

## Mineral Linkages in Mozambique should be part of an industrialization strategy anchored in the resource sector



Creditos: Brasil de Fato

Following the completion of the study in three countries, namely Mozambique, Uganda and Niger on “Building Mineral-Based Linkages: Lessons in Three African Countries”, the Third World Network Africa (TWN) has conducted a series of reviews of the paper in each of the countries. The case studies from Mozambique, Uganda and Ni-

ger seek to assess the progress made in building mining linkages and diversification, and the key lessons learnt since the launch of the African Mining Vision (AMV) ten years ago.

The main objective is to produce an overview of the level of achievement of policies, laws, and practices for mineral-based linkage building and economic diversification in the

three selected countries, and the emerging issues and lessons. In Mozambique, the facilitation of the validation meeting, held on August 20, was under the responsibility of the Center for Democracy and Development (CDD). The meeting aimed at engaging different stakeholders, from the government, academia and civil society, to review the document with a particular focus on its findings.

**Professor Adriano Nuvunga**, the commentator of the study, emphasized the importance of the African Mining Vision for the transformation of African economies. However, he remarks that in the Mozambican context this instrument is not widely disseminated and is misaligned with public policies. Regarding linkages, he argues that one of the major problems in Mozambique is the continuation of a vision of an extractive economy devoid of a developmental perspective for the mineral resources sector. Citing the case of the South African petrochemical company Sasol, Professor Nuvunga states that every industrialization process in Mozambique is actually an industrialization to facilitate export, not an industrialization focused on development. And he warned that there is a great risk that the same trend will repeat itself in the Rovuma Basin projects.

In fact, what is happening in the mining sector is even more problematic and mirrors better the idea of an extractivism focused on the elites and without any kind of connection. The elites keep the licenses, the multinationals come with all the equipment and machinery, set up, produce, and go sell to Asian and Western markets. Because of these and other reasons, taking into consideration the evidence presented in the study on opportunities for building linkages through import displacement, the conclusion that Mozambique has very limited progress is not surprising.

The study presented by Researcher Paul Jordan highlighted the importance of the African Mining Vision and pointed out the different linkage possibilities. While the study is focused on upstream and downstream linkages, it also comprehensively presents the main opportunities for linkages, namely fiscal linkages, infrastructure linkages, knowledge linkages and side linkages.



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Also speaking as a commentator, **Epifânia Langa**, Researcher and PhD student in Development Studies at the University of Cambridge, looked at the suggestion that the study presents, namely on the need to create regional economies, having argued that “the fundamental question is how we integrate our economies and our resources”. While agreeing with the idea that we need to think regionally, the researcher argues that the study should include or at least bring up the discussion on how to deal with the drastic differences in industrial and technological capabilities between countries in the exploitation of resources.

“Mozambique, in particular, has next to it a giant that is South Africa, which at the moment is the largest beneficiary at the African level of Mozambique’s natural resources and beyond. When we talk about a negotiation with South Africa, for example, the central question is to what extent South Africa would be interested in such an agreement with Mozambique, in a context in which the current stage benefits South Africa and it continues to have much cheaper costs of keeping its companies in Mozambique and that bring the ready-made products to Mozambique,” he explained.

Therefore, the discussion of the criteria for linkages should go beyond the creation of economies of scale. That is, the debate should, on the one hand, discuss how effectively South African companies can establish themselves in Mozambique to add value locally, and on the other hand, reflect on how to create industrial support centers that will allow Mozambique to use natural resources to create linkages based on minerals, but also have linkages for agriculture, infrastructure, and other industries.



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For **Michael Sambo**, researcher at the Institute for Social and Economic Studies (IESE), linkages are important and it is important to discuss them. However, even more important is to discuss in depth how to operationalize such linkages, recognizing the problems that exist, ranging from institutional problems and issues of limited capacities. Despite emphasizing the importance of regional connections, “in a perspective of development of a country like Mozambique, which is underdeveloped, we also need internal connections to enable better conditions for inclusive development.

Still on the subject of regional linkages, Sambo notes that in terms of trade, practically all trade with SADC is trade with South Africa, thus he asks himself: “What does this mean in terms of processes for regional integration if it is true that trade with the rest of Africa is practically null? How to reflect on this in the context of the Africa Continental Free Trade Agreement? What impacts, for example, may or may not Mozambique’s accession and ratification of this protocol bring to mining and this development of linkages? Are there prospects for increased inter-regional linkages at the Africa level because of the ratification of this process?”

“When you extol Mozambique’s strategic location, its extensive coastal strip, the goal should be to prevent Mozambique from being more in the position of an importer to resell in the region. One should look at the possibility of Mozambique producing, and in the African Mining Vision, it is already clear that this is what we need, production and diversification of the productive base.”



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**Inocência Mapisse**, a researcher at the Center for Public Integrity (CIP) and member of the Civil Society Platform for the Extractive Industry (PIE), defended the need for the existence and greater dissemination of geological data so that we know how much the country holds in terms of the volume of resources. In his perspective, without credible data about what we have in terms of resources, it is difficult for the next steps to be taken with quality. For example, without coherent information about the volume of production it is difficult afterwards to have the projected volume of revenue or that is close to what is the potential for the State and this can compromise the expected contribution of a certain project.



For **Jordão Matimula Junior**, the coordinator of PIE, the study mirrors the fundamental aspects of the country. However, he considers that there are fundamental elements that must be considered when talking about mineral-based linkages for development. One of these elements is linked to the fact that, for a long time, the government strategy was still focused on poverty reduction and the vector for poverty reduction was not the extractive industry sector. "This meant that the central aspects of the country were not centered on a manufacturing industry, because to make the linkages, one of the fundamental things to boost the economy in Africa, is the manufacturing industry which Mozambique does not have." Matimula also argues that although there has been significant progress in policy and strategy development, "day-to-day practices discourage any development that might come about."





Reacting to the different comments, **Yao Grahamm** of TWN Africa began by clarifying the scope of the study. In his words, the study is meant to highlight the importance of the African Mining Vision, particularly around the question of making minerals the central part of African transformation and integration. Policies in Africa have been consistent with the World Bank's advice to African countries that they should focus on creating an enabling environment for investors, while getting their share of the revenues. Thus, it argues for the need to put mineral-based linkages and economic diversification at the center of policy.



Yao Grahamm





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