

Formal mining investments and artisanal mining in southern Madagascar: Effects of spontaneous reactions and adjustment policies on poverty alleviation



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ABSTRACT

The main political concern in the southern areas of Madagascar is poverty alleviation. To alleviate poverty in the area, the government has chosen to enforce adjustment policies of the World Bank Group. According to the World Bank Group's argument, while artisanal mining is supposed to create significant economic, social and environmental problems, large-scale mining investment results in economic and social prosperity. This paper focuses principally on a re-analysis of the debates regarding the relationship between artisanal and large-scale mining and poverty alleviation in developing countries. Further, the paper offers an alternative viewpoint on these issues based on the example of Madagascar. In the last decade, Madagascar has experienced a significant increase in mining activity. Towards the end of the 90s, informal and artisanal mining emerged as one of the most important economic activities of the area with the development of the Ilakaka frontier. At the same time, foreign investments began to benefit from adjustment policies implemented by the government, and large-scale mining operations also commenced. As the local socio-economic system was deeply affected by these developments, it is wise to monitor the effects of each type of mining operation on poverty alleviation. On the one hand, it appears that governance insufficiency has hampered possibilities for broader economic prosperity through large-scale mining investments. On the other hand, while artisanal mining is frequently condemned by scholars, the negative comments seem to be overly pessimistic, as this activity can be demonstrated to provide considerable economic opportunities for both the native and migrant populations.

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Introduction

A society constricted by isolation and structural economic crisis

The southern part of Madagascar is one of the poorest areas in the country (Razafimanantena, 2003). This region is also extremely isolated, with just one paved road (Fig. 1). Despite the long coastline, shipping access is also limited. For many years, Toliara has been the only deep water port in this region. Moreover, this city of approximately 200,000 inhabitants (including suburbs) is by far the largest of all. Hence, the largest part of the region is still very rural, and the population still lives according to traditional livelihoods. In spite of a very dry climate (Hoerner, 1986), most of the population earns its living by farming and zebu breeding. This agricultural economy is more focused on local markets than on supplying any

international businesses, and a substantial part of the production is often used by the farmers for their own consumption.

Since its independence from French colonisation in 1960, the southern part of Madagascar has been gradually affected by an increasing economic crisis (Razafindrakoto and Roubaud, 2002) that has impacted the country as a whole. Moreover, in the beginning of the 1990s, a 3 year drought (called "kere" by Malagasy people when producing starvation) has aggravated the structural problem in the south. The agricultural subsistence economy has been dramatically affected by the drought, with a strong decline in production and a drop in livestock numbers. Subsequently, thousands of people between Toliara and Toalagnaro experienced starvation because of this structural and cyclical crisis (Fauroux and Rakotosalama, 1992).

Development of small-scale mining in Madagascar

Until recently, mining activities in the southern part of Madagascar were quite limited despite various investment projects

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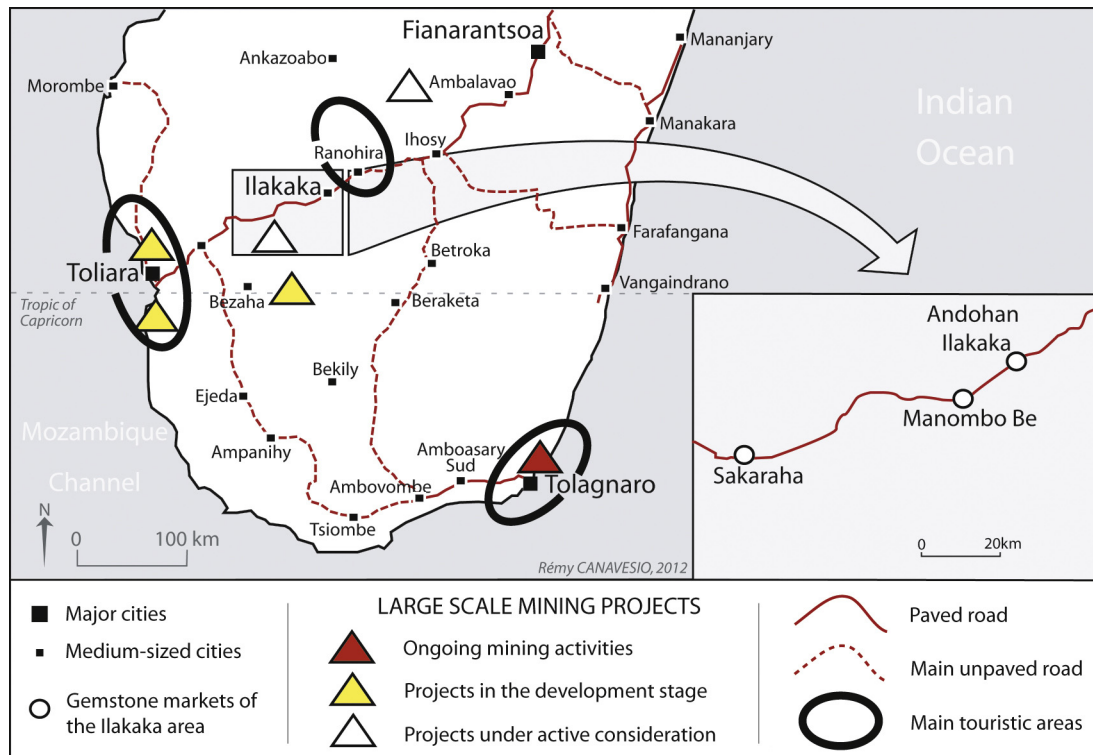


Fig. 1. Ilakaka ASM area and large-scale mining projects in southern Madagascar.

planned during the French colonisation of the area.¹ However, in the early 90s, drought and poverty spurred the population to find new sources of income. As a result, the rural exodus from the Androy and Mahafaly regions to Toliara was dramatically compounded (Fauroux and Koto, 1993). Moreover, this situation put intense pressure on resources that were unused in the scope of the area's traditional activities. Natural resources such as wood and precious gemstones began to attract this population that had fled to Toliara. Informal logging, slash-and-burn farming and artisanal mining (ASM)² became popular in the southern part of Madagascar (Canavesio, 2010; Fauroux and Rakotosalama, 1992). In 1994, the local people suddenly began to work at a sapphire deposit known for many decades³ (Schwarz et al., 1996) in the Andranodambo area. This first rush of approximately 15,000 miners laid the foundations for a new economic system built on the small-scale mining exploitation. While the country as a whole was impacted by this new dynamic, the south was specifically affected, as the geology of this area conferred it with extraordinary economic potential (Pezzotta, 2001). Thus, in response to the increasing poverty, spontaneous reactions of development of small-scale mining were the first to occur.

Despite the existence of substantial gold deposits in many parts of Madagascar, gemstone mining experienced the strongest growth. With the rush to the Andranodambo sapphire deposit in

1994 and to the Ambondromifehy sapphire deposit in the north of Madagascar in 1996, the south of Madagascar became, for the second time, the scene of a remarkable rush, with the beginning of small-scale mining at the gemstone deposit of Ilakaka, an activity that ensued in October 1998. Within only a few months, the migration that occurred turned into the most spectacular rush in many decades, and it was likely one of the largest rushes to have occurred in the history of the world. In less than one year, more than 100,000 people emigrated to the Ilakaka area to escape poverty. These migrations deeply modified the society of the southern part of Madagascar in areas of both immigration and emigration. The traditional livelihoods of the Ilakaka region changed drastically with the appearance of small-scale mining, and some parts of southern Madagascar, such as the Androy region, lost more than five percent of their population (Canavesio, 2010).

Appearance of international stakeholders in Malagasy mining activities

Despite the discovery of many mineral resources by French geologists during the colonisation period (Lacroix, 1922a,b), the Malagasy mining economy failed to capitalise on it for the next 15 years. During that interim period between the discovery and mining of the resources, the Malagasy mining policies and the international market of mineral resources scaled back on foreign investments in Malagasy mining projects. This dynamic, often noticed in a number of other African countries (Campbell, 2005), began to change in the late 90s with the appearance of new mining legislation and price increases in both mining and energy resources. As a consequence, in a few years, investments in the mining sector dramatically strengthened. Between 2005 and 2010, this growth was mainly the result of the QMM and DYNATEC mining projects that accounted for approximately US\$ 2 billion. These investments were already supported by international mining companies, and as opposed to artisanal mining, local and national stakeholders were

¹ The extraction of the coal deposits of the Sakoa area during the Second World War is an example (Babouard, 1943). However, this activity was declining at the end of the conflict.

² Some articles (Hayes and Wagner, 2008) distinguish between artisanal mining (most basic tools and manual labour for excavation) and small-scale mining (mining planning and some mechanisation that does not necessarily replace manual labour). However, in this study, similar to many other scholars, we use these terms synonymously.

³ According to Richard Hughes, "Sapphire in Andranodambo was first reported by French geologist Paul Hibon in the early 1950s, but the modern rediscovery of these gems dates from about 1991" (<http://www.ruby-sapphire.com/>).

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