

MINING REVIEW

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Year 2014 round up

Mining reforms steal limelight

By Marcel Chimwala

Mineral sector reforms have emerged as the major issue of the year 2014 which is coming to an end this month with the new administration of His Excellency Professor Arthur Peter Mutharika taking steps to review the existing mining legislation including the Mines and Minerals Act (1981) and the Petroleum (Exploration and Production) Act (1983).

Government is implementing the reforms under the auspices of the Mining Governance and Growth Support Project, which it is financing through loans and grants obtained from the World Bank and the European Union.

"The reforms have also included institutional and governance strengthening, local and short term capacity building, the updating of geological data base through acquisition of high density airborne geophysical data, updating geological maps, modernizing the mineral cadastre and setting up of a geo-data centre for ease of data access," says Director for the Department of Mines, Mr. Charles Kaphwiyo.

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New policy raises hope for Malawian small-scale miners

"We mine and sell precious stones but we are poor." This was the statement echoed by small-scale miners at a symposium to formulate the artisanal and small-scale mining (ASM) policy held in Lilongwe from November 11 to 12.

The symposium was organized with funding from different stakeholders including the Malawi Government, United Nations Development Programme (UNDP), FDH Bank, a Washington-based non-governmental organization PACT, and the World Bank and European Union through the Mining Governance and Growth Support Project.

It answered the concern from small scale miners on why they are still wallowing in the poverty trap though they are involved in the mining of precious stones.

"The problem is that the sector is not yet formalized and they are no organized markets for ASM products in the country hence many ASMs end up being duped by middle men who buy the stones at an unrealistically low prices and sell them at a whooping profit to international buyers," said Director of Mines at the Ministry of Natural Resources, Energy and Mining Mr. Charles Kaphwiyo.

Mr. Kaphwiyo said it is against this background that the Malawi Government is formulating the ASM policy that will guide in formalizing small-scale mining activities in Malawi in order to ensure optimal benefits for the miners, the government and the economy at large.

A large group of small-scale miners drawn from across the country were consulted through the symposium to get their recommendations on the draft ASM policy. Several challenges hampering the ac-



Honourable Muluzi poses with participants at the symposium

tivities of the miners were pointed out including limited access to modern technologies, lack of capital for investment in mining and mineral value addition and limited access to established markets.

The other challenges for small-scale miners tabled at the symposium included inadequate marketing skills, informal mining operations, inability to understand geological information and disregard to basic

mining occupational health, safety, and environmental considerations.

"It is my considered view that if we are to overcome these challenges, we need to transform the ASM subsector from an in-



Small-scale miners exhibited lots of eye-catching products



formal to a formal footing," said Minister of Natural Resources, Energy and Mining Honourable Atupele Muluzi.

Honourable Muluzi said the Government wants operators in the sector to be licensed, mining activities regularly monitored and inspected, and the country should endeavour to organize a formal market for ASM, especially for gemstones.

He also said the country needs to begin to add value to its gemstones by polishing and cutting the gems locally in order to realize optimal benefits from the resources.

Furthermore, the minister said, artisanal and small-scale mining operations should be conducted in accordance with applicable safety and security requirements and should safeguard the wellbeing of the environment.

Muluzi said: "We should also endeavour to curb illegal ASM operations and smuggling of our precious stones, which robs us of revenue and jobs for our people."

"Finally, all operations in this sub-sector should be held to the highest standards of transparency and accountability. Those who fail to comply should have their licences revoked. We should rise to a high threshold where Malawian gemstones are traceable on the international market."

He said development of the artisanal and small-scale mining subsector is part of the government plans to diversify the economic base of Malawi in order to generate more wealth for all Malawians and reduce poverty for the rural masses.

UNDP's Country Representative for Malawi, Ms Mia Seppo, concurred with Government's plans to formalize the subsector through the new ASM policy saying the policy is in tandem with UNDP's strategy on Harnessing Extractive Industries for Human Development in Sub-Saharan Africa.

Said Seppo: "This strategy seeks to address capacity development needs in policy, governance, accountability and transparency in the Extractive Industries sector. The UN takes a holistic approach to Extractive Industries and we consider issues such as the health and social impacts, the gender and human rights dimension as well as economic and environmental aspects all of which must be taken into account when developing extractive industries. Harness-

ing Extractive Industries to advance human development is a top priority for the UN and I am therefore pleased that UNDP is associated with this consultative symposium."

She explained that worldwide, UNDP focuses on "people-centered" exploitation of extractive industries that contribute to "human development," and this entails the ability of people to live long lives full of choices and in ways they have a reason to value."

Seppo pointed out that often, the UNDP strategy proposes an integrated package of interventions in the areas of Governance, including participation, transparency and accountability, Environmental and social sustainability, Conflict prevention and Engagement of the private sector, civil society and local groups (in particular women's organizations and indigenous people's organizations, foundations and other stakeholders and Economic and social policy formulation.

She warned that there is a great need to formalize the ASM subsector because if it is not well regulated, it can be an impediment to "human development".

In the majority of African countries, ASM sub-sector provides a number of employment opportunities, particularly to women and youth.

Seppo said the same could be the case with Malawi if the formalization process is successfully concluded.

Said Seppo: "Streamlining of licensing procedures and bringing together of small scale miners into groups such as cooperatives will allow them to meaningfully participate in the subsector and, in the medium- and long-term, open up steady markets. This will help move these miners out of the poverty trap. The benefits to Government from a well regulated subsector can also be enormous. As the country continues to experience financial constraints to support development programmes, revenue from ASM subsector can serve as additional source of financing for programs that further advance human development."

She also called for concerted efforts among stakeholders to support the ASM subsector to increase participation and strengthen capacities of the artisanal and small scale mining operators saying if well



Hon. Muluzi addresses the gathering

supported, the sector will immensely improve the human development status of the rural masses.

Government is formulating the ASM policy in accordance with the Malawi Growth and Development Strategy II, which seeks to promote the participation of Artisanal and Small Scale Miners in mineral development.

Secretary for Ministry of Natural Resources, Energy and Mining Ben Botolo also said the policy is in line with the Southern Africa Development Community (SADC) Protocol on Mining of 1997-Article 7, African Mining Vision and New Partnership for Africa's Development (NEPAD) initiative for mining.

The symposium for the formulation of the policy was organized with the theme "Unlocking Opportunity for Artisanal and Small Scale Mining industry for Social and Economic Development in Malawi."

At the end of the two day symposium, hope was ignited in the minds of the small-

scale miners that with the policy in place, they will not again echo the statement "We mine precious stones but we are poor" as the precious stones will bring them the riches they deserve.



PS for Ministry of Natural Resources, Energy and Mining Ben Botolo was one of the main speakers at the landmark event



Celebrates 20th Anniversary



The Deputy Mayor of Blantyre City Assembly, Councillor Wild Ndipo cuts the cake as Lesibana Ledabwa (Barloworld Equipment Executive Director Patrick Khamula (Power Account manager) and Mikes Steytler (Operations manager) looks on



Mr Itaye of Nampak shares a light moment with Mr. Ted Nandolo CEO of Blantyre City Assembly



Mr Da Costa and Mrs Oliviera of Terrastone congratulates Lesibana Ledabwa Executive Director of Barloworld Equipment



A cross section of distinguished customers invited to the cocktail party at Protea Ryalls Hotel on Monday 10th November 2014



Mr Hudson Mankhwala, Chief Immigration Officer engages Mr Da Costa of Terrastone



Lesibana Ledabwa (Barloworld Equipment Executive Director) presents a gift to the Deputy Mayor Blantyre City Assembly Councillor Wild Ndipo



Mr Ted Nandolob (CEO - BCC), Lesibana Ledabwa (Barloworld Equipment Executive Director), Councillor Wild Ndipo, Mike Steytler (Operations Manager) and Chrispin Ny'oma (Barloworld Equipment Director) pose for a group photo.

Communities cry for inclusiveness in mining ventures

The event was big, the crowd huge, the voices many but the cry was the same: "Strange people just come to our areas to search for minerals without consulting us, the owners of the resources!"

This cry was conspicuous in the voices of rural communities who gathered at Crossroads Hotel in Lilongwe where civil society organisations conducted a three day national alternative mining indaba starting from November 25 to 27 with the theme: achieving inclusiveness, transparency and accountability in the mining sector for sustainable development.

With funding from Tilitonse Fund, the NGOs that organized the Indaba included the Norwegian Church Aid, Action Aid, Centre for Environment and Policy (CEPA) and Citizens for Justice.

An interesting case was presented by Traditional Authority Mabalabo of Mzimba whose area hosts the Kanyika Niobium Project owned by Australia's Globe Metals & Mining who lamented that though discussions for a development agreement for the Kanyika Project are underway between the government and the miner, the Kanyika Community has not been invited to take part in the negotiations.

Mwabulabo also complained that the Government never consulted the Kanyika community when it approved the Environmental and Social Impact Assessment report that Globe completed for the Project, which is poised to start producing niobium, tantalum and zircon.

"We want the government to remove secrecy when handling issues involving exploitation of the country's natural resources. They have to know that these are non-renewable resources, so when they are depleted, they are gone and will never come back hence both our generation and future generations lose out," said Mwabulabo.

He reported that in the case of Kanyika, despite the government seemingly lacking interest in community engagement on the project, Globe showed its commitment to involve the communities by carrying out periodic meetings in the early stages of exploration work which commenced in 2008.

T/A Mwabulabo explained that in these early exchanges, there were arrangements to resettle 43 families that reside within the project area to pave way for mining activities but up to now, the community has been kept in the dark on when they will be relocated and about their resettlement package.

"This is a human rights issue that the government has to consider. How can one pursue development plans while living in such suspense over resettlement?" He questioned. The Kanyika story is a case in point in exposing the information gaps that are there between the government and local communities on mining ventures.

It is, therefore, against this background that the Tilitonse Fund came into being as a multi-donor pooled grant-making facility for Malawian based civil society organizations supporting more accountable, responsive and inclusive governance in the minerals sector.

Tilitonse, which is in line with the Malawi Growth and Development Strategy, has funded three Malawian civil society organizations Norwegian Church Aid, Action Aid and Centre for Environmental Policy and Advocacy (CEPA) in a project to promote inclusiveness, transparency and accountability in the mining sector over a two year period.

The Norwegian Church Aid told the gathering at the Indaba that under the backing of Tilitonse, it is implementing a project called Tonse Tipindule to promote increased inclusions, accountability and responsiveness in Malawi's minerals sector.

"The main goal of the project is to con-



Honourable Muluzi being welcomed by the organizers on arrival



Participants paid great attention to the proceedings



Minister of Natural Resources, Energy and Mining Hon. Atupele Muluzi and the participants at the Indaba



Director of Mines Charles Kaphwiyoh had a tough time addressing concerns of the participants



Hon. Muluzi made an inspiring speech to launch the Indaba



Traditional leaders were among the major participants



PS Ben Botolo addressing the gathering



Flems interacts with Hon. Muluzi



Mr. Obhion Flems Country Director for Norwegian Church Aid makes his speech

tribute to improved social inclusion, accountability and responsiveness among duty bearers in Malawi through strengthened citizens' voice. The project seeks to improve citizen participation and positive engagement between civil society groups, citizens, mining investors and government," said Norwegian Church Aid Country Representative Oddbjorn Flen.

Norwegian Church Aid is implementing the Tonse Tipindule Project in 10 districts of Mulanje, Phalombe, Mwanza, Balaka, Ntcheu, Mangochi, Dowa, Karonga, Mzimba and Chitipa.

Tonse Tipindule Project has the following results areas: Policy, institutional and legal framework reforms initiated in the mining

sector and a comprehensive stakeholder engagement framework established at community level.

In pursuing these initiatives, the Project mobilizes civil society organizations and traditional leaders in the affected communities and supports them to effectively engage mining companies and government regarding community benefits and participation in mining projects.

Action Aid is another non-governmental organisation (NGO) that stressed on the importance of promoting inclusiveness, transparency and accountability to the participants at the indaba. The NGO said it is promoting this vision through a project in Responsive Mining Governance for Equitable

and Sustainable Development of Malawi.

The main goal of this project is promoting transparency and accountability in the extractive sector for equitable and sustainable development. The project seeks to enhance improved collective action among CSO actors and communities for effective advocacy on accountability and transparency in the extractive industry in Malawi.

The Action Aid project is being implemented in Karonga, Mzimba and Phalombe Districts and its result areas include improved collective action among CSOs to pursue advocacy on mining issues, increased technical capacity on member civil society organizations on issues of mining, increased capacity and voice of the poor communities especially

women to influence decisions on issues of mining at community level.

With funding from Tilitonse, CEPA informed the indaba that it is implementing a two-year project on strengthening mining governance in Malawi.

It explained that the project's overall goal is that governance in the mining sector in Malawi is more inclusive and accountable with the purpose of engagement of CSOs, private sector and citizens in mining policy processes.

To achieve the goal, the project has three major outputs which include: review of policy and institutional framework for regulating the mining sector influenced by CSOs, increased cohesion of CSOs in policy advocacy on min-

ing, and increased public understanding of mining issues.

Norwegian Church Aid, Action Aid and CEPA told the Indaba that they came up with these projects after commissioning a joint baseline study on Malawi's mining sector that revealed lack of community inclusiveness, transparency and accountability on exploration and mining projects.

"The study found out that in most cases, the local communities were never involved or involvement was limited to a few individuals who were in most cases traditional leaders," said the three NGOs in the study report presented at the Indaba.

In response to the complaints of the participants, Minister of Natural Resources, Energy

and Mining admitted that there are flaws in the administration of the mining sector in Malawi which has prompted the government to start implementing necessary reforms, which include reviewing relevant legislation such as the Mines and Minerals Act (1981) and the Petroleum (Exploration and Production) Act 1983.

He said the government is also taking steps in reviewing and strengthening the mining sector fiscal regime, enhancing accountability and transparency in the mining sector, and improving the ease of doing business.

"The Malawi Government realizes that the mining can only contribute to socio-economic development of the country if it is done in a sustainable manner," said Muluzi.

He said the Malawi Government is committed to ensuring that the mining sector develops sustainably by taking into account prevailing best practices, which enables Malawians to realize optimal benefits.

"This is why my Ministry has been reviewing the mining legislation to address the deficiencies that have been seen to impede development of the sector and align it with aspirations of Malawians. The review started with the development of the Mines and Minerals Policy, which was approved and launched in April 2013."

He said in order to take care of the information gaps existing on mining issues, the Government is currently developing a national public outreach and communication strategy for stakeholder dialogue on mining matters.

In addition to this, Government has all along been engaging CSOs, among other stakeholders, in the development of mining policies and review of legislation.

Muluzi said: "Over and above, my Ministry recently signed a memorandum of understanding with the Civil Society Organisations through the CSOs Tilitonse Programme in an effort to foster a good working relationship in the sustainable mineral development in Malawi."

"This is an encouraging development that needs to be sustained if the country is to realize the colourful dream of diversifying its economic base from agriculture and also nationally making a historical paradigm shift from agro-based to mineral based economy."

"We attach great importance to consultations and collaboration with stakeholders such as civil society organizations and it is our hope and expectation that we will mutually endeavour to deepen our constructive engagement to build the sector for the benefit of all Malawians."

The Minister, who officially opened the Indaba, also said the Government is making progress in its steps to join the Extractive Industry Transparency Initiative (EITI) following the pronouncement by the Head of State Professor Arthur Peter Mutharika through his first State of the Nation Address that "Malawi should improve on revenue management transparency and accountability through the EITI process."

Muluzi explained that the Government is committed to the EITI process because it realizes how significant the issues of transparency and accountability in the administration of mineral rights and utilization of royalties and fees from the minerals sector are.

"In this connection, I wish to urge all the CSOs and other organizations that advocate on mining issues to utilize resources at their disposal in building the nascent mineral sector as opposed to fanning sentiments of antipathy and hostility towards the sector," said Muluzi.

He also thanked the NGOs for their steadfast support towards the development of the mineral sector in Malawi through the Tilitonse Fund.

"Mining is a young sector, its challenges are enormous, and therefore we will continue to count on your support to realize the full potential of this most promising sector," said Muluzi.

Certainly, realizing the full potential of the sector will remain a pipe dream for Malawi if the cries of the mining communities, whose voices were audible at this first National Alternative Mining Indaba for Malawi as being at risk of labour exploitation, health issues and environmental hazards associated with unsustainable mining practices, are not taken into account.

EDITORIAL

We owe it to stakeholders Bravo RAKGAS!



BY MARCEL CHIMWALA,
PUBLISHING EDITOR

The year 2014, which is coming to an end this month, is a memorable year for Mining Review for this is the year the publication has evolved from a quarterly to a monthly.

This has been possible due to the support we have received from different stakeholders more especially UAE Oil Exploration Firm RAKGAS which since July has been offering us monthly support.

Besides RAKGAS, stakeholders that have sponsored Mining Review in the year include the Government through the Mining Governance and Growth Support Project, Mkango Resources, Shayona Cement Corporation, Malcoal Mining, Surestream Petroleum and SacOil Holdings.

For the first time, we have also had banks such as National Bank of Malawi and FDH Bank coming in to sponsor some Mining Review editions.

Non-governmental organizations such as Action Aid, which has provided partial funding for this edition, are other partners we will not forget to mention.

Other stakeholders who deserve our thanks are the advertisers who include Farming & Engineering Services, Barloworld Equipment, Bell Equipment and Chiwandama Geo-Consultants.

Lastly but not least, we extend our thanks to our readers who value information as a tool for economic transformation. Your support has kept us going, you stakeholders!

As we welcome 2015, we request all of you, stakeholders in the minerals sector to keep on supporting Mining Review as this is probably the only mining publication in Malawi that has the desire, capacity, determination and the professional know-how to present information that is accurate and true to the public as far as mining issues are concerned.

As we put it in the letter to introduce Mining Review to private mining firms when we were starting this publication under the tutelage of former Director for Mines, Mr. Ellason Kaseko (May His Soul Rest in Eternal Peace) in the year 2009, "Joint publicity of the mining sector is crucial in attracting interest into the sector."

All in all, we wish you all a happy festive season.

Mining reforms steal limelight

FROM PAGE 1

The process to review the Mines and Minerals Act of 1981 saw the holding of a two day symposium from July 16-17 whose opening ceremony was presided over by Minister of Natural Resources, Energy and Mining Honourable Atupele Muluzi.

Kaphwiyo says the Act is being reviewed in order to ensure that the country is able to realize optimal benefits from the largely unexploited sector.

The symposium to review the Act attracted participants from the whole spectrum of stakeholders including Government, donors, exploration and mining firms, financial institutions, equipment suppliers, civil society and the media.

"We need to review the Act to put in place a viable and transparent fiscal regime that attracts investors, effectively regulates transfer of foreign earnings, ensures that a substantial amount of revenue is retained in Malawi and promotes and protects local Malawians investing in the industry," says Minister of Natural Resources, Energy and Mining Atupele Muluzi.

Muluzi says as part of the reforms, the Government is also pursuing plans to subscribe to the Extractive Industry Transparency Initiative (EITI) to promote transparency and accountability in the sector.

Mining Policies

The mining reforms also saw the launch of the New Mines and Minerals Policy last year which is aimed at attracting investment in the sector in order to transform the country from an agro-based to a mineral based economy.

This December, the Government also held a symposium for the formulation of the artisanal and small scale mining (ASM) policy. The policy will guide the government in unlocking opportunities for the artisanal and small scale mining subsector, which is crucial in the alleviation of poverty (The symposium is exclusively reported in this edition)

Mining and Exploration Projects

Kayelekera Uranium Mine

The year 2014 also saw mining suspended at the Kayelekera Uranium Mine, which is Malawi's largest mining investment. The investor, Paladin Africa, attributed the suspension to failure of the mine to make profits due to low prices of uranium on the global market in response to the Fukushima Nuclear Disaster, which led to the closure of several nuclear power plants in Japan.

Paladin Africa has now put the mine on care and maintenance while waiting for prices to pick up to US\$75/lb for benchmark profitability.

Shayona Cement Factory Expansion

Also in the year, Shayona Cement Corporation announced an expansion project at its Kasungu Factory in so doing increasing mined quantities for limestone at the company's Livwezi and Chikowa deposits located close to the factory.

Shayona Cement is investing US\$65-million in the project, which is being implemented in phases and will see production rising to 1200 tonnes per day using rotary kiln technology.

This has emerged as a model project



Muluzi: We need to review the Act

for Malawi as it uses up to 80% locally sourced raw materials while its competitors continue to import clinker despite the availability of limestone (a major ingredient for clinker) in the country.

Pre-feasibility study results for Songwe Hill Rare Earth Project

In 2014, significant progress was recorded at the Songwe Hill Rare Earth Project in Phalombe as the owner of the project, Mkango Resources, completed a pre-feasibility study and announced positive results, which gives hope to the sector.

The results indicate that the deposit has a net present value of US\$293-million with an 18-year mine life. The firm's President Alexander Lemon says the results have positioned Malawi globally as a potential sustainable rare earth producer.

Mkango is intending to launch a definitive feasibility study for the project with mine construction scheduled to commence in 2017.

The rare earth elements expected to be mined at Songwe include lanthanum, cerium, praseodymium, neodymium, samarium, europium, gadolinium, terbium, dysprosium and yttrium.

Malcoal's exploration results

The other interesting news in the year came from Malcoal Mining, which released results of the coal exploration at Nkhachira that pegged a combined total in situ coal resource for the project at 38.4-million tonnes comprising 10.1 million tonnes measured, 13.8-million tonnes indicated and 14.4 million tonnes inferred category coal.

Malcoal has an operating mine at the site and is seeking to expand production to supply its 120MW Pamodzi Power Project, which it is developing at Chipoka in Salima.

Oil Exploration

The year also saw oil exploration gathering momentum in all the six blocks awarded in the country's chunk of the African Rift System.

In Block 1 located in Northern Malawi bordering Tanzania and Zambia, the prospector SacOil Holdings completed an environmental risk screening study of the area to pave way for exploration.

In Block 2 and 3 covering the Lake Malawi area in Karonga and Nkhata Bay,

Hamra Oil Holdings launched initial exploration work that include an airborne gravity, magnetic and tensor gravity survey for the project after completing an environmental and social impact assessment study that involved extensive consultations with the community.

In Block 4 and 5 located further South in the Rift System covering the districts of Nkhatakota, Mangochi, Machinga, parts of Balaka, Blantyre and Mulanje, the prospector UAE firm RAKGAS also launched preliminary aerial surveys which are similar to the airborne geophysical survey being undertaken by the Government, and do not have any effect on the environment.

In Block 6, located in Chikwawa and Nsanje, Pacific Oil and Gas is also conducting similar preliminary exploration works.

Appointments

The key feature of the year was the election of Professor Arthur Peter Mutharika of the Democratic Progressive Party as President replacing Former President Joyce Banda of the People's Party, and just as per tradition his election saw new faces taking up positions. The minerals sector received Honourable Atupele Muluzi as Minister of Natural Resources, Energy and Mining and Mr. Ben Botolo as the Principal Secretary.

Chamber of Mines off ground

During the year, private sector representatives from the minerals sector met in Lilongwe to map the way forward for the establishment of their representative body, the Malawi Chamber of Mines.

An interim committee was formulated to oversee the take off of the Chamber with Mr. Dean Lungu, a Director for Bwanje Cement Company as the Interim Chairperson.

The Vice Chairman for the committee is Country Director for Mkango Resources Burton Kachinjika while the Secretary is Dina Longwe. Other executive committee members include former Minister of Natural Resources, Energy and Mining Grain Malunga, Paladin Africa General Manager Greg Walker, Elton Jangale, Chrispine Ngwena, Bobby Singh and Paulo Rocha. Director of Mines Charles Kaphwiyo is an ex-officio member of the committee.

Malawi's fastest growing bank, FDH Bank, says it is determined to uplift the lives of small-scale mining communities through a number of programmes that it is implementing in partnership with the Government and other stakeholders.

FDH Bank Managing Director Phillip Madinga says as reflected in its motto, "Grow With Us," the Bank, decided to support the small-scale and artisanal mining subsector after noting that the subsector has not been receiving adequate support despite its huge potential to create employment and alleviate poverty among rural communities.

"Our Brand promise, Grow With Us resonates very well with our focus to support small businesses in the SME sector – a sector which the ASM segment belongs to. It is because of this that we want to take a leading role in unlocking opportunities for the ASM through our various initiatives like running financial literacy programmes for the players in this sector, which enables miners in this sector to access finance easily from both local and international banks. We believe that if we can nurture this sector, we can also link players from the ASM sector to international markets," says Madinga, whose bank was awarded two prestigious awards in 2014 namely the Best Retail Bank in Malawi and Fastest Growing Retail Bank in Malawi by the Global Banking and Finance Review.

Early this year, FDH Bank participated in the Mining Indaba - an event held annually in Cape Town, South Africa.

At this Indaba, Madinga says, FDH noted with keen interest that Malawi's Artisanal Small Scale Mining sector faces similar challenges to those that were tackled at the event, which prompted FDH Bank to engage the Ministry of Mining to agree possible options of dealing with the challenges.

Consequently, FDH Bank signed a memorandum of understanding (MOU) with the Ministry of Natural Resources, Energy and Mining that establishes a business relationship between the two parties to provide capacity building and provision of access to finance as well as technical support in the promotion of artisanal and small-scale mining development in the country.

"We signed this MOU because we recognise that establishment of a business relationship and provision of access to investment funds or technical support towards Small and Medium Enterprises (SME's) in the mining sector can assist sustainable development in the livelihood of artisanal and small scale miners and the nation as a whole," says Madinga.

He says the MOU was concluded

FDH Bank takes lead in supporting Artisanal small-scale mining sector

• 'FDH Bank wants Small scale miners to grow with the economy'



Director for Mines Mr. Charles Kaphwiyo showed Hon. Atupele Muluzi the various products that were exhibited by artisanal miners at the symposium



The symposium proved the diverse variety of small-scale miners' products that included lime



The organising chairman, Mr Mabvuto of MGGSP (right) and Co-chairman, Mr. Nazitwere of FDH Bank sharing a light moment

with the aim of promoting and empowering Artisanal and Small Scale Miners in Malawi given the significant role that mining and in particular this ASM sector plays in contributing to the country's GDP.

FDH role covers various initiatives, which include:

Capacity building - this covers Support of Artisanal and Women in Mining Workshop; assisting with Exhibition of minerals produced by ASM and Participation at the oncoming Cape Town Mining Indaba and Excursion to Key mineral sites.

Access to finance - this relates to ASM having access to FDH Quick loans and Trade Finance Lines as well as Opening of special Foreign Currency Dominated Accounts (FCDA) for the ASMs

Technical support - FDH through its SME Clinics and Suites would provide special business management tech-

niques, cash flow management techniques and financial literacy workshops.

Promotion of Investments - this would be done through the Exhibition of ASM Malawi minerals and Participation at Cape Town Mining Indaba to market Malawi Mining Wealth.

As part of its programme of activities for artisanal and small-scale mining development, FDH Bank already conducted on-site financial literacy programs for some of the ASM players.

"We have also already identified various sites where we intend (in partnership with several other stakeholders) to establish organized markets and places where they can polish their hard earned minerals. At FDH Bank, we want to encourage the ASMs to indeed not only Grow With Us, but also grow with the economy. No one can dispute that there is no other bank like us,"

says Madinga, who was among the key speakers at the Symposium for the formulation of the National Artisanal and Small Scale Mining Policy.

FDH Bank played an active role to organise the first ever Symposium for the formulation of the ASM Policy that was held in Lilongwe in November alongside the Government, the World Bank and the European Union through the Mining Governance and Growth Support Project. Other financiers of the symposium included the United Nations Development Programme and a Washington-based NGO, PACT.

In addition, FDH Bank is committed to finance sensitization programs on small-scale mining through television and radio programmes from 2014 to 2015.

"Being local enables us to understand better the development needs of this country and indeed the needs of our Government. This is why we are



The gathering showed keen interest on the issues on the table



FDH Bank Head of Corporate Banking, Sitabene Majamanda, was director of ceremony during the symposium



Mr. Kaphwiyo made a presentation at the symposium assuring the ASMs of government support



Artisanal women miners were well represented



FDH Bank MD Mr. Phillip Madinga addressed the ASMs on the Bank's commitment to render them support

inspired to finance these local initiatives," says Madinga.

He also says FDH's aspiration as a bank is to become a leader on the Malawi market as well as to broaden reach to Southern Africa region and this is gradually turning into a reality as the Bank which started on a humble scale with only its flagship branch, Umoyo House Branch in Blantyre in 2007 has now expanded its presence across the country in all the regions and now boasts of 14 service centres.

The Bank has also been innovative on the Malawi market introducing several new products and services with the most recent one being Bancassurance.

"Our bancassurance offering is complementing our lending product bouquet from which we believe the artisanal and small scale miners may benefit from through access to insurance for any loans that they will access from FDH Bank," says Madinga.

FDH Bank, which provides a full range of commercial banking services, is one of the greatest supporters of small and medium enterprises in Malawi and has supported the development of major projects with the Malawi Government, construction industry, civil servants, retail chain stores and other private companies through its fast and flexible service delivery.

"As a Bank, we are in this engagement because we realize that the Banking sector plays a crucial role in ASM development. In countries such as South Africa, the banking industry has actually flourished because of a resilient mining sector. Therefore, the success of the mining industry in most African countries, including Malawi, is very much dependent on how supportive the banking industry and how strong the banking industry is. FDH Bank strongly believes that in Malawi we have a strong banking industry that is keen to support the mining sector and in particular the ASM segment. We are proud to take the lead in supporting the ASM sector," says Madinga.

As a responsible member of the private sector, FDH Bank calls upon all stakeholders in mining to uphold the rights of all, especially the rights of children in the course of duty and to refrain from child labour in the mines.

"We must ensure that our children have access to education so that they can have a bright future. Let us actively integrate the rights of children in our businesses. As a Bank we aim to make a real difference for our stakeholders – thus, our shareholders, our customers, our staff and our communities. Therefore our support for this sector will also include special CSR initiatives that deal with various challenges that this sector faces – these include health and sanitation issues, Child Labor challenges amongst many issues we have identified," says Madinga.



By Grain Wyson Phillip
Malunga FIMMM
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Management Expert

Gold in Malawi



Gold mining in progress elsewhere

Abstract

Gold mining in Malawi is associated with placer gold in the Lisungwe Valley, north of Blantyre to the west of Zalewa - Balaka road.

Current exploration targets are based on previous geochemical exploration of stream sediments as well as recent geophysical surveys. These targets are usually underlain either by schists and granulites or marbles and calc-silicate granulites. The main source of gold in these areas seems to be quartz veins and sulphide bands.

1. GEOLOGY OF GOLD EPOSITS

Malawi consists of Precambrian metamorphic and granitic rocks overlain in some areas by a thin cover of sedimentary rocks occupying broad shallow basins. These are separated by mobile belts mainly related with rift systems associated with the East African Rift system. (tectonic activity).

Gold bearing zones have been observed in paragneisses, schists and calc-silicate granulites. Other zones include auriferous silicified zones and quartz stringers.

2. EXPLORATION METHODS

In non exposed rocks, geochemical methods like stream sediment sampling and soil sampling can be adopted to identify gold anomalies. Geophysical

methods are used to locate any conductive or magnetic bodies below the soil cover. Anomalous areas are then explored by trenching and rock-chip sampling. Depending on the sampling results the target areas are demarcated for detailed sampling in three dimension.

3. NOTABLE EXPLORATION TARGETS

Figure 1 summarises potential areas for gold deposits discoveries.

3.1 LISUNGWE RIVER VALLEY

This area is underlain by a series of gneisses, quartzites, marbles and amphibolites in a structurally complex area characterised by faulting and folding.

Alluvial gold is found in gravels from Lisungwe stream and its tributaries, especially near Chisumbwiti stream, east of Lisungwe River.

The most common source of gold seems to be stringers of auriferous quartz veins. About 3.5 grammes per tonne gold was found in an auriferous silicified zone on GR 36L XU 979 007.

3.1 NENO AREA

This is a potential area for gold exploration. Possible host rocks in the area include paragneisses, schists, marble bands and calc-silicate granulite.

3.2 DWANGWA AREA

British South Africa Company (BSACo) in the late 1930 and other recent geochemical surveys (panning results) in this area showed gold in a belt of low arsenic values south of Dwangwa river. Wide spread traces of gold were found in the Central and South Western part of the area. Work to locate gold in the bedrock remains to be done.

A conspicuous cluster of positive results for gold occurred around Kadyalumba Hill, where the gold was thought to be derived from quartz stringers in the gneisses and in proximity to felsite dykes.

This area seems to be an extension of auriferous rocks found across Lake Malawi in Mocambique and Tanzania.

3.3 NATHENJE

An arsenic anomaly near Nathenje was

investigated and results of trenching revealed gold up to 12 grammes per tonne in a 60 centimetre sulphide band. An auriferous quartz sill was also identified.

3.4 ANKIHOTA-KOTA BENGA AREA

This area is underlain by pelitic and psammitic gneisses which engulf pelitic schists and calc-silicate rocks. Due to poor exposure, a few occurrences of gold were located in the area.

3.4 MALINGUNDE AND CHISEPO AREA

A gold-graphite-pyrite association is envisaged in these deposits. Minor traces of gold were detected.

Further work to establish this mineral association is recommended.

3.5 OTHER AREAS

Gold occurrences have also been reported at Nyamalambo Hill near Chitima, Myovwe Hill near Chikwawa, to the South East of Mangochi between Malindi and Mangochi Boma, Mzimba-Rumphu area and North of Chitipa near the border with Tanzania.



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Gemstone mining in Mzimba

By Chikomeni Manda

Mzimba hosts a vast amount of gemstone deposits and there are a lot of mining activities taking place in the district. This is evidenced by the pegmatite's which are scattered all over the district. The major deposits of these gemstones have been discovered by villagers and illegal miners. Prospecting is carried out by artisanal and small scale miners in the villages and mining is dominated by many people engaged in informal activities.

Though the district has this resource, still the people are not benefiting much because of poor marketing systems. The ones who are reaping handsomely from this non-renewable resource are foreigners who are taking advantage of the locals by offering them low prices because they don't understand the value of these gemstones.

Now with the National Artisanal and Small Scale Mining Policy being drafted and the government's determination to assist the small scale gemstone miners, many miners are optimistic that the ASM subsector will improve for the better. The policy is touching on issues to do with capacity building, financing, marketing, value addition and environmental conservation which are very important areas for the growth and sustainability of the sector.

International demand for gemstones is ever growing now, and the ASMs in Mzimba take this as a tremendous opportunity to supply their stones to the world markets.

"Mzimba is endowed with several varieties of coloured stones and gem mining potential remains highly unexploited, therefore with good investment and improvements to the mining systems, production of gemstones is likely to increase substantially giving the opportunity to offering higher quality and quantity to the world market" James Phiri one miner said..

It is because of this reason Mzimba Gemstone Mining cooperative society



Mzimba ASMs carry out their day to day business

is engaging with the miners in the district to work together for them to start realizing meaningful profits through exports. Some of stones mined in the district include aquamarine, amethyst, garnets, citrine, tourmaline, quartz, epidote, apatite and many others.

Small scale mining is usually labor intensive hence with an increase in exports, it offers a greater opportunity for direct and indirect job creation, especially in rural areas. At the micro level, revenues generated from these mining activities increases local purchasing power as well as the demand for local products. Therefore mining gives hope for rural growth and economic empowerment.

The country is making some strides towards improving and creating a vibrant and a diversified mineral sector. However, these improvements have not been sufficient to secure a sustainable sector that is socially and economically integrated into the long-term development aspirations of its peoples. Financial support is necessary for the small



scale mining sector to make a telling contribution to the sustainable growth and development of the country, and to the reduction of poverty as envisaged by the MGDS.

Mzimba has plenty of good gemstone deposits and mines which if well utilized, can help the country a lot in generating the much need foreign currency.



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Women dominate small scale mining ventures

By Mining Reporter

It was evident at the symposium for the formulation of the Artisanal and Small Scale Mining (ASM) Policy in Lilongwe that women in the country have emerged as a dominant pillar in the sector.

In addition to women representatives from the mother body, the Malawi Women in Mining (MAWIMA, throngs of women from a number of cooperatives from across the country dominated the event, which they said marked a new beginning for the ASM subsector in Malawi.

"You will notice that we have a large proportion of small scale women miners at this function because the women miners expect the government to bring answers to the problems that they face through the new policy," said President for Malawi Women in Mining (MAWIMA) Mrs. Emma Adam.

Adam observed that the problems that the small-scale miners are encountering include lack of a stable market for the products and inability to access financial support to boost their businesses.

"We hope through this policy, the Government will address these challenges. Given an opportunity, women in mining can use their majority advantage to help government in its job creation and poverty reduction initiative," said Adam.

Malawian women miners are, among other activities involved in the mining of gemstone, gypsum, limestone, gold panning, rock aggregate crushing and sand mining.

The women miners in the ASM subsector are also able to produce lime, chalk,

plates, flower baskets and insulators.

"Women miners are able to produce products of international quality but what is required is meaningful Government support that will enable them access capital, use modern equipment and get exposed to the international market," said Adam.

The Mawima President also touched on the need for the Government to address the issue of HIV/Aids, which is a threat to the operations of small-scale miners who are always at risk when conducting their operations especially in fields away from their spouses.

At the function, the Government presented copies of the draft National Artisanal and Small Scale Mining Policy to the small scale miners, who were expected to draft in their input through the deliberations at the symposium.

The draft policy have clauses that are expected to guide the Government in addressing issues of gender and other social issues associated with ASM.

In the Policy, the Government admits that women in the ASM subsector face more challenges than men and lists the challenges as difficulties in accessing financial, technical and legal support, social-economic perceptions about their status, and unfair cultural traditions that impose a heavy family burden and limit their independence and mobility.

Government says the Policy will encourage equal participation in the ASM subsector in order to overcome the challenges faced by women in their operations.

"The Ministry of Gender and Child Development shall work on the barriers that block women participation in ASM and other broader gender issues in the in-

dustry," states the Policy Document.

In the Policy, the Government also admits that HIV/Aids remains a key challenge in the area of health within the context of the ASM.

It concurs with Mrs. Adam that artisanal and small scale miners tend to engage in risky behavior due to the nature of their activities which involve working away from their sexual partners over an extended period of time.

States the Policy: "In addition, young women or mothers struggling to earn a living tend to get involved in sex trade and prostitution to support themselves and their families. As a consequence of these social challenges, HIV/Aids is a growing concern in all small scale mining communities."

"Furthermore, low literacy levels have also contributed to the rise in HIV/Aids cases because relevant and sufficient information is not clearly understood. It is generally noted that their normal traditional values is also a challenge because most of them are not open to HIV/Aids issues—they treat HIV/Aids issues as private and confidential matters."

The Government says in the draft policy that in recognition of the fact that in the ASM subsector, there is inadequate awareness of HIV/Aids as well as stigma and discrimination against people living with HIV/Aids, the policy will facilitate HIV/Aids awareness campaigns and training in HIV/Aids.

The draft policy also tackles child labour as one of the problems prevalent in the Artisanal and Small-Scale Mining subsector.

"Experience has shown that Artisanal and Small Scale Miners prefer employing children as they do not have a bargaining



Adam: ASMs at risk of contracting HIV/Aids

power for wages. The presence of children in the mining sites also has negative effects on their health and education," states the Policy.

It says in order to address the situation, the Government will enforce regulations against child labour and abuse, facilitate sensitisation and awareness campaigns about child labour issues, and provide more educational infrastructure in remote areas where ASM activities are taking place.

The Ministry of Labour will be responsible for the regulation of involvement and employment of children in the ASM subsector.

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