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Rapid assessment of
Extractive industries Issues
In Mozambique: A study to
inform the media response
in monitoring extractive
industries in Mozambique

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List of Acronyms

AMJJ – Mozambican Association of Reporters on Judiciary Issues

CMDN - Companhia Mineira de Naburi

CIP - CENTRE FOR PUBLIC INTEGRITY (CENTRO DE INTEGRIDADE PUBLICA)

EITI - Extractive Industry Transparency Initiative

IKWELI – CJI –Centre for Investigative Journalism

MISA – Media Institute for Southern Africa

MIREM – MOZAMBIQUE MIINISTRY OF NATURAL RESOURCES

RM – RADIO MOÇAMBIQUE

REI - Rare Earth International

REJOPAM – Association of Parliament Reporters of Mozambique

SOICO – SOCIEDADE INDEPENDENTE DE COMUNICAÇÃO

TVM – TELEVISÃO DE MOÇAMBIQUE

PART I

Introductory and Methodological aspects

Executive Summary

Mozambique is set to become a world-class natural resource exporter with Projections Indicating That it will experience rapid Increases in Revenues over the next windfall Several decades and well beyond. While this is welcome news for the low-income country with a Substantial Proportion of the population below the poverty line, it foreshadows some economic management problems ahead. The main concern is the poor economic record of many other low-income countries with large natural resource endowments. It is remarkable how Often these countries have experienced lower rates of growth Compared with countries lacking such endowments. This pattern, known as the-natural resource curse, ll Has Been documented in empirical research across a wide sample of nations (Biggs, Tyler, 2012. Mozambique's coming natural resource boom. Expectations, vulnerabilities, and policies for successful management. Maputo, USAID).

Resource booms in low-income countries Have Been found to have a Significant Influence on the quality of Institutions and This has been shown to be the major channel through the resource curse Which influences growth. Booming Revenues Resulting in governance can worsen corruption and mismanagement undermining growth policy. It is important to note That Also the effects of the resource boom on the economy (e.g., macroeconomic stability and growth) are moderated by the quality of the country's institutions. Countries with strong Institutions at the start of the resource boom are shown to do much better, Often turning the curse into a blessing Possible. Countries with weak Institutions are shown to do much worse (ibid, pi.)

Recognizing the role of media in promoting good governance, this study describes the existing potential of natural resources and is what is presently being extracted; the industries involved; explores the legislative weaknesses and suggests measures for its mitigation.

On the other hand, it makes a critical analysis of the media's ability to report the extractive industry sector with necessary quality and also suggest measures to curb the growing trend in the media to become a mere transcriber of press releases of private entities.

The study also encourages the financing of investigative journalism as well as specific training for journalists as ways to improve the quality of news.

Harnessing and leveraging associations of journalists is of paramount importance so that they benefit from training and funding opportunities to practice journalistic research that respond to the most pressing issues of citizens.

In Mozambique, access to information remains a major challenge, not necessarily because of the difficulty that various stakeholders have in accessing it but also by the way the available information is treated and disseminated.

The survey results clearly show that the news about the extractive industry all come from official sources, interested in the subject and in this way suspicious. Few have been original and investigative journalistic on the extractive industries due to the financial costs and lack of specific technical knowledge. And, worse than that, the preference of newspaper companies in younger and inexperienced journalists and bad wages contribute to the early exit of talented journalists for other occupations. Supporting financially journalistic work could therefore be a way to encourage research and specialized training of journalists in this area.

Public perception about the abundance of natural resources has raised great popular expectations regarding their contribution to poverty alleviation. On the other hand, in areas where these resources are being exploited, expectations have been dashed with the emergence of various social problems, especially those related to resettlement, responsible for relocation of thousands of families to inhospitable regions.

The monitoring capability on compliance with the contractual provisions between the government and mining companies remains weak and almost nil, with exceptional organizations working in this area as Environmental Justice, and CIP and Livaningo among others. However the impact of these activities continues mitigated in part because of the weak capacity of the press to interpret in simple language the main issues concerning the industry.

After review of the Mining Law in 2007 and last updated the Code of Fiscal Benefits in 2009, behold, in 2011, the Mines Act is again under review. This after the promulgation of the Law on Public Private Partnerships, Concessions and Business Projects Large Dimensions, in July 2011, providing for the renegotiation of contracts for mega projects.

These legal reforms have emerged in response to the pressures of Mozambican civil society and the international community, in order to minimize the paradox of the Mozambican economy: abundant natural resources and minerals, presence of huge volumes of FDI while the state budget continues dependent on foreign aid and increasing the number of poor (Mosca, Selemene, 2011)

This small study brings to light the current situation in the extractive industry and assesses how the media reports on this same subject. Finally, the study offers suggestions for policy, media and civil society.

Introduction

Objectives and scope of the study

This document presents the results of a rapid assessment of extractive industries issues Mozambique. It intends to inform the media response in monitoring extractive industries in Mozambique, under PANOS country program.

We believe that the assessment fully responds to the objectives of the terms of reference that states four main objectives, namely:

- a) Identify the existing extractive industries in Mozambique, presenting their profiles, where they are and what industry they are engaged in.
- b) Assess and analyze existing and potential impacts on the socio-economic lives of the local people and how compensations and impact mitigation are done, if any. Highlight where there is lack of compensation and impact mitigation;
- c) Examine all relevant policies and regulations of such industries, how they are being implemented as well as gaps in existing policies and policy;
- d) Assess the current media reporting on extractive industries, highlighting gaps that the project can address.
- e) Draw recommendations that should guide the media in reporting on these issues.

The study did not elaborate exhaustively on issue (d), hence it did give insightful overview on current trends. It also recognizes its criticism with regard to the state of Mozambican media and outlines clear measures to avert the trend as well as opportunities available for PANOS to decisively contribute for the strengthening of Mozambican media and promote informed debate on extractive industry.

The study finds out that greater attention should be paid in training and capacity building while providing financial support for media civil society to carry out joint investigative work on extractive industry. So far, Mozambicans are not yet well informed about the contours of the extractive industry nor they are aware about the harm the companies are doing in the field.

To avoid being part of the evil axis – by misinform instead of inform citizens the truth about extractive industry - the media urgently needs to set up a real expertise. She also needs to equip itself with the financial resources to develop independent research. This expertise will help interpreting reports that diffusely are misinforming people.

The rapid assessment was based on a qualitative approach. It gathered and analyzed data from different sources, from bibliographical to interviews including formal meetings.

Methodological procedures

The rapid assessment was based on a qualitative approach. Given the diversity of information that will be gathered and analyzed, several data collection techniques including formal meetings, document review, semi-structured interviews, focus groups and direct observation were carried out. Further consultation with Panos Mozambique was also made.

The *Document Review* provided an overview of the extractive industry in Mozambique, key challenges and how different stakeholders in Mozambique have so far responded to them. Special attention was paid to the way media outlets in Mozambique have been reporting on extractive industry issues.

We also consulted sundry legislation governing the extractive industry and we also analyzed how far civil society efforts towards engaging the government for a more transparent and effective behavior have gone.

Semi-structured interviews and focus groups: We managed to interview different stakeholders and key informants in order to nurture the information so far gathered.

For different reasons, we were not able to carry out focus group discussions with journalists but we managed to interview keep journalists, some of them beneficiaries of PANOS projects in Mozambique. These include the leading journalist Arsénio Henrique from SOICO, Jeremias Vunjane of Justiça Ambiental, Rui Lamarques of A Verdade. We also managed to interview key researchers such as Tomás Selemene and Dionísio Nombora o CIP, experts on extractive industry in Mozambique, whose insight shed more light on gaps existing in Mozambican legal framework and how to fix them.

Media Scanning and Content Analysis: We analyzed six news outlets among TV, Newspapers and radio¹ with the objective to assess (1) the quality of the news, (2) the sources of the news and (3) genre of the news. We also assessed quantitative

¹ Radio Moçambique – from November 10 to December 10 2012;
TVM – Telejornal - from November 10 to December 10 2012
STV – Jornal da Noite- from November 10 to December 10 2012
Jornal Noticias - from November 10 to December 10 2012
@ verdade - from November 10 to December 10 2012
Canal de Moçambique - from November 10 to December 10 2012

and qualitative aspects of the news as well as key issues arising from media coverage.

Ethical aspects were considered during interviews. All key informants were previously requested their free consent prior to the interview. They were informed about the objectives of the study and the interviewees freely accepted to be recorded.

PART II

Results

Existing extractive industries in Mozambique: profile, location and scope of work

Coal

The main coal deposits in Mozambique lie in the north-western region of Tete. The coal resources exist within three basins: Moatize, Lower Zambezi and Mucanha-Vusi. Other coal basins have been discovered in Niassa, Cabo Delgado and Manica provinces (Energia & Indústria Extracativa, 2012).

The Brazilian mining company Vale is arguably the most well-known actor within the mineral industry of Mozambique. It has so far invested \$1.6bn in its Moatize mine in Tete province, which will be expanded with another \$6bn until 2014, to make it the largest coal project in the southern hemisphere. Next to Vale's Moatize license lie two holdings of the British-Australian company Rio Tinto; Benga and Zambeze. The Benga mine's first exports left the port of Beira in June 2012, and its coking coal is said to be of particular good quality.

Zambeze is, in terms of area, one of the largest undeveloped coking coal projects in the world. Kazakhstan-originated multinational Eurasian Natural Resources Corporation has 12 exploration licenses in Tete province, and is expected to become one of the largest coal mining companies in Mozambique. One of the licenses, the Chitima project, has been developed to a mining deposit with the aim of producing up to 40Mt of coal per annum by 2020.

Three coal projects in Mozambique have begun operating. These are Vale's Moatize mine, Rio Tinto's Benga mine and Beacon Hill Resources' Minas de Moatize. Additional four international companies have recently commenced operations: Jindal Steel and Power, Eurasian Natural Resources Corporation, Ncondezi and Minas de Revuboè (owned by Nippon Steel and Talbot Group). In February 2012, the government announced that no more coal licenses in Tete province would be given for the time being. By then, 112 licenses had been issued to 45 companies (Reuters, 2012-02-24).

Some specific Projects operating in coal sector include:

- A UK based Beacon **Hill Resources** operating the Minas Moatize coal mine in Tete through its subsidiary Minas Moatize Limitada;
- **Eurasian Natural Resources Corporation**, a Kazakhstan-originated multinational (ENRC), with 12 exploration licenses in Tete province, of which one, the Chitima project, expected to produce 20 Mt of coal a year by 2015-16. ENRC is also expecting to construct a railway between Tete and Nacala port, and a new port at Nacala, adjacent to the coal terminal that Vale is planning. ENRC project is expected to become one of the largest coal actors in Mozambique (TMSA, 2012-02-09; AllAfrica, 2012-02-09).
- **Jindal Steel and Power**, the Indian company was awarded a mining license in Changara district in 2011. The mine produces coking coal and thermal coal,

and JSPL hopes to export 10Mt coal per annum. JSPL is currently looking at setting up a thermal power plant in Tete (MRM, 2012; AllAfrica, 2012-02-28).

- **Ncondezi Coal Company**, lies in the Zambezi basin in the northeast of Tete Province, where is currently prospecting in two licenses. The resource at the Ncondezi project is expected to be 4,7Bt, making it one of the largest unexploited coal resources in the world. The license areas cover 37,800ha. Ncondezi Coal Company has signed an agreement with Rio Tinto and Minas de Revuboè for use of its transport infrastructure (Ncondezi Coal Company, 2012).
- **Revuboè Minas de Revuboè Ltd** is a Mozambican company, owned by Talbot Group investors, Nippon Steel and Posco. It was announced in July 2012 that the UK based company Anglo American would buy a 58.9% stake in the mine. The Revuboè mine lies within the Moatize basin, and borders to the Rio Tinto's Zambeze project and Vale's Moatize project. The Revuboè mine is currently being developed to produce coking and thermal coal. First production is expected in 2013. In addition to its mining facilities, Minas de Revuboè is planning to build a railway to connect to the existing Sena railway (Revuboe, 2012).
- **Rio Tinto:** Benga, Zambeze and Tete East projects. The Benga mine in Tete province opened in April 2010. It lies in the Moatize basin and is a joint venture owned by British-Australian multinational Rio Tinto (65%) and Tata Steel of India (35%). Rio Tinto acquired its licenses from Riversdale. The Benga mine produces coking coal and thermal coal. The quality of its coking coal is perceived to be among the best in the world (Mallyon, 2010 in Callaghan, 2011, p. 35). Coal from the Benga mine is exported through the newly reopened Sena Railway line to the port of Beira. The first shipment of coal from Benga tons left for India in June 2012 with 35 000 tons of coal (Mining Weekly, 2012-06-25). Also within the Moatize Basin, Rio Tinto's Zambeze coal project lies in the Changara district, and is adjacent to the Benga project. The property is 24,740ha, making it one of the largest undeveloped coking coal projects in the world. The Zambeze project is being developed together with the Chinese company Wuhan Iron and Steel Corporation (WISCO) which is entitled to 40% of the project for a total investment of \$800m. Infill drilling processes as well as an environmental and social impact assessment are underway, and production from the mine is scheduled to begin in 2015 (The Australian, 2012-04-02; Mining-Technology.com). Tete East is another holding by Rio Tinto (100%). It is adjacent to Benga and Vale's Moatize projects and first production is aimed at 2017 (Callaghan, 2011).
- **Vale Mozambique:** Moatize mine. The Brazilian mining company Vale and its Moatize project is arguably the most well known in Mozambique. Vale was granted concession for its Moatize mine in 2004, and obtained exploration rights in 2007. The project occupies an area of 23,780 hectares (Mosca and Selemene, 2011). Moatize is Vale's largest international coal project, and the company has so far invested \$1.6bn. In 2011, Vale approved a \$6bn expansion of the project, which will make it the largest coal project in the southern hemisphere. The Moatize mine contains thermal coal and coking coal. The first shipment of thermal coal was made in October 2010. The first shipment of coking coal was sent in November 2011, and as of August 2012, Vale's exports from Moatize totaled 1.06Mt, of which 0.94 Mt was coking coal

(O País Económico, 2012). The first production of the second phase is forecasted for the second half of 2014. The second phase is expected to double the production capacity of the Moatize project to 22 Mt a year (Exame.com, 2011; Mining.com, 2011).

To transport the coal, Vale is currently using the newly developed Sena railway line, which connects Moatize with the port of Beira. In July 2012, the Mozambican government approved the construction of a new railway between Tete and the port of Nacala in the northern province of Nampula, which will, in majority, be financed by Vale.

Vale has also started developing another coal project in Lago, Niassa province. In 2011, Vale invested \$7.6m in prospecting and research of the area (O País Económico, 2012).

In addition, among others Tata Steel, Mozambi Coal, Wuhan Iron and Steel, ETA Star Coal India, Black Gold Mining, Capitol Resources, Midwest Mozambique, Osho Gremach Mining are active in the coal sector.

- **Riversdale:** The Benga coal mine is owned by Riversdale - 65% and Tata Steel - 35% and was officially opened in April 2010. Riversdale has a 25 year mining lease on the deposit and has already had environmental approval (mining and power). It has an excellent quality coking coal. In 2010 there was a 40% LOM offtake agreement with Tata steel, and a 10% LOM off take agreement pending with WISCO and therefore 50% of the production is essentially sterilized to local beneficiation. Benga exported its first shipment in September 2011 from Beira. Benga coal mine is one of the major coal mining opportunities in Mozambique with an JORC compliant resource of 4,032 Mt (see Table 9). Once fully operational it expects to produce 10 Mt of coal per year (see Table 10). Mallyon (2010) has estimated that the seaborne coal exports from Mozambique could get to 55 Mt by 2025 (See Figure 13).

Heavy mineral sands

Most of the Mozambican coastline contains extensive heavy mineral sands deposits, and Mozambique is said to have the potential to be one of the world's foremost producers of limonite and zircon (Lehto & Gonçalves, 2008). Rio Tinto is exploring in Gaza and Inhambane provinces, where the soil is said to have particular potential for heavy mineral sands. The Irish mining company Kenmare Resources operates a titanium minerals mine, Moma, in Nampula province in one of the world's largest known titanium minerals deposits. The British company Pathfinder Minerals has two licenses, adjacent to the Kenmare project, from which it plans to extract and sell its first products of ilmenite, rutile and zircon by 2014.

Some specific Projects operating in heavy mineral sands sector include:

- **Kenmare Resources:** 50 km north of the area licensed to Pathfinder Minerals, in the Nampula province, lies the Moma Titanium Minerals mine, owned by the Irish mining company Kenmare Resources. It contains more than 200 Mt of contained limonite, and is one of the world's largest known titanium minerals deposits (Kenmare presentation). It contains ilmenite (estimated total 180 Mt), zircon (estimated total 12 Mt) and rutile (estimated total 4 Mt). The Moma mine is currently being expanded, which is set to increase capacity by approximately 50%, and is planned to develop into the world's third largest single mine ilmenite producer. Kenmare has so far invested \$460m in the Moma project (Kenmare, 2011; 2012; TMSA, 2011 p.104; MRM, 2012).
- **Pathfinder Minerals:** Moebase and Naburi projects. Pathfinder Minerals has two adjacent licenses, Moebase and Naburi, covering roughly 32,000 ha of land on the coast of the Zambezia province. The land is known to contain ilmenite, rutile and zircon. Pathfinder plans to extract and sell its first products at 2014, with the mine operating at full capacity in 2015. Its mine is estimated to produce 47mt per annum, of which 93.4 % will be ilmenite, 1.74 % rutile and 4,78 % zircon (Pathfinder, 2012a). In 2011 Pathfinder got into legal trouble concerning the ownership of its Mozambican subsidiary, Compañia Mineira de Naburi (CMDN), and thereby, the ownership of its mining licenses in Mozambique. The issue is currently subject to legal proceedings in Mozambique and England (Pathfinder 2012b, p 7).
- **Rio Tinto:** Jangamo, Chonguene: Rio Tinto has explored for heavy mineral sands in the Inhambane and Gaza provinces north of Maputo. Rio Tinto commenced an economic prefeasibility study in late 2010, and currently holds a prospecting license for the area (MIREM, 2010, p 44; R.d. Moçambique, 2011).

Iron ore, vanadium

Several findings of iron ore have been made in Mozambique, although no products have yet been exported. The Indian mining company Damodar Ferro owns an iron ore mine in Namarrepo in Nampula province which produces 75 tons per hour, and is expected to send its first exports in late 2013. The Australian owned Baobab Resources has made significant findings of iron, titanium dioxide and vanadium pentoxide in its three projects in Tete province. Depending on the outcomes of currently undertaken surveys, Baobab could start to produce in 2014.

Tantalum

Tantalum is currently produced at two sites in Mozambique. The Canadian company Pacific Wildcat Resources has a Tantalum project in Muiane, on the Alto Ligonha pegmatite belt in Nampula province. The mine reached full capacity in 2011 and has an operational life of 3 to 5 years. The Jersey based company Noventa operates a mine in Marropino in Zambezia province, which has exported tantalum since 2010. Noventa also holds three more licenses in Zambezia province. Noventa reported in July 2012 that it was facing possible insolvency.

There is one specific project worth to mention in this sector: the Marropino project owned by **Noventa Ltd**.

- A Jersey based tantalum miner **Noventa Ltd** operates an open pit mine in Marropino, Zambezia province where tantalum is produced. Its first shipment of tantalum left Quelimane port in 2010 (Noventa, 2011). Noventa exported 75 tons of tantalum and made a profit of 150,000 pounds from Marropino in 2011 (AIM news, 2012-07-31). The Marropino mine was affected badly by the storms in February 2012, to an extent that the commissioning of a new processing plant had to be delayed. Due to difficult market conditions and limited interest from investors, Noventa reported in July 2012 that it was facing possible insolvency if additional financing could not be secured (Mining Weekly 2010; 2012). Noventa also holds mining concessions in Morrua and Mutala, Zambezia province, and an exploration license in Ginama, Zambezia province. Noventa planned to commence construction of a processing plant at Morrua in late 2012 (Noventa, 2012).
- **Pacific Wildcat Resources:** Muiane. The Canadian company Pacific Wildcat Resources (PAW) runs a mine and two processing plants for Tantalum in its Muiane project. The licenses cover 450 km² and are located on parts of the Alto Ligonha pegmatite belt in Nampula province. The production of tantalum reached full capacity in July 2011 and the mine has an operational life estimated at 3 to 5 years. PAW aims at commencing marketing and selling its Tantalum concentrate in the middle of 2012 (PAW, 2012a; PAW, 2012b).

Rare earth elements

No production of Rare earth elements is taking place in Mozambique, but recent findings by the Australian mining company Kimberley, have been referred to as “massive”(Geocurrents, 2012-02-20). Kimberley’s heavy rare earths project lies in Malilongue in Tete province.

In Sofala province, unlisted investor Rare Earth International has a license where drilling tests have indicated containments of neodymium, europium and yttrium. Globe Metals & Mining of Australia has explored a license in Mount Muambe in Tete province where significant discoveries of fluorite have been made.

Other specific projects include:

- **Globe Metals & Mining: Mount Muambe.** Australian Globe Metals & mining has also explored a licensed area in Mount Muambe in the Tete province, where significant discoveries of fluorite have been made (Globe, 2012b).
- **Kimberley/Great Western Mining:** Malilongue. The Australian mining company Kimberley and British-Irish Great Western Mining have entered into a joint venture agreement over the Malilongue heavy rare earths project in Tete province. The project consists of one mining concession and one prospecting license (Chigaio and Vundu). Kimberley began exploration at Malilongue in March 2012, and has since then announced findings of significant rare earth anomalies of neodymium, as well as lithium, tantalum, tin. The neodymium anomaly is estimated as of particular economic importance (Kimberley, 2012a; 2012b; Proactive Investors, 2012).
- **REI/Galileo Resources:** Xiluvo. The Xiluvo complex lies in the Sofala province, and its license belongs to unlisted investors Rare Earth International (REI). Drilling tests carried out by former owner of REI, Southern Crown Resources, in 2011 indicated the soil to contain several unconsolidated rare earth minerals, such as neodymium, europium and yttrium on a surface level to an amount of 1.1Mt (Resources Roadhouse, 2011; AllAfrica, 2011-11-11).

In July 2012 it was announced that Anglo-South African Galileo Resources had signed a Heads of Agreement with REI that would give it a right to earn in an 85% interest in the Xiluvo project and to operate it (Galileo, 2012).

Base metals

90% of Mozambique's gold mining in 2010 was artisanal (USGS, 2011). The interest for gold seems to have weakened in recent years, noticeable by relinquishments of projects by both **Baobab** and **ABM Resources**. **Pan African Resources of South Africa** runs a project in Manica district, close to the Zimbabwean border in Manica province, which is planned to commence production in mid-2012. The Canadian gold mining company **African Queen** mines is exploring an area on the Fingoe Belt in western Tete province known as the King Solomon gold project.

Nickel

Nickel deposits have been discovered in Cabo Delgado and Zambezia provinces. British Virgin Islands-registered Rockover Resources has, through its Mozambican subsidiary Rovuma Resources, invested \$28m in its Montepuez project. The Canadian exploration company AXMIN explores for nickel in two licenses in Zambezia province.

- **AXMIN: Mavita:** The Canadian exploration company AXMIN explores for nickel in its Mavita project in two prospecting licenses in Zambezia province (AXMIN, 2012).
- **Rovuma Resources:** Montepuez Rovuma Resources, a subsidiary of British Virgin Islands-registered Rockover Resources, has stated that it plans to commence exploiting of nickel deposits discovered in Montepuez in Cabo Delgado province in 2014. Rovuma Resources has so far invested \$28m, and will invest a further \$7m in prospecting in 2012. The reserves are estimated at 23 Mt and their exploitation would entail significant infrastructure investments (Macauh, 2012-07-10; Club of Mozambique, 2012-04-13).
- **Baobab:** The Monte Muande project consists of two exploration licenses which cover an area of 338 km² northwest of the city of Tete. Baobab has carried out drilling surveys in the area and found iron ore resources. Baobab has entered into a joint venture with UK listed North River Resources **PLC** to undertake exploration activities at the Muande project, and if the exploration is successful, develop mining operations. Earlier explorations undertaken in the 1980's and 2000's indicate that the soil contains iron and phosphorus (Baobab, 2011, pp. 8-11).

Graphite

Graphite was historically produced in the Itotone mine near Namialo in Nampula province, a part of an area of potential occurrence that stretches over 400 kilometres by 300 kilometres in Nampula and Cabo Delgado provinces (Proactive investors, 2012-06-20). Triton Gold and Syrah Resources, both of Australia, are exploring for graphite in licenses in Cabo Delgado. Syrah announced findings of extensive

graphite resources and vanadium anomalies after a drilling program in July 2012. In January 2012 the German group Graphit Kropfmühl was awarded a public tender to run Kenmare's former Ancuabe graphit mine in Cabo Delgado.

According to the the swedish resports on mineral industry in Mozambique (2012), there are several mineral projects running in Mozambique²

Bauxite

Mina Alumina.: The Mozambican Mina Alumina Lda operates a bauxite mine close to Chimoio in Manica province. The mine has worked since 1935, and has produced 10-12 000t per year. The license covers 1600 ha. Current reserves at the mine are estimated at 2 Mt. The Mina Alumina mine has been on sale since February 2012 (Mina Alumina, 2012).

Graphite

- **Kropfmühl:** Ancuabe project. In January 2012 the German group Graphit Kropfmühl was awarded a public tender to run the Ancuabe graphit mine in the Cabo Delgado province. The mine had been run by Kenmare between 1992 and 1999 until a fall in world market prices of graphit made the production unviable (Graphiteblog, 2012).
- **Syrah Resources:** Balama Project: The Australian mining company Syrah Resources has found extensive graphite resources, and vanadium anomalies in its Balama project in Cabo Delgado province after a drilling programme was concluded in July 2012. The project has an area of 109 km². The graphite is said to be of particularly good quality, and Syrah's share price doubled upon the announcement (Syrah, 2012; Sydney Morning Herald, 2012-05-24).

² Swedish Embassy in Mozambique, 2012. The mineral industry of Mozambique. An overview for Swedish investors. Maputo.

Gold

- **ABM Resources:** Mimososa **project:** The Australian company ABM Resources withdrew from its two licenses in Manica province 2011 (ABM, 2011).
- **African Queen Mines:** King Solomon mine Canadian African Queen Mines is exploring an area of 230 km² on the Fingoe Belt in western Tete province, called King Solomon gold project. Drilling programs undertaken in 2010 and 2011 have discovered gold-copper-silver mineralization in the area. African Queen also has a license next to the King Solomon project, presently under an application by its subsidiary PAM Mozambique. The King Solomon project is a joint venture with Swiss Opti Metal where African Queen is designated as manager and operator (African Queen, 2012).
- **Baobab Resources:** Bandire/Sussundenga Projects: Baobab Resources was exploring for gold in Bandire/Sussundenga during 2009-2010, but withdrew from its licenses due to a downgraded potential following field investigations (Baobab 2011, p 13).
- **Pan African Resources:** Manica Projects: Pan African Resources (PA) from South Africa runs its Manica project, situated close to the Zimbabwean border in Manica province. Manica is forecasted to produce 0.4 Mt per annum with a life of 11 years. Production is planned to commence in mid-2012, with a capacity of 20 kt per month. PA intends to develop the mine to a 125 Kt per month mining operation by mid-2013 and further doubling its capacity beyond 2014 (Pan African Resources, 2011).
- **Tsoza gold refinery:** Inaugurated in 2010, the Tsoza gold refinery in Manica province, is run by Anglo- Mozambican Tsoza Holdings. By the time of inauguration, Tsoza was set to employ 25 people, which would be extended to 100 depending on the status of other gold projects (CanalMoz, 2010-04, 26).
- **Triton Gold:** Cabo Delgado province The Australian company Triton Gold announced in June 2012 that it was to prospect for graphite in the Cabo Delgado province, in five prospecting licenses owned by the Mozambican company Grafex Limitada (Mining review, 2012-06-22; Proactive investors, 2012-06-20).

Iron Ore

- **Baobab Resources:** Tete, Changara, Monte Muande projects: Australian owned Baobab Resources **PLC** has three mining projects in Tete province, of which its Tete iron ore deposit is the flagship project. It covers an area of 632 km², north of the city of Tete, and lies next to the coal license blocks of Vale and Rio Tinto. The project contains two areas of magnetite-titanium-canadium mineralization; the Singore area to the south and the Massamba Group in the north. There are three resource drilling programmes within the project; the South Zone Prospect, the Tenge/Ruoni Prospect and the Chitongue Grande Extensions (Baobab, 2012).

Baobab's Changara project consists of four exploration licenses which cover an area of 525 km² southwest of the city of Tete. Baobab is currently exploring Changara in a joint venture between its Mozambican subsidiary Capitol Resources plc and Ferrex Plc. Production could start in 2014 depending on the outcome of the study. The soil in Changara holds zinc, lead, manganeses, iron ore, fluorite, copper and silver (Baobab, 2011, p 12).

- **Damodar Ferro:** Namarrepo, Lalaua - The Indian mining company Damodar Ferro owns an iron ore mine in the locality of Namarrepo, Lalaua district in the Nampula province with a capacity of 75 tons/hour. Damodar Ferro plans its first shipment of iron ore from its Lalaua mine in late 2012, which would mark the entry of Mozambique into the world iron market (AIM news, 2012-17-07). The ore will be transported by rail to the port of Nacala. A shortage of trains is the main constraint for Damodar. Damodar Ferro has also applied for an exploration license in Alto Molocue in Zambezia province (Macua Blogs, 2012-16-07). In July 2012 it was alleged that Damodar was not complying with the law in respect to the salary and access to health care for its employees. Damodar was also criticized for not constructing a health clinic and school as had been promised. In response, mineral resources minister Bias gave the company a two month deadline to improve the conditions (AIM news, 2012-19-07).
- **Globe Metals & Mining: Memba** - Globe Metals & Mining of Australia holds six exploration licenses in the Memba Titanium-Iron project in Nampula province at an area covering 1,110 km². Globe has entered into a joint venture project with South African Mihandzu (Globe 2012a).

Uranium

- **North River Resources/Jacana Resources:** Mavuzi, Castro. The UK based company North River Resources and Australian Jacana Resources have entered into a joint venture over licenses in Tete province. The licenses which cover 54,580 ha are prospective of rare earth elements and uranium, and

include the previously producing Mavuzi and Castro uranium mines (North River, 2012; Proactive Investors, 2011c)³

³ Unless otherwise specifies, the following section is based on Trademark Southern Africa, 2012. November 2011 Mozambique Mineral Scan Report. Pretoria, Trademark Southern Africa

Legal Framework

An overview on current trends

The country's natural resources are relatively under exploited. For instance, in 2006 the mining sector contributed just 1,6% of GDP⁵ (EITI website).

However, extractive industries are rapidly expanding and developing in the country. The so-called mega-projects (large investments which have mobilized more than nine billion dollars) are considered as great opportunities for economic growth and might become the major source of revenue in the future. In this context, the country has to develop mechanisms to ensure transparency and accountability in the sector and to guarantee that the revenues benefit society as a whole and not only a few companies and the political elite.

Therefore, given the growing importance of the sector and the great potential for corruption, the Government, after conducting a study, committed itself to following the Extractive Industry Transparency Initiative (EITI). The main objective is to improve state revenue through deterring fiscal/tax evasion and promoting a transparent and credible framework for revenue collection (Centro de Integridade Publica, 2010).

Experts on the sector have also highlighted the importance of improving transparency and accountability in the management of natural resources beyond the basic criteria determined by the EITI (Centro de Integridade Publica, 2010).

For instance, in-kind payments made to the government are still not monitored. There is little information available related to payments made in kind, such as the 2,528,854 GJ of natural gas paid by Sasol in 2008, that the government has never accounted for (Selemane; Nombora, 2011).

Moreover, many if not all of the contracts signed between the government and companies in this sector are still not publicly available. Companies which signed the contract previous to the Law n. 13/20077 also enjoy great fiscal benefits, which should now be reviewed (Selemane; Nombora, 2011). Other issues and social questions which go beyond the framework of the EITI, such as land use, fisheries and forestry, etc., must be considered to allow for a sustainable growth.

Currently, the government and members of civil society organizations are discussing a preliminary draft of a bill regulating the mega-projects as well as public-private partnerships (Selemane, 2010). Additionally, several civil society organizations in Mozambique have got together and formed a coalition to deal with issues related to transparency and accountability in the extractive industries. The coalition is linked to the global movement Publish What You Pay. Primarily, it aims at ensuring the implementation of EITI in the country, and secondarily, at investigating and monitoring the extractive industries to guarantee they benefit the Mozambican people as a whole (Centro de Integridade Publica, 2010).

Existing Legal framework and procedures

Current policy requires all applications for exploration and mining rights to be addressed to the Minister of Mineral resources and Energy for processing by the National Directorate of Mines. The laws applicable to mining in Mozambique include the mining law (Law no 14 of 2002) promulgated on 26 June 2002 and its related mining regulations (Decree 62 of 2006).

These regulations deal in detail with the administrative procedures for applications and processing of applications for licenses and permits. The regulations include obligations, for example the titleholder must submit an adequate work program and minimum expected expenses for the following year within a period of three months prior to the completion of each annual period.

Also important are laws 11 of 2007 and 13 of 2007, which relate to the mining tax regime.

In law 14/2002, it is stated that the mineral resources of the Republic of Mozambique are the property of the State and that the right to conduct reconnaissance, prospecting, research or to exploit mineral resources is granted through mining titles or permits. Mining titles and permits are granted on the basis of first-come first-served basis, taking into account the date of receipt of the respective applications.

The available types of permits and concessions are: reconnaissance licenses, exploration licenses, mining concessions, mining certificates and mining passes.

Reconnaissance license

The reconnaissance license is governed by section II of the mining law. The license may be granted to any individual or legal person, national or foreign, with juridical capacity and allows reconnaissance over a broad area (up to 100,000 hectares) for a non-renewable term of up to 2 years. The cost of the license is \$0.10 per hectare and is non-exclusive. It allows over flight and access rights for the purpose of reconnaissance, the right to remove samples and to occupy land and erect any temporary installations, camps, buildings or structures, and to use water, timber and other materials required for the reconnaissance. It allows certain rights for obtaining an exclusive exploration license over a smaller area at the end of the period. The license is not transferable. Applicants should be informed of whether a reconnaissance license is granted within 10 days of a decision being adopted.

Exclusive exploration license

Exploration licenses are governed by section 3 of the mining law. A license allows exclusive exploration rights to an area for a period of five years, with the possibility to renew for another 5 years. The license is transferable subject to conditions set out in the regulations. It allows the holder access to the area and to exclusively explore for the mineral or associated minerals as laid out in the regulations.

To collect and remove samples and to conduct trial processing of ore. The holder also has the right to sell specimens and samples obtained for exploration, occupy land and erect temporary installations, camps, etc., use water, timber and other necessary materials for exploration. The cost is \$1.00 per hectare. The fee rises by \$0.50 per hectare every year and the holder must reduce the area by at least 50% for every renewal. The holder is also required to submit a report on exploration carried out and monies expended.

Mining Concession

In order to hold a mining concession the company (legal person) must be established and registered in Mozambique. A mining concession may only be granted to a person holding an exploration licenses and thus the holder of an exploration licenses has the exclusive right to apply for a mining concession. An environmental license and land usage and benefit permit must be obtained before any operations may be started and these must be obtained within 3 years of the issue of the mining concession. Where the applicant is the current holder of a Prospecting and Research License and has fulfilled all the obligations of that license, a mining concession may be granted immediately. The concession allows for exclusive right to occupy land, to exploit the mineral resources identified in the research phase, and undertake the necessary works. The concession holder may request the usage title of the land and the concession is transferable under the provisions of the legislation.

Mining Certificate

May be granted to any individual or legal person domiciled in Mozambique, or to a cooperative or family for a maximum term of 2 years, renewable for a further periods of 2 years, providing that the mining operation does not exceed 500 hectares. A mining certificate may not be granted to any person other than the person who holds an exploration license and thus the holder of an exploration license has the exclusive right to apply for a mining certificate. The holder is given the right to occupy and use the land and undertake small scale mining operations on an exclusive basis. The holder may apply for a mining concession

Mining Pass

May be granted to Mozambican nationals, it is nontransferable and allows the holder to undertake small scale mining. Mozambique has introduced an electronic mining cadastre system that has regularized the process of applying for mining licenses, significantly improving access by foreign investors to its mining industry.

Taxation

The corporate income tax rate in Mozambique is 35%, with a 50% reduction allowed for mines for the first ten years of production. The following incentives are in place:

1. Exploration and development expenditures may be accumulated and carried forward
2. until the first year of production
3. A choice of depreciation rates is available
4. All mining equipment, materials and subcontractor fees are exempted from import duties
5. Mines are exempted from dividend withholding tax (18%) for ten years from the start of production

There is an exemption from sales tax, and certain other duties and taxes on mineral exports (Mbendi, 2010).

Mozambique has set royalties at 3% on all minerals except precious metals (5%), gemstones (6%) and diamonds (10%).

Land

The owner of an exploration license or a mining concession has the right to a land use title (DUAT), but must give fair and reasonable compensation to the previous holder of the same rights, which often are local communities. In fact, issues concerning land rights recurrently lead to disputes as they may implicate resettlement of local communities. The law provides for mediation between current and prospective holders of the title, by the MIREM or other dispute resolution providers.

Environment

The environmental laws and regulations of Mozambique are fairly rigorous, and prohibit all forms of environmental degradation (such as deforestation, desertification, and pollution) except as permitted by law. Mining activities are classified into three levels depending on the scope of the project and the equipment used. Different environmental obligations apply to each level, where levels two and three, which are applicable to projects where mechanical equipment is used, need the approval of an environmental management plan (level 2) and an environmental impact assessment (level 3). The environmental management plan is carried out by the company, and is then considered by MIREM and the Ministry for Environment (MICOA) through the Provincial Direction for Coordination of Environmental Action (DPCA).

The fee for the environmental licensing for level 2 and 3 is 0.2% of the value invested in the activity. The State is entitled to carry out an environmental audit whenever it finds it necessary.

Impact of Extractive industries on local people: a paradox

It can be said there are huge investments in construction and or rehabilitation of roads and ports due to the mining companies is the major visible impact that extractive industries are causing. The country is getting ready in terms of transport and communication infrastructure in order to positively respond to growing demands.

Effects local economy

Mining activity has boosted domestic demand and consequent supply of goods and services. Some of these goods do necessarily have to be provided locally, as is the case in hotels, restaurants, real estate leasing and short-distance transport, mainly through companies. Other activities are increasing the supply of services and domestic companies or foreign as power supply, long-distance transport and banking.

For example, in 2007, at the time Vale established itself, Tete and Moatize cities had altogether five bank agencies. Three and half years later the number rose to 18 bank branches. Commercial banks generate employment and income for families and create opportunities for expansion of new small businesses such as housing, public transport, trade, sale of small agricultural and livestock production, etc.).

New demands for foodstuff on a large scale than in two or three years, has not been tackled from the supply side. The mining companies need food for canteens and supply the technical nonlocal (expatriates and other from provinces) in quantity; quality and regularity that local producers do not afford to satisfy the demands. For example, Vale claims that the company consumes about 1,500 pounds of chicken per day and serves 24,000 meals every day.

Goods are imported mainly from South Africa, however, when there are import failures (delays) last minute requests fall under local suppliers. Answering Vale demand automatically means that the local suppliers would not be able to meet any others needs not even to individual customers because of lack of capacity.

On the other hand, speculative economy is gaining ground mainly in land trade and mining licenses.

For example, there have been transactions between multinational licensing. For example, Rio Tinto acquired Riversdale Mining Ltd for USD 3.8 billion, an operation performed in the Australian capital market, without any gains for Mozambique. With this operation, the Rivesdale should spend all their mining projects in Africa (Tete being the most important) to Rio Tinto. Then, Rio Tinto acquired the outstanding shares of Riversdale Mining, having now secured a stake of more than 99% after Tata Steel decided to sell its stake to an Australian company.

Immigration and labor

There are different types of immigration, mainly: (1) technical expatriates of different nationalities residing in Maputo, Tete and Moatize, or everywhere else (2) expatriates with short stay (advisory, consultancy and studies, etc.) (3) Mozambicans moving from different localities to extractive sites, (4) Mozambican technicians with short stays with similar jobs to expatriates in transit, etc.

The majority of local immigrants are low skilled labor. The supply deficit is very large at all levels and professions. That is, on the one hand, a consequence of the rapid increase in demand side and, secondly, due to the orientation of educational policy that has a secondary technical training, and general one.

Inflation

The supply deficit of almost all goods is causing high inflation. Prices of hotels and restaurants are an example. For example, in Tate prices of goods and services are high due to transport costs. The rising prices do not match the quality of supply. For example, in 2007 renting a house cost 7.500Mts and now the same costs 40.000Mts

Inflation is benefiting some local traders acting on the supply side, especially real estate supply and restoration, building, transportation, short distance, trade and food producers but is putting serious pressures on local population as prices tend to up constantly.

Resettlement

The implementation of major projects involves the resettlement of populations that live in mining areas. Extension of these areas will mean movement of many people from productive areas.

Existing settlements are at all not suitable and prove that companies do not comply with their pledges.

The following are common errors identified:

- Because people are normally settled very far away from their original areas, they are practically found themselves limited in their mobility capacity.
- Most of the settlements are not appropriate for agricultural activities
- The quality of the houses built for the population does not meet basic standards of decency.
- Movement of people from a place to another was not preceded with a franc and open dialogue nor with explanatory sessions.
- Unfiled promises about compensation are also a major and common problem.

Governance

Dangerous liaisons between companies and governance

The mining companies are aware of the non-responsiveness of local businesses to meet their demands. Therefore they rely upon external market. Because of this most of the volumes of financial investments does not enter the country. Payments for imports (equipment, part of expatriate salaries, food, etc.) are made directly between accounts abroad. That is, the domestic financial system intervenes only to domestic monetary operations. The tax rate of 2% over exports of raw unprocessed minerals revealed to be well below what other countries charge for.

Moreover, there is no information about business done between these companies with their suppliers.

For example Vale has been awarded a concession to manage the Sena railway linking Beira city to Moatize. All other extractive industries located in within this areas are supposed to directly negotiate with Vale the use of the railway. Since these investments are held by Vale, there is no information on the type of contract that exists between this company and the other for use of disposal routes for coal.

Lack of transparency, disorganization, incompetence and dangerous relationships

The rapid growth of business deepened state's surveillance capacity. At provincial and district levels, technical expertise to deal with extractive industry issues is almost nil.

Natural resources are not fully inventoried. Volumes of resources extracted are also not inventoried because of lack of that technical capacity and means. Adaptation of infrastructure to changing needs is late and slow.

For the decentralization process to be effective, local government levels must be empowered with real technical capacity and authority so as to enable them deal with local specific issues emerging from day-today business. On critical issue is that at Provincial levels, the contracts or agreements between the government and mining companies are not known.

In summary, one can say that there is evidence that indicates that extractive industries are not promoting endogenous development that is economically and internally sustained. The growth of economic activity is socially discriminatory, with signs of deepening poverty (at least in the populations most directly involved in resettlement) and social inequalities. There are signs, so far, the negative environmental effects on soil, pastures and forests at resettlement sites and the urban environment (air, soil, noise, etc.)..

The lack of transparency on of contracts between the Mozambican government and the multinationals, suggest possible existence of corruption at different levels and state capture.

To summarize, extractive industries have always promised development for all. That is not what is seems to be in Mozambique.

Rural people are left behind development, with most resettlement areas being located far from original homes. Water, land and basic infrastructure are missing. Although the companies normally try to compensate, the benefits from being relocated are far irrelevant. Recently relocated population from Cateme protested against cyclic lack of compliance of the terms nad conditions negotiated with VALE.

Resettled population end up being moved 25 miles away from the mine, living in crumbling, leaky houses, farming barren plots of land, far from any kind of jobs.

In fact, these multibillion-dollar megaprojects rarely create large numbers of jobs or foster local entrepreneurship. The effects of megaprojects on living standards are very modest. These projects, over all, have created few jobs in Mozambique. And linkages to the public budget via tax revenues have also been small because of tax exemptions.

Far from the centers of economic power, dependent on rain-fed agriculture and ignored by the government, the rural poor of resettlement villages languish even as the country surges.

In Cateme, Moatize for example houses were poorly built and leak when it rains. The promised water taps and electricity never arrived. Cateme is too far from the mine for anyone here to get a job there. The new fields are dusty and barren — coaxing anything from them is hard.

All this makes us believe that the resettlement process can only succeed if the government actively engages in securing the implementation of the agreed terms, otherwise hardly people would succeed in pressing for the fulfillment of the their rights. The government seems to protect more the foreign investors than its own people in settlements, putting them in a quasi-orphaned situation.

Media reporting on extractive industries. Current situation, trends and progress

General overview

According to Johannes Myburgh's telecoms Mozambican guide⁴, state-run Radio Mozambique and its 10 regional stations cover most of the country. Rural areas are served by the network Also of around 80 community radio stations. Just over half the adult population can read and write, but only 40% speak Portuguese, Mozambique's official language.

Most people in urban areas speak some English, but the language is not widely understood in remote rural communities. Broadcasts in local languages by Radio Mozambique and community radio stations are an important channel of Therefore communication.

According to UNESCO statistics, only 56.1% of Mozambicans over the age of 15 could read and write in 2010. However, the literacy rate of young people aged 15 to 24 is much higher at 71.8%. More than 90% of primary school children now attend. Mobile phones are widely used in and around the main towns, but network coverage does not yet extend very far into rural areas.

There were 7.7 million active mobile phone lines in Mozambique at the end of 2011, giving a mobile penetration rate of 32%, According to the GSMA, the global association of mobile network operators.

However, 70% of all mobile phone users were concentrated in Maputo, according to the state telecoms regulator, the National Communications Institute of Mozambique of the National Communications Institute of Mozambique (INCM).

Most of the rest were located in the country's other main towns and cities, where network coverage is available. In early 2012, Mcel, the country's largest mobile operator, claimed to cover 75% of the population and 60% of Mozambique's territory with its network.

Judicial protection of freedom of expression is tainted with the country's average paradoxical landscape. There is ambiguity in the law When It Comes to media freedom. On the one hand it protects the media, on the other it is anti-media. Access to information is very complicated. For example, civil servants do not give information if they do not feel they have to. Investigative journalism is almost nil.

⁴ INFOSAID, 2012. MOZAMBIQUE. Media and Telecoms Landscape Guide.

Several studies have pointed to the severe lack of skills and training of Mozambican journalists. Because of Difficulties in access to information or lack of professional pride, rumor is often the basis for reports.

Journalists generate little news and rely heavily on government company announcements or media releases. News reports are published three days late. Languid copy avoids courting controversy and oscillates between the regime or pointing out potholes. Follow bad and bad ethics reporting. Newspapers lift from each other without attributing or fact-checking⁵.

With drugs and human trafficking, poaching, ivory smuggling, illegal logging, fishing, and extractive industry, Mozambique is the investigative journalist's dream. Yet Misa's Media Barometer found in 2009 that the "culture of fear" keeps journalists toeing the line. Part of it is due to socialist-era deference to authority.

These and other factors will influence the quality and quantity of information reported by Mozambican media. The target group of our research was civil society members and journalists might have written news articles on the extractive industries in Mozambique as well as those who have benefited from PANOS sponsorship last year⁶ and "investigative" journalists.

This section aims to assess how the media reports on the extractive industry, what are the main issues reported, their sources of information and the quality of information they produce. We also suggest ways of how PANOS can best assist the media in improving the quality of information it provides to citizens.

The section also analyzes the constraints that influence the poor quality of information conveyed in the media on this subject.

Overall, the survey finds that information remains the major challenge for the media: information on both the supply and demand sides. Out of 120 news items analyzed 90% are based on an official single source. These may be industry officials, government representative or press communiqués issued by stakeholders in the extractive industries or even may be summaries of reports issued by civil society organization.

Asked to comment about why journalists limit themselves in replicating official sources, Arsénio Henriques of SOICO said: "this is mainly because it's impossible to find alternative information either because of lack technical capacity from journalists themselves to read and interpret technical information or because of lack of time and financial resources to defray costs incurring from such a research endeavor".

In fact, Mozambican journalists are in general terms less informed about everything. As previously said, investigative journalism would require specialization. And this is

⁵ Johannes Myburgh, 2011. Mozambique: Lots of news every day, but none of it means very much. Johannesburg

⁶ Arsénio Henriques of SOICO media group

almost impracticable in newsrooms whose production modes are based on daily outputs of news stories, leaving no time for investigation or follow-up reporting.

Mozambican journalists' level of topical knowledge is low and this negatively influences the quality of journalism that is practiced. "Any reporter is free to report on everything. Newsrooms are not divided into thematic sections. In principle it is but only for division of labor purposes. In practice, an average journalist would report on whatever it comes to the editor's mind" said Rui Lamarques of Jornal @aVerdade who's now Director of Information of the daily and weekly news outlet.

Lack of expertise in newsrooms leads to poor reporting

Being the extractive industry essentially technical and involving multi sectorial understanding, the inability of the Mozambican media to adequately report issues arising from extractive industry is reflected in its almost reliance on official sources, mostly reports and press releases.

The perplexity of the topic; the political sensitivity surrounding the money involved combined with sophisticated information of the sector will require more time for a journalist to investigate, more resources to defray the expenses arising from the investigation and more access to sources of information either for clarification or simple search.

Currently, very hardly journalists would have the mentioned conditions altogether to carry out proper investigation that culminates in a well-informed story, precisely because the logic lagging behind newsrooms is based on a daily delivery of news pieces regardless how complex and demanding it would be. Newsrooms made of a handful number of journalists, being all of them generalists, without any specialization would normally require more time to understand and master complex extractive industry related labyrinth.

On the other hand, journalists have very few opportunity to expose themselves to dedicated learning sessions about the topic the most they are able to is to read reports and cover events on the topic without any introductory familiarization. Even in cases where journalists benefit from funding opportunities to research extractive industry cases, few are cases where these journalists would benefit from specific training.

Access to information sources is another constraint that adversely affects the poor quality of information provided by journalists on the issue. Much of information sources accessible to the Mozambican media outlets are from three main sources, all of them official such as companies working in the sector, government reports or civil society organizations as previously mentioned.

This fact combined with weak knowledge of the issue as well as weaker journalistic skills turn the media into a mere sounding box of the interested sources. Reports with due clarity that explain to citizens what is at stake, investigation of the contours

of social problems arising from the exploitation of natural resources require from journalists and the media in general additional efforts. These would include financial support or grants or funds to encourage investigative journalism, knowledge (training and coaching) to better make sure journalists understand what is at stake and dedicated time as well as ongoing research, altogether contribution for a generation of specialized journalism in extractive industry.

PANOS has the opportunity to leverage its agenda through coordinated efforts with young and emerging media civil society by supporting their most immediate programmatic objectives – specialization – through learning opportunities, research grants and capacity building.

Media civil society organizations and young journalists associations⁷ would be an optimal option to start from, by building a stronger core group of journalists interested in extractive industry reporting.

By “delivering as one” journalists would benefit from shared resources, exposure to colleagues experience and thematic coordination of the association, as opposed to the newsrooms, where time constraints limit individual capacity for innovation and perfection.

How journalists see themselves in Extractive Industry Reporting – a critical analysis

As previously mentioned, journalists mainly face three problems, namely financial resources to make research and investigative journalism possible; technical knowledge about the extractive industry business that enables a concise understanding of the sector and difficulties in accessing to independent sources of information or ability to verify the information received.

The results of the interviews to journalists point to two aspects, namely (1) shortage or lack of financial resources and (2) difficulty in accessing to relevant and trustworthy information.

Hence, documentation analysis and brief media scan undertaken by this assessments suggests that although it is recognized that access to information is hard, in cases where journalists have access to specific information or sources, their work is markedly poor and seldom, dependent on “press releases” or “transcription of official speeches”. The difficulty in interpreting reports or research results that different institutions produce is evident⁸.

⁷ For example the Association for Judiciary Journalism (AMJJ) or the parliaments network of journalists (REJOPAM) or even the Centre for Investigative Journalism –IKWELI are some of the so called media civil society or young journalists association

⁸ In an interview with Dionisio Nombora, Extractive Industry specialist, he deplored the fact that journalists confined themselves in transcribing reports and press releases from organizations. To Nombora, journalists are losing a great opportunity to contribute to transparency and accountability of

Thus, we conclude that it is not just the issue of access to information, but also the low level of capacity of journalists to better understand the complexity and therefore present it in a clear and common and understandable language.

For example, when recently the Extractive Industries transparency Initiative declared Mozambique a compliant country with regard to disclosure of information it needed, the euphoria in the Mozambican media upped. In fact, the fact was taken as marking an end of a proclaimed "bad relationship" between the government and the public. But the journalists did not explain to citizens what the terms of reference of the EITI were and what Mozambican government did to finally be regarded as compliant.

The journalists forgot to explain the public that when talking about extractive industry in Mozambique a critical factor that arises is about transparency; transparency in contracts. Although Mozambique has been regarded as compliant the problem of transparency still remains because EITI only looks what was the paid and what was received. It does not immerse itself into deeper analysis of for example, the procurement, contract awarding etc.

Therefore, this assessments suggests that unless journalists are duly trained on the extractive industry business and given resources to follow news, quite hardly it would move from the sounding-box-situation to a more proactive and investigative mode of making news.

And by relying only on official sources without any further interpretation, the media will end replicating others interests.

For example, out of 120 news items analyzed little or nothing has been said in relation to taxation that is for now one of the most critical issues government is considering to change in the mine law.

Legislative aspects are treated superficially and the entire chain of contracts management is not disclosed. Transparency in the extractive industries is limited to that set by EITI, and nothing else is known, including state-multi nationals, procurement process etc.

For example, the hiring process VALE and possibly others were negotiated individually. Normally, that would require a public tender followed by negotiation between potential competitors and finally a thorough explanation about the winning bidder.

government as well as to extractive industries by researching and chasing for example, aspects related to procurement, concessions; participation of Mozambican political elite in major economic megaprojects and financial counterparts (bribes) of policy makers in resettlement process. For Nombora, journalists need not to wait for CIP report or other for them to be able to report on the industry, not they need to wait for company field visit or site seeing tours. Instead, proactively they need to discover and report cases that answer peoples questions.

With regard to the tax system, many companies benefit from tax incentive schemes, however it would be interesting to investigate the circumstances under which these companies are granted these schemes. From the standpoint of revenue, little or nothing has been reported about, checking the compliance of government statements with the extractive industry companies.

The relationships and connections between the political elite with foreign capital in the industry would also provide more detail about the nature of some decisions that are taken in this field.

For example, the granting of the SENA railway line to the Brazilian VALE, whose chairperson is the advisor to the President of the Republic of Mozambique, suggests privileged position in which VALE is compared to others.

PART III

Conclusion and recommendations

Conclusion and recommendations

Mozambique is greatly endowed with a wide variety of natural resources, most of which are still unexploited or in an exploration phase. All stakeholders acknowledge their potential to significantly speed up Mozambique's development process. Yet the quality of this spurred development, in terms of poverty reduction, employment creation and economic diversification will highly depend on the quality of the foundations that authorities will lay in the short term for the sustainable management of the resources in the long term.

Some of the recommendations worth to highlight in this rapid assessment include:

On resettlement

Decisions / actions / procedures concerning resettlement of populations should be reviewed in order to ensure that the changes do not mean worst housing conditions and production, less access to basic public services and markets, opportunities to obtain lower incomes and less transaction of people and goods.

Resettlement should be accomplished only after the conditions described are assured. The negotiation with the populations should assume greater negotiating balance, more collateral and documentation of agreements signed by the parties. In this context, the government should require greater responsibilities for mining companies.

On Policy

There should be specific policies such as credit, taxation, protection/opening of trade barriers, subsidies, public investment, etc., that encourage the emergence of an entrepreneurial, small and medium-sized producer of goods and services, so that in the long run, a cluster around mining is constituted.

There is an urgent need to scale the productive infrastructure and services in order to meet the increased demands of economic activities and services by businesses and citizens as part of an urban and territory planning to ensure a balanced growth of population and development.

On Environmental Monitoring

It is urgent that permanent environmental monitoring is carried out in a systematic way by demonstrably independent entities in order to also track g in public health and, in particular, for miners.

Strengthening the capacity of civil society organizations in sites where extractive industries are located so that they monitor and track down all processes related to

negotiation, legal support and monitor activities related to resettlement, as well as the environmental effects of mining activities.

On Governance

It is suggested that the mandates of state institutions at the provincial level are reviewed in order to reinforce effectively the decentralization process underway and that these institutions are urgently reinforced by qualified personnel and technical means so that monitoring and surveillance activities by the government in various aspects related to mining and their effects on the economy, infrastructure, environment, public health and public safety is effective.

It is recommended to end the secrecy on contracts, administrative and financial procedures and access to information should be open to all those interested as a way to promote good governance, transparency and collaboration of all stakeholders and guarantee that exploitation of natural resources is beneficial to all citizens, especially inhabitants of areas where extractive activities take place.

On media

Media organizations need to top up their technical knowledge on the extractive industry through a series of training and capacity building initiatives

Along with the later, young professional journalism associations need to be supported in order to carry out joint investigative journalistic research whose products can be widely disseminated. Working with them will help strengthen not only their institutions but also contour possible gate keeping obstacles in media outlets.

As it was widely recognized, financial problems are a major concern. Media outlets will face severe difficulties should the support for investigative mission continue to fall. This suggests that a program geared towards supporting individual journalists to carry out investigative work on extractive industries would help revive the momentum and bring about real original work on the matter.

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