

Mining Thematic Call: Whetting the Appetite?

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Why the Mining Sector?

- The country's economy is in a crisis because the agricultural sector is in decline as it contributes about 90 percent of the total exchange earnings
- The country's main exchange earner, tobacco, which contributes about 60 percent of the total export earnings has not been doing well due to a number of reasons
 - There are several domestic political economy factors
 - The mounting anti-smoking international lobby which is affecting the levels of demand in the international markets
- This is happening at a time when the country's mining sector is rapidly growing at the rate which it is expected to replace the agricultural sector as the main contributor to GDP
- It is projected that the sector will contribute as much as 30 percent to GDP by 2015 from as low as 3 percent at the turn of the new millennium

Why the Mining Sector? Cont'd

- The PEA analysis that we carried out reveals that the sector is in a total state of flux
- ***The key question is: if the country's economy is in a state of crisis and the mining sector is a promising alternative, why is it that the government is not acting swiftly to ensure that the country start benefiting as soon as possible? Why?***
- Several key questions are pertinent at this point:
 - Who are the key actors in the sector at the moment?
 - What are their incentives and interests?
 - Who are winners and losers?
 - Who would be the winners and losers if the reforms were to be made?
 - What would be the implications of the reforms on the development strategies and priorities?
 - What are the opportunities and barriers for reforms in the sector?
 - What is the power, influence and authority of the various stakeholders in the sector?
 - What sort of coalitions currently exist? Are they growth orientated or predatory?
 - Have there been any reforms that have been attempted in the sector and what have been the outcomes

Why the Mining Sector? Cont'd

- While there is concern with non-positive action to promote the economic contribution of the sector, there should also be concerns about the prospects of the Dutch Disease in the sector
 - Refers to the apparent relationship between the increase in exploitation of natural resources and decline in the manufacturing sector
 - Non-resource industries are hurt by the increase in wealth generated by resource based industries
 - It just means consequences arising from large increases in a country's income
- Think about what would happen in the Malawi context. This is often the genesis of resource related conflicts that are quite widespread across the continent

What is the Situation in the Sector?

Policy, institutional and legal framework

- The PEA revealed that the policy, institutional and legal framework for the mining sector is in a state of flux with particular focus on the 1981 Mines and Minerals Act and the Petroleum (Exploration and Production) Act
 - The Act vests exclusive ownership of the mineral resources in the people of Malawi through the President
 - The Act gives too much discretionary powers to the relevant Minister to decide on critical issues without due regard to the role of technical advice
 - The Act lacks a model mineral agreement which implies that contracts are decided on a case by case basis which undercuts the potential of developing a shared vision in the mining sector
 - The Act does not outline how mining ventures would address the needs of vulnerable segments of society as well as promoting value addition and community development
 - The Act is so outdated that it is out of tune with new pieces of legislation that have a direct bearing on the mining sector, for instance, the Environmental Management Act 1996, which makes a transparent and accountable Environmental Impact Assessment (EIA) a mandatory requirement before any mining activity is commissioned
 - The Act accords mining companies exclusive rights without taking into account the livelihoods of the people displaced
- The policy although it has been adopted, there are several concerns with it and the sector has very weak capacity in law, taxation, safety, engineering, limited numbers in existing capacity etc

What is the Situation in the Sector? Cont'd

- These constraints render the entire framework susceptible to capture by vested interests, fraud and corruption which undermines its overall integrity
- The fact that although these challenges are widely recognized but efforts to reform the policy, institutional and legal framework proceeds at a snail's pace suggests that the sector might as well already be captured by vested interests and is a hotspot for fraud and corrupt activities
- This makes a strong case for a project that would advocate for policy, institutional and legal reform of the mining sector
- ***What kind of projects can you therefore think about to address these challenges motivated by the PEA approach?***

What is the Situation in the Sector? Cont'd

Weak collective action among actors in the sector

- The PEA established the desire among civil society organizations to engage government and other related stakeholders with a view to establishing a mining regime that is transparent, accountable and responsive to the needs of Malawians
- They either work individually or collectively as networks. However, instead of working for a common goal, civil society organizations or networks tend to be competitive to the extent of working entirely at cross purposes in some cases
- This undermines unity of purpose and direction in their bid to stimulate and sustain positive changes in the sector.
- Yet the overall goal of any development thrives on collective action to achieve and sustain positive gains
- ***The question therefore is: what kind of projects can be done to ensure that CSOs work with each effectively and efficiently to achieve the desired goals and objectives in the sector?***

What is the Situation in the Sector? Cont'd?

Framework of engagement at community level

- The weaknesses of the overall policy, institutional and legal framework for the mining sector are further manifested in the unending conflicts at community level where mining activities actually take place
- The PEA established there are several hotspots of conflict between mining companies and communities triggered by misunderstandings of various sorts arising out of lack of clarity of simple but very vital procedures
- The district councils often find it difficult to mediate these conflicts because they are not privy to the negotiations between the central government and the investors
- They are often drawn into the fray when misunderstandings erupt which makes it difficult for the councils to intervene meaningfully which are inevitable since often mining activities involves expropriation of massive tracts of land from people which is the main productive asset
- This is a cause of concern because the average land per capita has fallen to as low as 0.4 ha yet it remains the principal source of livelihood for the majority of rural Malawians
- ***What kind of projects can be developed to address these kinds of challenges motivated by the PEA approach?***

Concluding Remarks

- These problems are not new and some efforts have already been made to deal with them but rather unsuccessfully
- The idea now is to conceive new and innovative projects motivated by the PEA approach to deal with these problems and challenges at least successfully
- Always remember that PEA does not necessarily mean doing a whole lot of different things but doing the same things that are already being done differently
- ***Can we do it? Yes we can! The Tilitonse Pot is up for grabs as long as we can demonstrate that we can implement projects with a difference and not in a business as usual fashion***

THANKS

ZIKOMO

SIKOMO

YEBO