

# Malawi and its Minerals

*Are Malawians Benefiting?*

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Resource Insight  
Issue 2 June 2007

Resource Insight is published by the Southern Africa Resource Watch  
Southern Africa Resource Watch (SARW) is a project of the Open Society Initiative for Southern Africa (OSISA).

ISSN: 1994-5604  
Key title: Resource Insight

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Cover Photograph: Jason Laure/iAfrika Photos  
Production: DS Print Media

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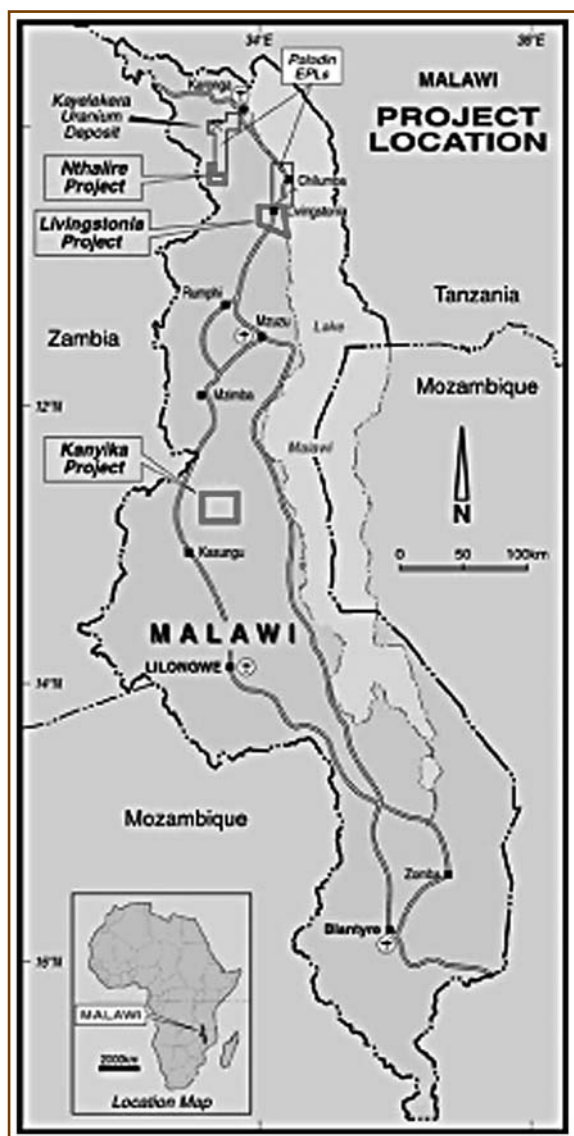
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## Malawi



## Introduction

**Malawi is not known historically to be well endowed with mineral wealth.** Indeed, the late President for Life Dr Hastings Kamuzu Banda used to rally the people to greater efforts by stating that although Malawi did not have gold, diamonds or copper, it had something just as valuable: fertile soil and plentiful water. Malawians were thus urged to work hard in the fields to grow more maize – their “green gold.” The lack of development in the mineral sector is therefore not strange in view of the general ignorance that existed, and continues to exist, in Malawi in this regard. This paper thus aims to shed some light on the realities on (in) the ground in the context of recent developments.

## Mineral reserves in Malawi

**It now appears, however, that Malawians were sorely misled** and that the country is indeed endowed with various minerals, including corundum (ruby), coal, bauxite, agate, vermiculite, monzanite and uranium, among others. Table 1 offers more detail on mineral deposits throughout Malawi.

Table 1, though not comprehensive, illustrates the potential mineral wealth that could be tapped, with great benefit to Malawi, if a proper legislative and monitoring infrastructure was put in place to ensure that the nation in general, and the people in particular, receive an equitable share of this wealth. This would provide a launching pad to catapult Malawi out of the perennial poverty trap that it has languished in for so many decades.

Malawi has a gross domestic product (GDP) per capita of US\$596, and a total GDP at purchasing power parity of some US\$7.67 billion, making it one of the poorest countries in the world. GDP increased from 3.9 percent in 2003 to 4.3 percent in 2004. Manufacturing accounted for 11 percent of GDP; construction 2 percent; electricity and water 1 percent; and mining and quarrying 1 percent. In 2003, the mining sector grew by 23.5 percent, and the construction sector by 4 percent. Formal employment in the mining sector amounted to about 2,700 workers in 2004; artisanal mining for aggregate and sand and gravel was esti-

**Table 1: Location and delineated reserves of mineral deposits in Malawi**

Deposit	Location	Delineated Reserves (million tonne/grade)
Bauxite	Mulanje	28.8/43.9 Al <sub>2</sub> O <sub>3</sub>
Uranium	Kayelekera Karonga/Chitipa	2.4/
Monzanite/ Strontianite	Kangankunde – Balaka	11.0/8%Sr; 2% REO
Corundum	Chimwadzulu – Ntcheu	8.0/75.6 gm per m <sup>2</sup>
Graphite	Katengedza – Dowa	2.7/5.8%C
Limestone	Malowa Hill – Bwanje	15/48% CaO, 1.2% MgO
Titanium heavy mineral sands	Salima – Chipoka	700/5.6% HMS
Titanium heavy mineral sands	Mangochi (Makanjira)	680/6.0% HMS
Vermiculite	Feremu – Mwanza	2.5/4.9% (med + fine)
Coal	Mwabvi – Nsanje	4.7/30% ash
Coal	Ngana – Karonga	15/21.2% ash
Phosphate	Tundulu – Phalombe	2/17% P <sub>2</sub> O <sub>5</sub>
Limestone	Chenkumbi – Balaka	10/46.1% CaO 6.3% MgO
Pyrite	Chisepo – Dowa	34/8% S
Glass sands	Mchinji	1.6/97% SiO <sub>2</sub>
Dimension stone	Chitipa, Mzimba, Mangochi, Mchinji	Black and blue granite, pink granite, green granite
Gemstones	Mzimba, Nsanje, Chitipa, Chikwawa, Rumpfi, Ntcheu	n/a

Source: Government of Malawi, “Malawi Annual Mining Economic Report”, 2002.

ated to be considerably greater. Table 2 illustrates the volume of minerals extracted in Malawi and the values realised therefrom for the period July to December 2003.

Table 2 features many interesting statistics which show, among other things, that the Malawi government – and by extension the people of Malawi – received a mere 2.5 percent from the minerals extracted from their soil. It also reveals a puzzlingly low figure realised by the gemstones sector, which is inconsistent with reports of extremely high prices offered on the international market (approximately US\$100 per carat) for Nyasa rubies from the Chimwadzulu mine in Ntcheu. The figures are further clarified in Table 3.

It is interesting to note that while the official quarterly bulletin shows that 580 kg of gemstones were extracted, Coakley and Yager give a figure of 1 820 kg. This tends to heighten suspicions that Malawi is being “short-changed” by unscrupulous speculators who are plundering the national wealth with impunity, since the legislative framework and governmental human resources are inadequate to monitor and control mining activities.

**Table 2: Volume of minerals extracted and the values realised, July–December 2003**

Mineral/ Product	Production sold	Sales value (MK)	Processing fees	Royalty (MK)	Total revenue Government of Malawi (MK)
1 Coal	8 773 t	41 543 437	750	300 000	300 750
2 Quarry Rock Aggregate	23 780m <sup>3</sup>	37 609 793	3 000	1 881 487	1 884 487
3 Cement limestone	4 910 t	24 538	–	1 227	1 227
4 Agric. Lime	1 826 t	7 528 180	–	4 246	4,246
5 Gemstones and mineral specimens	580 kg	466 255	4 250	46 130	46,130
6 Blue Agate	49 t	1 685 000	4 250	168 500	168 500
QUARTERLY TOTAL		88 857 208	12 250	2 401 590	2 413 840
July–December Total		208 336 654	17 750	4 784 627	4 802 377
Cumulative total to-date		297 193 862	30 000	7 186 217	7 216 217

Source: Government of Malawi, *Quarterly Mining Bulletin*, January–March 2004.  
Conversion rates: US\$1= approx. MK100 in 2004

**Table 3: Production of mineral commodities in Malawi, 2000–04 (in metric tonnes unless otherwise specified)**

Commodity	2000	2001	2002	2003	2004
Cement; hydraulic	155 920	180 761	174 283	190 000	190 000
Coal; bituminous	34 260	34 410	43 372	47 037	40 891
Lignite	–	–	–	–	–
Dolomite	–	49.4	394.5	400	5 400
Gemstones (kg)	1 200	1 800	2 305	2 297	1 820
Kaolin	719	825	636	800	800
Lime	21 886	6 177	6 776	18 877	23 095
Ornamental Stones	n/a	n/a	120	450	320
Sodium Silicate	1 538	–	–	–	–
Stone: crushed for aggregate	125 200	594 979	113 992	159 952	168 600
Dimension: crude & partly worked	78	483	170	130	130
Limestone: for cement	144 000	167 000	86 234	23 965	21 224
Vermiculite	–	1	–	–	–

Source: Coakley George J. & Thomas R. Yager 1999, "The Mineral Industry of Malawi". US government study.

## Legislative framework

**Mineral activities in Malawi are covered by the Mines and Minerals Act, 1981, the Mines and Minerals (Mineral Rights) Regulations, 1981, and the Petroleum (Exploration and Production) Act of 1983.** The Mines and Minerals Act of Malawi was passed on 1 July 1981 during Banda’s one-party regime, and thus relates to a time which bears little relevance to the present. In those days, it was the norm to vest everything in the then life president (Dr Banda), who viewed Malawi as his personal fiefdom. Since this act has not been amended, all minerals are therefore still vested in the president on behalf of the people of Malawi. For example, the preamble to the Mines and Minerals Act, 1981 Cap 61:01 states as follows:

“The entire property in, and control over, minerals in land in Malawi are vested in the President on behalf of the people of Malawi; but without prejudice to the exercise of any right under or pursuant to this Act.

“Nothing in subsection (1) shall operate so as to affect any interest of a person in earth, clay, granite, limestone, marble, sand, stone or other similar substance upon or in land, being an interest created by virtue of any Certificate of Claim or ownership of land or other disposition made by or on behalf of the British Crown.”

After Malawi’s transition to a democratic dispensation in 1994 and the adoption of a new constitution in 1995, a review of the extant environmental situation was undertaken. Environmental provisions were subsequently inserted in the Mines and Minerals Act, including the stipulation that an environmental impact assessment (EIA) be submitted to the Department of Research and Environmental Affairs for review with each mineral rights application. However, the existing pieces of legislation were reviewed and/or amended in a piecemeal manner. In other words, the Mines and Minerals Act was amended merely to include a semblance of environmental concern, but no fundamental, substantive changes were made to reflect new developments and realities – both domestic and international. For example, Malawi is now a multiparty democracy, and as such there is a need for prior consultation with stakeholders in order to inculcate inclusivity before granting mining conces-

sions to potential investors. Additionally, as mentioned, all minerals are still vested in the state president – a haunting echo from the heydays of Banda.

Thus, the methodology used in assessing and granting approvals for applications for prospecting and mining licences still vests too much power in ministerial discretion, and does not provide for broad-based consultations with stakeholders such as civil society, traditional authorities and professional bodies. Furthermore, there is no provision for parliamentary scrutiny or oversight in the appraisal of mineral extraction applications that have national significance and ramifications, such as the Kayelekera Uranium Project (discussed later).

Three types of mining licences are currently used in Malawi: mineral permits/rights; exclusive prospecting licences; and mining licences (which are submitted to the Commissioner for Mines and Minerals for further consideration and approval by the Licensing Committee). The normal processing time for the granting of mining licences, which are transferable, can take from two to 12 months. According to the Government of Malawi's *Quarterly Mining Bulletin*, between January and March 2004, five mining licences were granted, seven exclusive prospecting licences, seven reserved minerals licences and 11 non-exclusive prospecting licences.

There were some initiatives in 1995 to formulate and adopt a National Mining Policy. However, its current status is unclear, as is the degree of inclusivity when it comes to widespread consultation, which would ensure that the views and aspirations of ordinary Malawian are realised. This Policy, when adopted, would in any case be a stepping stone to a new Mines and Minerals Act. Malawi is in desperate need of a comprehensive minerals act that will go some way towards preventing the exploitation of the country's precious (and finite) mineral resources.

In addition to the above, it is necessary to recognise that Malawi has tended to falter in the implementation of legislative frameworks due to numerous factors, including lack of capacity, expertise, resources and corruption. It is therefore imperative to develop local capacity of the implementing ministry and the relevant civil society groupings to ensure that any future legislation will achieve the desired results. Times have indeed changed radically since 1981, and these archaic pieces of legislation must be reviewed to keep up with the rapidly changing technological, geopolitical and global resource challenges that confront us today.

## Mining companies in Malawi

**Numerous firms are presently engaged in mining activities in Malawi.** A brief outline of some of the main players is provided below:

Millennium Mining Limited holds licences for the exploration of three heavy mineral sands (HMS) projects in Salima, Makanjira (Mangochi) and Lake Chilwa (Zomba), which aim to extract ilmenite, rutile and zircon. A feasibility report and an EIA were submitted for the Halala HMS project in the Lake Chilwa area, and a deposit of 15 million tonnes with economic grades for ilmenite and zircon has been delineated.

Allied Procurement Agency Limited is developing the Chipoka HMS project for the extraction of ilmenite, rutile, zircon and garnet. Since Chipoka is a freshwater harbour on Lake Malawi, this project envisages conveyance of concentrate by pipeline from the mine to the harbour, and thence onwards by barges. Sources indicate that although this project is at an advanced stage, it may have temporarily stalled due to technical difficulties.

Lisungwi Mineral Resources Limited, together with ACA Howe International, carried out compilation and analysis of geological, geochemical and geophysical data, and identified three gold and platinum targets for detailed exploration work (including drilling) to be carried out during the dry season of 2004. The analytical results at Chimwadzulu indicate platinum and palladium concentrations. It is worth noting that this area also has the Chimwadzulu ruby mine in Ntcheu, owned and operated by the Hargreaves family since 1964. The mine is the only known source of the world famous Nyasa Ruby, which fetches premium prices on the global market. It is, however, not known exactly what benefits have accrued to Malawi or the local population due to the shroud of secrecy around the mine and its owners.

Mchenga Coal Mines Limited is involved in coal extraction and plans to increase coal production to some 5 000 tonnes a month, with exploration for additional coal resources within the Livingstonia coalfield.

Australian-based Albidon Limited holds concessions for four areas, namely Mpemba Hill, Kapeni River in the southern region, and Linthipe and Katakwi in the central region in respect of nickel, copper and platinum group metals exploration.

Maravi Minerals Development Limited is exploring the Thambani Mountains and Mzimba pegmatites for tantalite minerals, zircon and corundum.

Rare Earth Company is developing the Kangankunde Hill monazite and strontianite deposit, and plans for full-scale operations are well under way.

Gondo Resources is a new player which seeks to exploit the bauxite reserves in Mulanje Mountain. However, the company's lack of experience, coupled with the complexity of extraction in a delicate ecological environment that has been declared a World Heritage site, does not inspire much confidence. It is unclear as to what benefits, if any, will accrue to Malawi and its people since the company's owners are allegedly Zimbabweans and enjoy strong political support from their government. Furthermore, it will be necessary to import huge amounts of electricity from Cabora Bassa in Mozambique to power the extractive process, thereby resulting in outflows of revenue from Malawi. This is compounded by the fact that the ore will not be refined in Malawi, but transported by rail to Mozambique, where processing plants already exist. This means that the crude ore will be exported, with no value adding spin-off benefits from the project for Malawi.

Another important player is Australian-based Paladin Resources, which is undertaking a highly controversial uranium mining project at the Kayelekera mine. The potential ramifications of this venture are explored in greater detail below, in view of the unprecedented media and public attention that has been aroused.

## The pros and cons of uranium extraction in Malawi

**Four Australian companies are currently exploring for uranium** in Malawi, with ten potential uranium sites in the country – the most prominent site has been identified at Kayelekera in Karonga (northern Malawi), while other exploration licences overlap with the Nyika (northern Malawi) and Majete (southern Malawi) national parks.

Paladin Resources has recently signed a uranium mining agreement with the Malawi government, having submitted its draft EIA in October 2006 and after finalising its bankable feasibility study for the Kayelekera deposit. The mine is estimated to yield 35 million tonnes, from which 10.5 million tonnes of ore graded at 0.11 percent would yield 9 900 tonnes of triuranium octaoxide (U<sub>3</sub>O<sub>8</sub>). The total uranium resource is estimated at 13 630 tonnes at 300 parts per million (ppm) cut-off and 10 690 tonnes at 600 ppm. However, the Malawi government's decision to grant a mining licence to Paladin Resources based on the company's draft EIA has been strongly criticised by civil society groups in Malawi, while the credibility of the EIA has been called into question by environmental engineering experts at Monash University in Australia.

### Key problems and issues regarding Paladin's activities

There are a number of reasons why the Kayelekera project has received negative publicity: *Insensitivity and lack of consultation:* The construction activities, which started even before Paladin was issued a mining licence, have already destroyed local shrines, which has angered local chiefs. This insensitivity is illustrative of the lack of consultation throughout the project regarding the protection of Malawi's social, cultural and environmental values and heritage.

*Threats to water resources and Lake Malawi:* The Kayelekera mine is situated within a catchment area of a river that flows directly into Lake Malawi, a pristine freshwater body that ranks as the third largest freshwater lake in Africa. Lake Malawi has a unique ecological system and the fish from the lake are a vital source of food for millions of Malawians. Even in Australia's highly regulated environment, uranium mining has impacted negatively on sur-

rounding environments and food sources for local people (e.g. Ranger mine). It is essential that these resources are protected in any development; however, there is no indication that Paladin has given sufficient attention to the health and environmental risks posed by uranium mining when it comes to the Kayelekera project.

*Secrecy:* Paladin Resources has refused to provide information or release scoping documents to local community organisations which, under Malawian environmental laws, should be provided with such information before a substantive EIA is undertaken. These scoping documents would ensure that community input is provided at an early stage in the process. Similarly, Paladin has refused to respond to queries as to which water sources would be utilised and affected.

*Divide-and-rule tactics:* Paladin is allegedly making direct payments to village chiefs, thereby undermining local decision-making and effectively putting local leaders “on their payroll.” In other actions, which could be viewed as political corruption, Paladin Resources is allegedly paying generous monthly allowances to government engineers in the Ministry of Mines and Natural Resources, and also charters flights for senior government officials (including the Minister of Justice, who happens to be the Member of Parliament for the constituency in which the Kayelekera uranium mine is situated). Local communities have been made various promises by Paladin regarding the upgrading of infrastructure in the area, but little or no explanations or discussions have been forthcoming in terms of the likely negative impacts for these communities of uranium mining.

*Water extraction conflicts with local need:* Paladin’s lawyers have drafted a state agreement, which will effectively provide Paladin with rights to water and electricity that override the existing rights of Malawians, and puts no obligation on Paladin to compensate for any losses emanating therefrom. We believe this is contrary to the Malawian Constitution as well as the United Nations Declaration on Civil, Cultural and Political Rights.

## **Civil society response**

Citizens For Justice Malawi and the Centre for Human Rights and Rehabilitation have been spearheading an opposition campaign to uranium mining in Malawi. Other non-governmental organisations (NGOs) and civil society organisations (CSOs) involved in the campaign are Karonga Development Trust, Uraha Foundation Malawi, Foundation for Community Support Services, Catholic Commission for Justice and Peace, Centre for Environmental Policy and Advocacy, Church and Society Malawi, and the Institute for Policy Interaction. The group intends to build a coalition of NGOs in Malawi to respond to mining activities (especially uranium), which hold potentially grave consequences for Malawians and the environment, and may not yield the desired benefits for the people that would be commensu-

rate within international standards of equity and social justice. The challenge is enormous and is compounded by the relative inexperience of Malawians with regard to mining technicalities, the reluctance of the government to heed warnings from civil society, and the vastly superior knowledge and resource base of international investors, compounded by a marked lack of ethics and scruples on the part of investors who would not hesitate to use any means, fair or foul, in order to achieve their objectives.

The discourse first started with rumours that Malawi State President Bingu Wa Mutharika had, during a state visit to the Far East, taken a discreet detour to visit Australia as a “guest” of Paladin. This aroused public speculation as to what the “private visit” entailed, but no credible explanations were forthcoming. Suspicions were heightened when news of the uranium mining project was featured by the media, and civil society groups began studying the EIA study that had been conducted by Knight Piésold, a consultancy firm based in South Africa, hired by Paladin. However, these CSOs received a frosty reception from government and had to contend with traditional authorities in and around the concessional area, who had succumbed to the lure posed by short-term gains emanating from the project. The CSOs nevertheless persisted in their investigations regarding the Kayelekera concession, and prepared a detailed study, from the limited information that was accessible, on the shortfalls prevalent in the project plans. Some of the main, non-technical issues raised are as follows:

### **Non-technical issues with the Kayelekera mining project**

One would assume that a project to extract a metal of such global strategic importance as uranium, would have to be conducted with the utmost transparency and offered to investors through an international tendering process, yet no such procedure was followed in identifying a potential investor for this project. This may have been attributable to the fact that Paladin had expended considerable resources in the prospecting stages and was thus entitled to the first option advantage when it came to the extraction phase.

It is still unclear whether there has been any involvement by international monitoring bodies such as the International Atomic Energy Agency, which would naturally be interested in ensuring that all safety standards are followed without compromise.

A consultant hired by the investor could not have the requisite impartiality to produce an undiluted and unbiased EIA report that would provide a comprehensive picture, inclusive of issues that could militate against their client’s interests. In addition, the government’s failure to produce an independent EIA that could be used as a comparative standard is difficult to understand, since Malawi enjoys considerable goodwill with international development partners, who would have provided the requisite expertise and resources at the Government’s behest.

The government had initially granted a 15-year tax-free status to the project, which was only slated to last for seven years. Amidst the subsequent hue and cry, the government quickly backtracked by stating that there had been a “typing error” and that the true figure was a five-year tax concession. However, even that was deemed to be exorbitant in view of the fact that it was more than two-thirds of the entire life-span of the project. A more reasonable figure would be a maximum of two years, especially considering that in Australia, Paladin would get no tax holidays. Paladin had apparently pledged to build a school and a hospital for the community living in the Kayelekera area, and this was used as justification for the large tax break; but the CSOs argue that this reasoning is unsound since the Malawi government could build hundreds of schools and hospitals from the tax revenues – if the tax holiday had not been granted. It now appears that the only tax concessions will be a waiver on duties and import taxes on the importation of equipment and other prerequisites for operational purposes. Indeed, it appears that all these contradictory assumptions emanate directly from the government’s reluctance to effect a full disclosure on the actual agreement that has been signed.

The CSOs were astounded upon learning that the Malawi government would receive a mere five percent from the revenues earned by the project. This was a gross variance from the Australian scenario, where Paladin would have had to share at least 20 percent with the Australia government, in addition to posting a 4.5 percent bond towards upliftment of the aboriginal community who resided in that area. Indeed, the general feeling that Malawi is getting the short end of the stick in this deal seems to be justified. This was further clarified during a session of Parliament in March 2007, when it was revealed that the Government of Malawi would hold a 15 percent stake in the mine. However, the government refused to disclose any substantive details on the agreement to the MPs, who were outraged by the government’s assertion that the agreement was “confidential”, and who promptly proceeded to move a motion to suspend the project until full disclosure was effected, as befits a matter of national interest.

Malawi has very porous borders which could be infiltrated by any determined group in pursuance of its agenda. In view of the post 9/11 global scenario, the war on terrorism and the current focus on preventing the proliferation of nuclear weapons, one would assume that any uranium extraction facility would need maximum security measures to prevent terrorist raids on the mine. Malawi would therefore need to implement extra security measures along its borders as well as in the vicinity of the mine; however, the country does not have the resources to do so and would probably source the requisite funding from the paltry five percent that accrues from the mine, thereby further reducing the potential benefits that could be realised by the people of Malawi.

As mentioned, the mine is situated next to a river, which feeds directly into Lake Malawi. The lake has an extremely fragile and delicate ecosystem, which would not be able to withstand any discharge of effluent, or any inadvertent seepage that may occur through human error or by *force majeure* from the mine. The shores are inhabited by hundreds of thousands, if not millions, of people who depend on the lake for their livelihood and very survival. This begs the question as to who would shoulder the responsibility and costs in the event of any such disaster. Would it be Paladin, or the Malawi government, or both? How would Malawi cope with a Chernobyl-type scenario of irreversible and catastrophic magnitude?

Other issues raised during the course of the CSOs' investigations concern:

- estimates that the mining operation will use approximately 20% of the national electricity supply, which is erratic at the best of times. The question thus arises as to whether the mine would receive preference over the needs of local people, and whether the present state of power generation would be able to accommodate the extra load without penalising existing consumers;
- the lack of tangible arrangements for local benefits sharing, with Paladin refusing to commit that it would be socially responsible;
- the lack of accountable structures for community payments (for example, to chiefs);
- the potential for increased alcoholism and the concomitant domestic violence problems;  
the lack of local facilities to cope with the increased occurrence of sexually transmitted diseases and HIV/AIDS (evidence shows increases in HIV/AIDS within mining areas) and the lack of proposed management or training on this issue; and
- the relocation of families, and whether this would be in compliance with Malawian human rights commitments and international standards.

Uranium mining poses serious risks to human health and the environment and requires an extremely strong regulatory framework. There is no existing expertise or capacity in Malawi to engage with the serious issues around uranium mining, or to monitor such developments effectively. This must be addressed before any mining activity proceeds. The Malawi government and CSOs in Malawi need capacity development to be able to deal with such issues effectively.

Australian mining companies must operate by the same stringent standards as they would do in Australia or any other Western country. This is particularly important in addressing the risks involved in uranium mining. Paladin Resources and other companies must respect civil and cultural rights of the people, and must consult with local communities as well as civil society in a transparent and accountable manner before taking any unilateral action.

## **A technical view**

The above questions and observations are of a general, non-technical nature and thus required more expert input in order to counter the technical advantage of Paladin, which can draw upon a team of highly qualified experts to back up their proposals. The Civil Society Mining Forum thus enlisted the services of Dr Gavin Mudd, a course director in Environmental Engineering at Monash University in Clayton, Australia, to review Paladin's EIA and provide a report on the potential technical flaws that may be invisible to the untutored eye.

Mudd visited Malawi in January/February 2007 to conduct an on-site analysis of the proposed Kayelekera Uranium Project. His independent technical review is a detailed analysis and critique of the proposed Paladin project. It identifies numerous technical issues in the project and flaws in the current EIA.

According to the report, there is, for example:

- a lack of adequate, high-quality environmental and radiological baseline data;
- a lack of sufficient technical engineering design detail for critical project components;
- a lack of references and discussion of models for numerous critical design issues;
- missing key baseline radiological data, especially pre-mining radon flux;
- completely inadequate figures and maps to present and visualise the proposed project;
- lack of an appropriate strategic, long-term tailings management plan;
- poorly argued project alternatives and inappropriate dismissal of viable project options;
- inadequate characterisation and discussion of potential acid mine drainage issues; and
- a completely minimal and inappropriate rehabilitation plan.

These are serious and fundamental issues that must be addressed and corrected before the project is allowed to proceed.

## Conclusion

**It is apparent that the Malawi government is aiming at generating** economic growth by augmenting the country's largely agro-based GDP (US\$1.8 billion) with new inflows from non-traditional sources such as the mining industry – and uranium mining in particular – as a potential avenue to boost the economy by as much as 20 percent. This may have induced the Malawi government to relax some requirements in order to lure investors such as Paladin Resources.

Paladin Resources has, however, taken advantage of this by not fully adhering to all the procedures that are applicable in such a project. It appears that Paladin has dislodged indigenous residents without proper compensation for their crops and their land, and the company has already started clearing the land in preparation for construction of the mine before the formal approval of a mining licence by the Malawi government.

In addition, Paladin Resources has started using any means available to harass, discourage and stifle opposition to the project, as evinced by the incident on 3 January 2007, when the company lodged a complaint at the Karonga Police station to prevent two NGO leaders and an Australian journalist from shooting a photographic assignment at the proposed Kayelekera uranium mine site.

The government has taken a truculent stance and seems to dismiss the stand of NGOs in Malawi against uranium mining as meaningless opposition created by vested political interests and, as such, being inimical to the well-being of the country. This tension is likely to escalate into outright harassment and intimidation to dissuade civil society activists from responding to the issuance of a mining licence to Paladin. Notwithstanding that possibility, the Civil Society Mining Forum has since launched legal action to seek a court ruling on whether the Kayelekera project has indeed complied with all the legal, social, economic, humanitarian and environmental requirements that would normally be applicable in such ventures.

The choices that are made at this crucial juncture will therefore determine the economic and environmental future of Malawi, and it is imperative to ensure that all decisions are made in the most transparent and inclusive manner possible, harnessing the active participation of all stakeholders. Any divergence or compromise in favour of personal agendas or otherwise could spell catastrophe, from which there is no return.

Malawi now stands at a crucial crossroads, which is unique in its agro-based history, by virtue of being the source of rare minerals that are of major global strategic significance. Malawi thus has to rely on all the expertise that well-wishers have to offer in order to develop a framework that provides the best mechanisms for an equitable realisation of the optimal benefits that could accrue from mining activities. It is entirely conceivable that Malawi could shed its poverty stricken image forever – provided it proceeds with caution and applies methodologies that are inclusive, equitable and free of corruption and/or vested personal interests.

