOA
 - Technical
 - Time
 - Funds

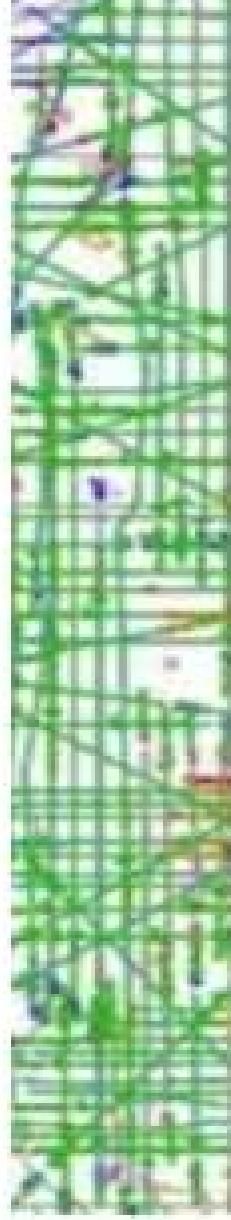
Result?

Massive Fraud

- Company does as company wishes
- Disconnect between “Predicted impacts” and actual ones
- No alteration of EMP to reflect reality



EIA Approved
plan



Actual lines

3 – Transparency Post-Licensing



- Once licence emitted, no legal requirements for public hearings
- No mandatory public reporting on actual performance and compliance
- All in the hands of the state

The Business Case for Improvement

- social license to operate
- minimizing business risks
- obligations to company's financing institutions



Photo: BBOP

Business Case – Financiers’ obligations



- Standards from International Finance Corporation or the “Equator Banks”
- These demand higher standards than national legislation
- Mozambique benefits

Three Practical Mechanisms for Improvement

- Peer Review for EIAs
- Expert Technical Councils for EMP Supervision
- Biodiversity Offsets

Peer Review for EIAs

CONCEPT

- Independently Chosen Review Panel
- Technical Professional Specialists
- Submit to Review Panel, MICOA, Company, and to General Public

RESULTS

- Higher quality EIA
- Higher confidence
- Extra skills / training for MICOA
- Note this is NOT new, even in Mozambique

Expert Technical Councils for EMP Supervision

CONCEPT

- Analogous to independent building supervisor (*fiscal*)
- Independent Experts
- Oversight at critical moments (desktop and fieldwork)
- Work with MICOA/INP

RESULTS

- Guarantee correct implementation of EMPs
- Skills Training for INP, MICOA
- Public oversight and trust-building of projects

Biodiversity Offsets

Measurable
conservation
outcomes
reasonably expected
to result in **no net
loss** and preferably a
net gain of
biodiversity



- Required in IFC Performance Standard 6 and Equator Bank principles

Biodiversity Offsets

- Implemented in EIA process
- Uphold Art 4 of Environmental Law (“Principle of Responsibility”) as well as recommendations from Strategic Environmental Assessment
- Can possibly use the Protected Area network as the offset areas
- Take advantage of the BIOFUND as financial mechanism



Advantages



- Needs no new legislation
 - Place in EMP becomes legally binding
- Increases Transparency, Trust, and Collaboration
- Increases national skills
- Assists development while guaranteeing our natural heritage



A group of dolphins swimming in the ocean. The dolphins are seen from an aerial perspective, moving in a loose formation across the deep blue water. The sunlight reflects off the surface of the water, creating a shimmering effect. The dolphins' bodies are sleek and grey, with some showing lighter patches on their sides. The overall scene is serene and captures the natural behavior of these marine mammals.

Thank You

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