



# Artisanal gold mining and rural development policies in Mozambique: Perspectives for the future



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## ABSTRACT

Despite Mozambique's great natural resource wealth and strong economic growth, rural poverty remains high countrywide. The challenge is thus finding ways to turn this wealth into development opportunities. For many rural people in central Mozambique, artisanal gold mining is the most direct source of income and this is most likely to remain so. Drawing on our personal experiences, we reflect on the future of artisanal gold mining in Mozambique. The government's strategy consists of promoting improved technologies and encouraging artisanal miners to establish themselves as businesses by creating miners associations. This has proved successful where the ore allows for sufficiently long exploitation, in practice, where reef gold occurs. The same cannot be said, however, of colluvial or alluvial deposits, where placer gold is mined. Given the variable nature of these deposits, accompanying mining activities are relatively short-lived at such sites. In these cases, local authorities and community representatives must play an expanded role in enforcing good mining practices. Doing so would be in line with the country's current decentralisation and democratisation policies in relation to rural development.

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## 1. Introduction

Mozambique is a paradox: despite being rich in natural resources, it ranks amongst the world's 'poorest' countries. On the 2012 Human Development Index, Mozambique ranks 185 out of 187 countries, with Niger and the Democratic Republic of Congo sharing the last position [1]. The country has been praised by the international community for its economic growth, which exceeded 8% annually from 1993 to 2010, making it the fastest growing, non-oil economy in sub-Saharan Africa [2]. This growth, however, has only had a marginal impact on poverty reduction as it has been driven by foreign investment in large-scale mining and energy projects, creating few jobs and spawning few linkages to the local economy [3].

In general, the region's enormous and largely unexplored geological resources present a vast potential reserve of wealth [4]. For Mozambique, as Ansell [5] explains, its natural capital represents 49% of total wealth (4644 USD per capita), which is more than double the average (24%) in sub-Saharan Africa. Natural capital is here defined as finite resources (mineral assets), renewable resources (forests, lands) and environmental services. But as is the case in many African countries, including its neighbours, Mozambique is challenged with using its natural resource wealth productively for development.

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Since the late 1980s, the Government of Mozambique has complied with recommendations of international institutions to liberalise its economy and adopt export-based development strategies [6,7]. In line with neoliberal economic principles, the government's rural development strategy has sought to increase agricultural production by promoting the private sector and by minimising state interventions. To create conditions favourable for luring investors to exploit and develop the country's natural resources, the government implemented a policy and institutional framework for natural resource management. Its main pillars are various pieces of legislation dealing with natural resources, such as the Land Law, the Forestry and Wildlife Law, the Mining Law and their related regulations and annexes [8].

The Land Law (*Lei de Terras*, N° 19/1997) was intended to provide flexible rules to foreign parties for accessing land, while securing local people's customary rights. According to the Mozambican Constitution, all land is property of the state, but the current Land Law also recognises local people's rights to land for sustaining their livelihoods. Local people can have their user rights formally recognised, through what is called a 'delimitation process' [9]. This allows local people to identify the boundaries of their community land during a participatory mapping exercise. The land title certifies the community customary rights but does not exclude other persons or investors from acquiring land-use rights. For rural communities, the delimitation process is important as it puts them in a stronger negotiating position whenever investors want to undertake activities on their land, such as commercial farming, forestry, tourism or mining.

The Forest and Wildlife regulation (Decree 12/2002) mandates that 20% of tax revenues levied on the exploitation of natural resources – timber, hunting, or tourism – is reverted to local communities. Although land delimitation is not specified as a requirement, whenever communities have had their land rights registered, it has been easier for them to claim and secure their share of tax revenues [10]. The principal of reverting 20% of tax revenues, however, is not applicable to mining operations.

The Mining Law (*Lei de Minas* N° 14/2002) principally regulates large-scale, industrial mining. The aim of the law is to govern 'the rights and obligations regarding the use of mineral resources taking into account the environment, aiming its rational utilisation to the benefit of the national economy' (Article 1). Five types of mining licences can be issued in Mozambique:

- (a) A reconnaissance licence, for up to two years, which is not renewable;
- (b) An exploration licence, for up to five years, and renewable;
- (c) A mining concession, for a maximum of 25 years, and renewable;
- (d) A mining certificate, for a maximum of two years, and renewable; and
- (e) A mining pass, for up to one year, and renewable.

Artisanal miners are required to obtain a mining pass which, according to the law, can only be granted to Mozambican citizens. It allows holders to work in areas designated for artisanal mining (Decree N°28/2003/Section VII). Whereas the 'mining passes' are granted at provincial level by the Provincial Governor, the 'designated areas' are declared, modified or extinguished at the national level by the Minister of Mining. Initially, nationwide, only 48 areas had been designated for artisanal mining (Ministerial Circular, Nr 77/94 of May 2006). But crucially, in Central Mozambique, none of these 'designated' areas were locations where gold was known to occur, although 65 artisanal gold mines are known in the area [11,12] (Fig. 1).

Drawing on personal experiences of working with artisanal miners in Central Mozambique, we reflect on the successes and difficulties encountered with the implementation of the government's policies for the sector. First, we highlight the importance of artisanal gold mining in Central Mozambique. Secondly, we share views from artisanal miners on the positive and negative aspects of their mining activities, and their perceptions of current and future trends. Thirdly, we analyse the policy, challenges and dilemmas brought about by artisanal mining. Finally, we reflect on the sector's future, particularly in the context of rural development.

## 2. Gold mining in Mozambique

Gold mining has a long history in Mozambique. It dates back at least 1000 years in what is currently the central part of the country and Zimbabwe. Indeed, long before the arrival of the Portuguese to south-eastern Africa in the late 15th century, gold was exported along trade routes linking southern and eastern Africa to the Middle East, India and China [13,14]. In the colonial period, mining was developed at an industrial scale, providing employment to local people. During the civil war (1977–1992), mining activity was brought to a standstill as a large part of the population had taken refuge in neighbouring countries or to more secure areas. With the instauration of peace, returning populations began engaging in artisanal mining [11].

In recent years, gold production in Mozambique has increased noticeably. During the period 2007–2011, recorded annual output was in the range of 600–900 kg, of which not more than 100–500 kg was officially recorded [15]. At an average price of 1000 USD/ounce, this would correspond to a value of 19–29 million USD annually. Despite the government's efforts to create favourable conditions for industrial mining, gold has almost exclusively been produced by artisanal miners over the last two decades [11].

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