

Net Mapping of Actors in Malawi's Mining Value Chain: Who Does What, When and How

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Abstract

Malawi is a country well-endowed with natural resources, but until recently, the mining sector was remarkably underdeveloped, informal and immature. A recent discovery of the purest and highest grade of rutile and natural graphite in Kasiya, Lilongwe has sparked debate in the country regarding how it can benefit from the same. Most gemstones and precious stones are exported or smuggled out of Malawi as ore and beneficiated elsewhere. Even though mining has backward and forward linkages, Malawi has failed to leverage this without a functioning mining support manufacturing industry, thus severely undermining the industrialization agenda as enshrined in the Malawi Vision 2063. Additionally, there is a lack of institutional capacity to manage the sector thus compromising the social-economic prospects associated with mining. The complexity of the sector attracts many actors, both transactional and national; as they interact, power relations emerge, which impede the advancement of the industry. The study finds no fault in having so many actors but argues that the individual interests of these actors at various stages of the value chain impede the progress of the mining sector and prolong the time between mineral discovery to production. The paper concludes that though the legal framework is somewhat inclusive, laws and regulations must be aggressively enforced and institutional structures and capacity must be enhanced. The paper recommends the speedy operationalization of the Mining Authority and the Mining Company to address power imbalances in Malawi's mining sector and avoid the resource curse. The paper further recommends investing in human capital development at all levels for personnel working within the sector and that action needs to be taken to formalize the informal mining sector to promote significant local participation throughout the mining value chain.

Keywords

Mining, Governance, Actors, Natural Resources, Beneficiation, Power Relations, Political Economy

1. Introduction (Problem and Objectives)

The mining industry operates in a complex network of political-institution actors, which includes different levels of government, mining companies, civil society organizations, community members and transactional institutions; all of these have different levels of influence, interests and beliefs. Among all these actors, there are power relations or influences making mining operations unsustainable. The actors in the mining sector are conceptualized as state, market, and community who have power across boundaries to mobilize human incentives through market exchanges and hold knowledge in communities of location-specific; the power relations therein vary (Salman et al., 2018). Ayee et al. (2011) argue that the roles of actors in mining are not only different but also contradictory and that tensions among them normally emerge due to a perceived imbalance between interests. They add that mining is thus seen as benefitting primarily foreign interests and elites. It is within this relationship that governance is built in the mining industry, and it must be balanced. Ericsson (2012) argues that governance and transparency remain key concepts for all participants in the mining sector. He adds that positive experiences from countries that have successfully developed economically and socially based on natural resources should be systematically transferred to weak governments. The same strict demands on transparency, conduct and operational practices, from reporting standards to health and safety routines, should be put on all exploration and mining companies in principle, regardless of origin or size. The failure to achieve these same standards in developing countries causes conflict. Even when a country cannot operate a whole value chain like in the case of Malawi, concerning any mineral, a thorough analysis of each stage of the value chain will show that a useful intervention may be possible at any specific stage in the whole process from extraction to fabrication (Turok, 2012). He adds that after the analysis, it is then possible to rapidly develop the necessary technical capability for intervention in infant industries for instance, as well as establish the necessary linkages.

Resource-rich countries do not necessarily show a higher level of development than others, as the debate on the “resource curse” points out (Auty & Warhurst, 1993). And Engels (2016) argues that Sub-Saharan Africa demonstrates that resource wealth does not automatically lead to a general improvement in the population’s living conditions. Crawford (2015) further argues that often mining revenues are integrated into the national budget; how these revenues are then spent at the national, district and community levels is unclear. He adds that all too often, mine-adjacent communities see limited tangible benefits deriving from these op-

erations, despite the major environmental and social costs that they incur. This is a situation that the Malawi government is trying to change hence the placement of mining at the centre of the country's structural transformation in the Malawi 2063 development blueprint. Minerals once extracted, can never be replaced; care therefore must be exercised in their exploration and the fundamentals for doing so must be for the greater good. [Harkin \(2012\)](#) points out that the non-renewable nature of natural resources, the limits of growth, the political, fiscal and monetary uncertainties, the fluctuation of commodity prices, and nationalization and expropriation are all matters which have attracted greatly increased attention and awareness, as well as affecting, often dramatically, the economies of many countries, both developed and developing.

Markets often fail to benefit the poor due to political settlements that favor vested interests at their expense ([Tolentino, 2010](#)). Conflicts over natural resources are complex and require attention to the particularities and intricacies of each case. It may be difficult to understand these conflicts if the actors involved are not known or how they interact, conflicts they in and the interest they hold. When multinational companies enter a rural area with a government concession to mine for minerals, the conflict dynamics will differ from those of small-scale gold miners entering a remote region where indigenous people live ([Salman et al., 2018](#)). The involvement of parties such as environmentalists, road construction companies, or tourist operators, or the presence or lack of mobilization and framing skills, can also affect the conflict dynamics. This study was conducted on the basis of these principles.

[Engels \(2016\)](#) argues that industrial mining is characterised by a striking, conflict-laden ambivalence; it is of immense importance for the national and global economy, economic and social development, and the global energy supply, but at the same time, it has far-reaching negative social and ecological effects. In addition, [Bebbington et al. \(2008\)](#) postulate that mining conflicts have since evolved from just being about labour relations. They add that to the professional, westernised and activist eye, it might seem obvious that large scale mining is bad for human development; but sadly it is not because in southern Africa, whole regional economies organized around political and territorializing instruments designed to keep labour cheap and controllable. The current conflicts have more to do with territorial control and access to water and land; over the effects on local livelihoods, gender relations and ecosystems; and government regulations concerning the conditions for mining activities and the distribution of the profits and tax revenues ([Bebbington, 2012](#); [Bebbington & Bury, 2013](#)).

[Kamtukule et al. \(2023\)](#) looked at the power relations among transactional and national actors in Malawi's mining sector and concluded that transactional actors have more power than national ones. In this paper, however, we bring to the fore the actors within the entire mining value chain to unpack what lies behind the stalemate in the mining sector using political economy analysis (PEA). Empirical evidence indicates that there is limited literature on the relevance and applicability

of PEA to the mining sector, not because it is not useful, but because many PEA studies are not released into the public domain due to their political sensitivity (Mcloughlin, 2014). Be that as it may, PEA helps to understand critical actors in the sector, their relations, conflicts, interests and incentives, formal and informal structures involved, rent distribution decisions and largely, why mineral endowment fails to deliver development as expected. Political economy as a discipline encourages asking “why” and “for whom” questions and so instead of passively accepting economic institutions and policies, it invites critical analysis of their origins, justifications, and consequences, especially for marginalized groups (Sharma, 2024).

Having different actors in a sector is not a challenge in itself. But, as observed by Barma et al. (2012) governments in developing countries are by no means monolithic; rather, different government actors across the value chain often have varying interests and expectations with regard to natural resource-led development. Political Economy Analysis looks at the development interventions within an understanding of the prevailing political and economic processes in society such as incentives, relationships and distribution and contestation or conflicts of power between different groups and individuals (Mcloughlin, 2014). The analysis is centered on the processes by which decisions on policy are made, and more specifically, on the policy choice that emerges from a specific political process. The issue is not the technical problem of the implication of different weights, but the political problem of how the weights are chosen; the question, in effect, of how conflicts of interests are resolved, and the economic consequences (Tolentino, 2010). The key issue addressed in this paper is the power relations that exist between transactional and national actors in the mining value chain and the impact thereof. What systems, be it formal or informal exist within the industry? The first hypothesis is that, there are too many actors within the mining value chain and that this affects the progress of the same. The second hypothesis is that it is possible that the system is effective, but due to the resource intensity of the sector, power relations among actors emerge due to perceived or existing incentive theories of motivation. It is therefore on this basis, that this paper would like to map out the actors who participate in decision making processes at various stages of the mining value chain to determine who does what, when and how. The paper identifies the actors’ roles and interests, the linkages among them, internal political economy processes within and how their interaction affects the performance of Malawi’s mining sector.

1.1. The Resource Curse Theory

The Government of Malawi signed a Mining Development Agreement with a company called Sovereign Metals to mine rutile and natural graphite in Kasiya, Lilongwe. A video by the company went viral in which they were making a pitch to would be investors for their company and the figures that drew Malawian’s attention was the fact that all things being equal the company could make a

whooping US\$645 Million in revenue every year for 25 years! The excitement of Malawians could not be hidden but based on past experiences with other mining activities like the Kayerekera mine by Paladin Africa that only benefited the country MK5.3 Billion for three years roughly US\$2 Million in today's money, no one believed this to be a possibility especially as it related to the country's social economic development. This situation is described as the resource curse or the Dutch disease. The Dutch Disease refers to the potential negative effects natural-resource windfalls and accompanying appreciations of exchange rates can have for the rest of the economy. One of the potential dangers of oil booms, for example, is that exchange-rate appreciation renders the non-oil-tradeable sectors such as manufacturing less competitive and thus can generate deindustrialization (John, 2010). If this were to happen for Malawi, it will defeat the very essence on which the economy is being postulated where the country assumes that its industrialization drive shall be led by the mining sector. Further, in the absence of an effective legal framework, a fiscal regime and supporting institutional arrangements, rent distribution is inequitable, inconsistent and misaligned with local governance structures. Mining has been associated with spectacularly unequal distribution of wealth (Bebbington et al., 2008). Ordinarily, nations heavily endowed with natural resources often exhibit weaker economic performance compared to their resource scarce counterparts thus sharply contradicting the classical growth theory which posits that natural resources are a key driver of economic growth (Auty, 2002). This puzzle is attributed to several factors which include: lower institutional quality, limited investment in human capital development human, and a slower pace of financial development (Alssadek & Benhin, 2023). This is consistent with study results by Kamtukule et al. (2023) who found that transactional actors in Malawi's mining sector are the most powerful and that there has been little human capacity development to anchor the country's mining aspirations and that the weak regulatory framework is unable to rectify these anomalies. The resource curse theory however fails to admit that when some conditions have been satisfied, in terms of the legal framework and fiscal discipline, a country can actually benefit from its natural resource endowment, a case in point would be Botswana.

1.2. The Institutional Theory

Organizations often behave in ways that defy economic logic or norms of rational behavior and institutional theory offers a paradigm to understand that (Chowdhury, 2021). He adds that Institutional theory can focus on how to understand the processes that occur inside organizations through which the aesthetic and humanistic ideas occur and that it also addresses how organizations attribute meaning to productive activities, how actors inside economically active organizations understand and justify humanistic and aesthetic practice. This is why, the political economy of mining in Malawi can never be revolutionized if there is no in depth understanding of the actors involved in the sector and the structures that drive

them be they formal or informal. Institutional theory of organization requires an organization to comply with external or social norms, rules, and requirements in order to receive legitimacy and support (Chowdhury, 2021). This is why, irrespective of a mining company's technical and financial capacity to venture into mining, they still need to obtain a social license from a mining community. Additionally, it is incumbent upon the company to ensure that they iron out all present and potential areas of conflict before mining construction commences; understanding the intricacies of community organizational and institutional arrangements therefore is a crucial ingredient over and above capital. This process takes time, and even when there may be shocks on each side, the external norms get adopted as part and parcel of the institutional framework; the institution thus changes. The influence of such externalities and changes however as they pertain to stakeholders in mining, is a potential area for further studies. Suffice to say however, that organizations change in their formal structures depending on the environment, in which they survive and that at the bottom of this change means that during the institutionalization process, organizations show similar characteristics that support success and continuity making them accepted within the social environment (Mohamed, 2017). That is to say, during the process of institutionalization, an organization may take or assume the character of the structure that control its legitimacy; this is what breeds political settlements and to an extent, corruption practices which eventually puts resources in the hands of a few at the expense of the common good.

To test these hypotheses, we first propose a mining value chain and map out key actors within each stage of the same as well as their interests. Rather than listing the roles of each actor as per provisions of the prevailing laws of the land as that is a given; we identify interests otherwise not known for each one of those actors within each stage of the value chain. It is the intersection of these interests that will first expose power relations caves and then determine whether or not the interaction of the actors is a catalyst or an impediment to all round development of Malawi through the mining sector. We then also identify some actors that may be missing or are engaged within each stage. Next, we identify the linkages among the actors and possible areas of conflicts emanating from varying interests. The paper will also bring out other actors who get engaged by various players within the sector at various stages to perform a number of tasks. Finally, we look at the linkages among these actors, their attitudes, habits and roles as well as their level of coordination.

2. Methods (Data Collection and Analysis)

2.1. Research Approach and Design

The research used a mixed research approach combining quantitative and qualitative approaches methods to comprehensively explore the key actors in the mining sector as well as governance arrangements for local community participation. This approach facilitated the collection of both statistical data and in-depth in-

sights into community perceptions and experiences, ensuring a holistic understanding. According to Creswell (2009), mixed research methods involve integrating both forms of data and using distinct designs that may involve philosophical assumptions and theoretical frameworks. Mixed method research approach involves mixing or combining quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study (Onwuegbuzie & Combs, 2011). Additionally, as a methodology, it includes philosophical assumptions to provide directions for the collection and analysis of data from multiple sources in a single study (Dawadi et al., 2021).

2.2. Data Collection Methods

2.2.1. Survey

The study used both personal questionnaires using Toolbox. A structured survey was administered to a sample of 371 which included community members, government officials, members of parliament, mine workers and mine owners among others.

2.2.2. Sampling

Purposive sampling was preferred due to the nature of the study, with 371 respondents taking part. Purposive sampling procedures are used in most research papers because they are found in any research paradigm and help in ensuring that quality sample is located without biases so as to increase the reliability and trustworthiness of the findings (Nyimbili & Nyimbili, 2024). Additionally, the study used snowball sampling, also known as “chain referral” or “networking” sampling. The mining sector in Malawi is characterized by information asymmetry, and this method was the most effective way to identify other actors that were relevant to the study as well especially for key informants.

2.2.3. Focus Group Discussions (FGDs)

FGDs were conducted to explore the community’s collective experiences and perspectives on governance arrangements, institutional frameworks and structures in greater depth. 6 FGDs were conducted. Each FGD consisted of 8 – 12 participants. Discussions were guided by a checklist focusing on transparency, decision-making processes and the social and environmental impacts of mining activities. These sessions allowed participants to express shared concerns. FGDs were conducted at Mchenga coal mine in Rumphi, Zako lime in Zalewa, Chawezi Quarry mine in Lilongwe and Master Stone Breakers in Lilongwe as well. Two FGDs were conducted with the natural resources and the Budget and Finance Committees of parliament.

2.2.4. Key Informant Interviews

A total of 21 key informant interviews (KII) were conducted to extract valuable insights from experts and individuals with significant knowledge about the subject matter. KIIs were conducted with key stakeholders including local leaders, community members, civil society organization and policymakers, members of par-

liament, senior government officials including principal secretaries, and representatives of mining companies. These interviews provided expert opinions and insights into policy implementation, governance structures, and challenges in roles and responsibilities of key actors and structures through which they interact. A checklist was used to ensure consistency across interviews while allowing flexibility to explore emerging themes.

2.2.5. Data Analysis

Quantitative data was analyzed in Statistical Package for Social Sciences (SPSS) version 27. Descriptive statistics such as frequencies and percentages were calculated to summarize the community's awareness, perceptions, and experiences. Cross-tabulations were also performed to identify patterns and relationships between variables. Qualitative data was also recorded and transcribed and then analysed using NVIVO version 14 to generate themes. The transcripts were coded to identify recurring themes and patterns related to governance, transparency, participation, and impacts of mining activities. Triangulation was employed to validate findings.

3. Results and Discussion

The *Mines and Minerals Act (2023)* places the responsibility for mineral and mining development in the hands of the Ministry of Mining. While the mining law has been updated, the country is still using an outdated mines and mineral policy of 2013. Further, while, the Mining Act of 2023 states that the ministry of mining is responsible for all matters mining, the policy itself does not indicate whose responsibility it is to anchor mining development. A 2014 report by the Centre for Environmental Policy and advocacy (CEPA) argues that the previous Mining Acts did not stipulate any guiding principles for mining against which the Minister and Commissioner for Mines and Minerals and other public officials can be made accountable; this is a problem because it is that lack of accountability that caused complacency within the sector. The report further recommends that it is important that general principles such as polluter pays, the precautionary principle, access to information, corporate social responsibility and inter-sector coordination among others be incorporated in the new legislation to guide those who have specific mandates under the legislation and provide benchmarks against which decision making can be evaluated. A closer look at the new MMA of 2023 however shows that while most of these have been incorporated, it is unclear how they shall be monitored for compliance during implementation. **Table 1** below shows a summary of key actors in the mining sector and their responsibilities.

3.1. Malawi Mining Investment Procedures

We wanted to find out exactly what an investor in the mining sector would do to work in Malawi. The ministry of mining gave the following summary:

Table 1. Summary of institutional roles and responsibilities in mining.

Institution	Roles and Responsibilities
Ministry of Mining	<ul style="list-style-type: none"> • Formulating mining policy • Licensing mining operations • Issuance of mineral rights • Monitoring and inspection
Department of Surveys	<ul style="list-style-type: none"> • Mineral Exploration • Geological Mapping • Geo-hazard mapping and assessment • Geo-data collection and management
Ministry of Finance	<ul style="list-style-type: none"> • Taxation policy • Revenue allocation • Development agreements
Ministry of lands	<ul style="list-style-type: none"> • Land policy • Land allocation and acquisition • Land rentals • Compensation for displaced communities
Ministry of Water/Water Resources Authority	<ul style="list-style-type: none"> • Water policy • Water abstraction permits • Pollution control
Ministry of Environment/Environmental Affairs Department	<ul style="list-style-type: none"> • Environmental considerations in mining licenses • Environmental impact assessment • Environmental monitoring and auditing

Source: Adapted from a CEPA 2014 Report on Mining Governance in Malawi.

3.1.1. Company Registration in Malawi

Every foreign investor needs to register their company as a local company or as an external company under a limited liability through the company incorporation process. After the company registration process, the next step is to obtain an investment certificate from the Malawi Investment and Trade Centre (MITC). The MITC is a government agency that promotes trade and investments in Malawi. It helps investors, exporters and businesses start up in Malawi.

3.1.2. Investment Certificate Registration Process

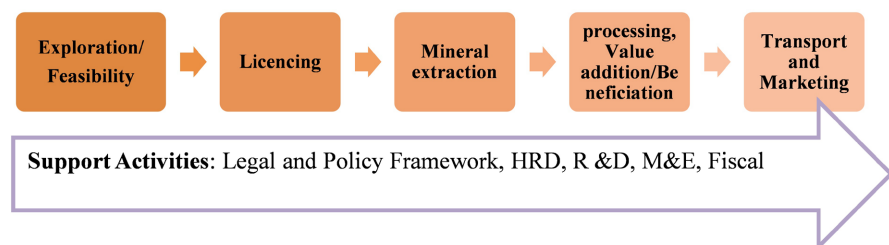
Prospective investors are required to put up investments of not less than US\$ 50,000 as minimum investment capital to be able to obtain an investment certificate from the MITC. The certificate is issued within five (5) working days. Investment applications are submitted electronically but also in hard copies to the MITC. Documents needed include a duly completed application form, detailed business proposal/plan, or a duly completed business plan template, copy of Memorandum of Association, copy of passport (s), personal information of shareholders of the project. The investment approval committee (IAC), within the MITC, appraises the projects for approval or rejection. The application fee is US\$200 payable to the MITC and the issuance fee is US\$800 payable upon approval and collection of the certificate. These funds are expected to be in Malawi

Kwacha or in US Dollars and paid into the MITC foreign currency-denominated account or the local currency account and proof of payment is supposed to be emailed to them.

3.1.3. Mineral Licensing Procedure

The investor then collects application guidelines and develops an application document. They then submit a mineral rights application, along with an application fee to the Registrar of Mineral Tenements at the Ministry of Mining. The Mineral Resources Committee (MRC) assesses the application and makes appropriate recommendations to the Minister responsible for Mining. The Minister grants approval in accordance with the recommendations from the MRC. The applicant is notified of the results of the application; and if granted, the applicant collects the mineral right upon payment of ground rent fees. The processes of the mineral licensing procedure are explained below in the value chain analysis. It should be noted however that functions of the MRC are now the responsibility of the Mining Authority under the MMA of 2023.

Mining activities are summarized in **Figure 1** value chain showing the five generic segments of exploration, licencing, mineral extraction, processing/value addition and marketing. It was found that the mining value chain had supporting activities which are: legal and policy framework, human resources development, research and development, monitoring and evaluation and financial services. Each of the segments and supporting activities have specific actors. As [Barma et al. \(2012\)](#) argue, when embedded in a political economy context, the value chain also offers the potential for a comprehensive assessment of the governance and political economy parameter that affect a resource-dependent country's ability to transform rents into riches.



Source: Authors' own compilation.

Figure 1. Mining value chain.

The above figure is a typical mining scenario. For Malawi however, most of the current mining activities are small to middle scale as there has not been any hard-core mining after the uranium mining in Karonga ended in 2014. For now, the country is doing licencing, exploration, feasibility studies and the issuance of mining development agreements. The second scenario which will come after the first will have: licencing, mineral extraction and then processing/value addition, transport and marketing.

3.2. Mineral Exploration

Mineral exploration is the process of searching for evidence of any mineralization hosted in surrounding rocks. Several pieces are extracted for geological information from several places and extrapolating this is done over a larger area to develop a geological picture. Exploration involves field activities that take place as part of a strategy to locate and define a particular economically mineable mineral commodity (ore) in a mineral province (Marjoribanks, 2010). This study found that the mineral exploration segment of Malawi's mining value chain involves both transactional (mining companies, investors) and national actors represented by Exploration Geologists in the Ministry of Mining. The mineral exploration stage of the mining value chain involves geological mapping, soil sampling, stream sediments, drilling and geophysical methods. Below is **Table 2** showing actors involved in the exploration stage and their interests:

Table 2. Actors in the exploration stage and their interest.

Actor	Department	Interests
Ministry of Mining	Geological Survey (Exploration Geologists)	Basic Geological mapping and surveying of minerals in a particular area
Chemists	Private (mostly belonging or connected to investor)	Geoscience to check the composition of minerals and verify quality and quantity
	Public (under Ministry of Mining)	Geoscience to check for the composition of minerals, verify authenticity, and monitor environmental status of a mine (air, water and soil)
Ministry of Finance	Treasury	Raise as much resources as they can to fund the national budget through fiscal policies. Waive some taxes
Investor	Prospectors and Companies	Assess risks and Invest resources in exploration that will eventually lead to commercial mining
Ministry of Local Government	District Councils	Act as a mediator between communities and mining companies, also consider land issues and compensations.
	Mining Communities	Employment Business opportunities Social Projects
Ministry of Natural Resources	Malawi Environmental Protection Authority	Assess and manage impact of mining on the environment

In a study conducted in Uganda, Madagascar and the Dominican Republic, results showed that investments in geological data came from external donors, rendering the continued generation of this information and its accessibility to be contingent upon the sustainability of funding (Crawford, 2015). This is so because geological mapping is an extremely expensive exercise which many African countries cannot afford, the same is obtaining for Malawi.

However, a local player in the mining sector had this to say:

“it is the responsibility of the private sector to invest in exploration. That's what we do. That's why we invest quite a lot of money and for some of the

projects we seek external investors. But to convince an investor to put money into Malawi, it is not that easy because of heavy taxation. And the support from the government is not there because there is no continuity. When we start a project now, you are given terms, but when the government changes, regulations change too. They say, no, we think this project is not good. So, this is one of our biggest challenges”.

3.3. Licensing

The next stage of the mining value chain is that of licensing, seeking authority to venture into mining. License types include exploration licenses, retention licenses and small, medium- or large-scale mining licenses. Several committees preside over the licensing exercise to examine the qualifications and integrity of applicants with the mining resources committee as chief among them all. The Mines and Minerals Act of 2019 had placed the administration of the mining industry with the Mineral Resources Committee (MRC) which had 13 members. The members included: the Commissioner for Mines, the Secretary responsible for mining or the Commissioner’s designated representative who is the Chairperson of the Committee, the Secretary responsible for local government or his designated representative, the Secretary responsible for water or his designated representative, the Secretary responsible for lands or his designated representative, the Secretary to the Treasury or his designated representative, the Director of Environmental Affairs or his designated representative, the Director of Geological Survey or his designated representative, the Director responsible for parks and wildlife or his designated representative, the Director responsible for forestry or his designated representative, the Inspector General of the Malawi Police Services or his designated representative, and the Solicitor General or his representative; the Commissioner for Mines serves as the Secretary to this Committee.

The purpose of this committee was, among others, to examine the qualifications, experience and character of persons who apply for exploration licenses, retention licenses, medium-scale mining licenses and large-scale mining licenses and determine their eligibility as to whether to be granted the type of license that was applied for; to recommend the granting of applications for exploration licenses, retention licenses, medium-scale mining licenses and large-scale mining licenses; to recommend applications to expand the area of a medium-scale mining license or large-scale mining license; to recommend upon the mandatory referral by the Commissioner whether an exploration license, retention license or large-scale mining license should be cancelled; to determine on appeal by a mineral tenement holder whether an emergency suspension order is reasonable; to handle complaints regarding the holders of exploration licenses, retention licenses, medium-scale mining licenses and large-scale mining licenses.

The new MMA of 2023 however, replaces this committee and the responsibilities thereof into the hands of the Mining Authority. Be that as it may, the MMA of 2023 in part XVI subsection (4) still gives the Minister responsible for mining powers to

decide the percentage of free equity that government can acquire in a large scale mining. Stakeholders have pointed this as anomaly and a platform to encourage corruption as some unscrupulous investors may choose to bribe the Minister to settle for a lesser percentage of equity for government (Betha, 2023). Investors need certainty for them to make projections and if the determination of the equity share percentage is left in the hands of a minister it means that there is a possibility that it may change from time to time. Section 6 (1) of the Act articulates functions of the Authority which include the regulation of the mineral sector in the development and utilization of mineral resources in line with sustainable development principles and practices and for the benefit of Malawians and without derogation from the generality of subsection (1), the Authority shall a., regulate the Mining sector, b., regulate the exportation of minerals and c., monitor the activities of licenses to ensure compliance with the Act and the terms and conditions of the licenses. Section 7 of the Act articulated powers of the authority which include to receive and process mineral tenement application and issue, review, approve, withhold, suspend and revoke mining licenses and permits among others.

Though the MMA of 2023 is now in operation, the paper still wanted to articulate the critical actors of the MRC as some of them may still have roles to play within the new law as shown below in **Table 3**:

Table 3. Actors in mineral resources committee.

Actor	Department	Interests
Ministry of Finance	Malawi Revenue Authority	Collect taxes, rents and royalties
	Treasury	Define and manage the mining fiscal regime from which taxes and rents come
Ministry of Mining	Department of Mines (Commissioner for mines is the secretary and PS is the chairperson)	Mining development, planning and promotion. Negotiate varying terms of agreement
	Geological survey Department	Provide data on mineable deposits to prospectors and investors
Ministry of Justice	Attorney General	Contract scrutiny and negotiations
Ministry of Lands	Department of Lands	Demarcate land and administer compensations
Ministry of Local Government	District Commissioners	Community engagements facilitation
Homeland Security	Malawi Police Services	Security of mines
Ministry of Water	Water Services	Safeguarding of groundwater
Ministry of Tourism	Department of Wildlife	Safeguarding of wildlife and protected areas
	Environmental Affairs/MEPA	Assess and manage impact of mining on the environment
Ministry of Natural Resources	Department of Forestry	Ensure that impact of mining on forest reserves is minimal or mitigated.

There was also a technical committee which looked at Mining Development Agreements as per **Table 4** below:

Table 4. Actors in technical committee on mining development agreements.

Actor	Department	Interests
Ministry of Finance	Malawi Revenue Authority	Collection of Taxes and Royalties
	Treasury	Fiscal regime determination and funds distribution
	Economic Planning and Development	Formulate economic and development plans
	Reserve Bank of Malawi	Issuance of national currency and custodian of monetary policy
	Export Development Fund	Purchasing of minerals on behalf of the Reserve Bank of Malawi
Ministry of Mining	Department of Mines	Mining development, planning and promotion
	Geological survey Department	Provides data for exploration and mining
Ministry of Justice	Attorney General	Contract scrutiny
Office of the President and Cabinet	National Intelligence Service	Due Diligence
	Government Contracting Unit	Contract Scrutiny
Homeland Security	Malawi Police Services	Security of mines
Ministry of Tourism	Department of Wildlife	Safeguarding of wildlife and protected areas
Ministry of Natural Resources	Environmental Affairs	Assess and manage impact of mining on the environment e.g., fault zones
	Department of Forestry	Ensure that impact of mining on forest reserves is minimal or mitigated

The committee depicted in **Table 4** above would escalate matters to the Committee of Principal Secretaries as per **Table 5** below:

Table 5. Committee of principal secretaries.

Actor	Department	Interests
Ministry of Finance	Secretary to Treasury	Fix the narrow fiscal space and forex insufficiency and reduce debt through the Implementation of policies and negotiations on taxes, rents and royalties
	Secretary for Economic Planning and Development	Ensure that mining projects are within national plans
	Governor of Reserve Bank	Buy minerals in national currency largely from small scale miners
	Director General of National Planning Commission (NPC)	Operationalization of the developmental state philosophy to achieve wealth creation for Malawians
	Director General of Malawi Revenue Authority (MRA)	Collection of taxes and royalties
Ministry of Justice	Attorney General	Contract negotiations with investors so that Malawi gets a better deal
Ministry of Mining	Secretary for Mines	Provide geological survey data and guide on mining planning

The Committee of Principal Secretaries would then escalate matters to a Committee of Ministers as per the below **Table 6**:

Table 6. Committee of ministers.

Minister	Interests
Minister of Finance	To achieve a balance between attracting FDI or domestic investors and obtaining maximum benefits for Malawians through mining. Also decides on tax waivers as well as ensuring that there is infrastructure to support mining
Minister of Mining	To ensure that as many agreements as possible are finalized and signed to control monopoly. Additionally, to consider whether the operations provide for the beneficiation of mined minerals.
Minister of Justice (represented by Attorney General)	Scrutinize contracts to ensure they are within the law and advise on possible areas of compromise

There was also a lower committee with delegated powers to scrutinize applications for small-scale miners as depicted in **Table 7** below:

Table 7. Lower committee with delegated powers to assess applications from ASM.

Actor	Department	Interests
Ministry of Mining	Commissioner for Mines	Mining development, planning and promotion
Homeland Security	Malawi Police Services	Security of mines
Ministry of Tourism	Department of Wildlife	Safeguarding of wildlife and protected areas
Ministry of Natural Resources	Environmental Affairs	Assess and manage impact of mining on the environment
	Department of Forestry	Ensure that impact of mining on forest reserves is minimal or mitigated

Other Actors Engaged at Licensing Stage

The study also established that there are some actors, engaged in the licensing section of the value chain even though they are not listed within the law or as standard operating procedures. They are listed in **Table 8** below:

Table 8. Other actors engaged in the licensing stage.

Actor	Department	Interests
Ministry of Finance	Financial Intelligence Authority (FIA)	Conducts due diligence on parties involved in mining at the request of the government before issuance of a license
	Malawi Extractive Industries Transparency Initiative (MWEITI)	Informs dialogue on regulation of the sector, revenue sharing at the community level and measures to mitigate corruption
Ministry of Justice	Anti-Corruption Bureau (ACB)	Conduct due diligence on contractors to be engaged mostly. This is conducted under public procurement.

3.4. Mineral Extraction

Mineral extraction is the procedure of excavating and recuperating mineralization and associated waste rock from the crust of the Earth to derive a profit (Revuelta, 2017). The main actors on this extraction stage are the mining companies and their contractors. Utility agencies and suppliers also come in at this stage. At the extraction stage, the backward, forward and lateral linkages for goods and services are also manifested. Below is a **Table 9** showing actors engaged at the extraction

stage and their interests:

Table 9. Actors in mining extraction and their interests.

Actor	Department	Interests
Investor	Mining Company	Extract ore for profit
Suppliers of machinery	Foreign	Supply equipment to mining companies for a profit
Ministry of Finance	Treasury	Determine waivers on equipment importation
Utility Agencies	ESCOM	Install transformers and supply electricity
	Water Boards	Install pipes and supply water
Ministry of Transport and Public Works.	Construct roads leading to and from mining sites	Enhance accessibility to mines
Ministry of Lands	Departments of Lands and physical planning	Convert land from freehold or customary to public. Assess compensations, pay and allocate the land to investor.
Ministry of Local Government	District commissioners	Community engagements, land negotiations and compensations
	Community	Employment and social services
Transporters	Private	Ferry ore from mines to destination for processing, testing or exports
Employees	Expatriates	Fill in for the local skill gap
	Locals	Provide labour

Other Actors Engaged at Extraction Stage

The study also found other actors (**Table 10**) engaged at the extraction stage which do not appear as in **Table 9** above:

Table 10. Showing other actors also engaged at extraction stage and their interests.

Actor	Department	Interests
Ministry of Defense	Malawi Defense Force (MDF)	Signed an MoU with the Ministry of Mining to assist in security of mines during extraction as well as to prevent illegal mining
	Malawi National Service (MNS), Mining Directorate	The Defense Act of 2023 established the MNS and it has a mining directorate which will be engaged in mining specifically gold mining from exploration to marketing.
Community Members	Informal small-scale miners	Normally operating without a license, their interest is to mine minerals, especially gold and gemstones and sell them to whoever offers to buy
Illegal Miners	Foreign nationals	Normally from China, Zambia, Burundi, DRC and Rwanda, they buy off the gold and gemstones from informal small-scale miners. Sometimes, but very rarely, they engage in the actual mining itself
Ministry of Transport and Public Works	Roads Authority	Construct roads to enhance accessibility to mines
Ministry of Labour	Safety and standards	Ensures the safety of employees in mines
Ministry of Gender	Social Welfare	Advocates for equality and equal participation

The Ministry of mining signed an MoU with the Malawi Defence Force (MDF) on the protection of Mines because it was discovered that there was a lot of plundering as well as unregulated mining. But **Bansah et al. (2022)** argue that the use

of military force will have little and unsustainable effect to eradicate informal artisanal mining when factors driving the participation in the mining activities are circumvented. They add that addressing the problem of unemployment, improving mineral governance and legislation in the artisanal mining sector, undertaking strategic and inclusive stakeholder engagement, and controlling partisan political decisions and participation could ensure a more sustainable mining sector and eliminate the need for military force. But in a country like Malawi whose military has shown interest to venture into hard-core mining themselves as a military activity, it would be interesting to see where the lines will be drawn.

Speaking to the MDF Commander he had this to say:

“the ministry of mining cannot on their own manage to protect the mines against illegal mining as these people (illegal miners) are aggressive. This is why we went into an agreement to use the military to contain the situation”

The Commander however, did not indicate whether this protection is thorough and consistent in that his soldiers shall always be present at the mines that require protection and whether or not the soldiers shall be deployed all over the country in places where unregulated mining is happening. Another interesting thing the study revealed which was a sharp contrast to the agreement between the Ministry of mining and the MDF was the establishment of a Mining directorate under the Malawi National Service (MNS) of the MDF with the sole purpose to go full throttle into mining; gold mining to be exact from exploration to marketing. In this scenario therefore, it is also a case of the protector being an active actor in the sector as well which may facilitate conflicts of interest. The effectiveness of military involvement in mining would be greatly enhanced if they were to be employed within, and under the auspices of, a planned national mine action programme (GICHD, 2003). For now, however, such is not the case as the military in Malawi has decided to go at it alone and not as part of a planned integrated program.

3.5. Processing/Value Addition/Beneficiation

Beneficiation refers to the transformation of a mineral (or combination of minerals) to a higher-value product which can either be consumed locally or exported. This may involve polishing of precious stones, removing waste material, frothing flotation of copper, turning coal into coke, and distilling crude oil, among others. Value addition on the other hand, is different from beneficiation as it involves increasing the value of a resource, product or service as a result of a particular process. The main actors involved at this stage are the mining companies and processing plants. Value addition may involve both beneficiation and other forms of value addition. As argued by Turok (2012), a country with natural resources will export these resources in raw form to be beneficiated and fabricated elsewhere. He adds that great beneficiation has to be separated from mining because it is highly specialized; it can therefore not be done by public servants who may have inadequate business skills and industrial experience. And such is the case for Malawi; minerals' beneficiation or value addition is little or non-existent; coal is sold

raw, and so is quarry, limestone, gold and gemstones. Malawi has vast amounts of clay, talc and sand, which are key ingredients for ceramic tiles. Production of ceramic tiles in Malawi at the moment is negligible with a few upcoming players coming up only recently.

3.6. Transportation and Marketing

Transportation involves transporting processed mineral products to the market. Main actors at this level are the transportation or logistics companies and mining companies. After this stage, the minerals go on the market, with mining and marketing companies as the main actors. This study revealed that Malawi as a country does not have much control over the marketing of its minerals. Regarding influence, access to and control of mining resources, the study revealed that transactional actors are very influential in controlling mining markets (73.3%). China is taking control over mineral resources in Africa, where the dominance of European and North American mining companies has been challenged for 150 years (Ericsson et al., 2020). Moyo (2012) add that China's resource undertaking is global and among the most aggressive in history. This study, however, did not establish the influence of the Chinese in this regard even though in other areas that were visited, it was mentioned that some Chinese people were involved in mining and buying of minerals.

Table 11. Transactional Actors influence in mining markets.

Transactional Actors influence	Percent
Influential	6.7
Moderately influential	6.7
Not influential	6.7
Slightly influential	6.7
Very influential	73.3
Total	100.0

The ministry of mining stated that:

“Malawi lacks the necessary infrastructure for efficient mining operations, including transportation networks, energy supply, and processing facilities. The absence of these infrastructure components can make it difficult to extract and export minerals profitably. This situation may be attributed to inadequate investment in the sector”

Additionally, **Table 11** and **Table 12** show control over pricing and market access between transactional and national actors in the mining sector. Transactional actors have more influence and control over pricing and market access (96.6%) followed by national actors, who possess only 3.4% control and they are also very influential (73%) in mining markets.

Table 12. Control over pricing and market access.

Power over pricing	Percent
National actors	3.4
Transactional actors	96.6
Total	100.0

The Ministry of finance stated that:

“it is usually transactional actors who have access to international prices and market access information which they normally use in negotiating mining development agreements to their advantage.”

The Ministry of Mining added that:

“transactional actors are the ones that are in touch with the market by developing uptake Market Agreements. Thus, prices often dictate where an investor wants to sell their products. They also have more control over pricing decisions than national actors because they have the option to sell their products to other countries if they are not satisfied with the price offered by the national government”.

Export Development Fund (EDF) is a subsidiary of the Central Bank, the Reserve Bank of Malawi (RBM). According to EDF’s performance report under the precious metals and minerals unit of June 2023, the fund revised the prices of smelted gold per gram based on purity levels as below:

Purity level	Buying price
96% - 99%	MK95,000
80% - 95.99%	MK89,000

These prices were against international gold trading price which started at US\$68.96 (MK70,059) per gram on 1st June 2023 and slightly rose to US\$69.49 (MK70, 597) per gram on the same day before rising further to US\$69.93 (MK71,044) on 2nd June 2023. However as of 30th June 2023, the prices dropped to US\$67.26 (MK68,331) with the highest price in the month being 2nd June at US\$69.93 (MK71,044). These figures still show that the EDF purchasing price for gold was above those at international level.

The EDF had this to say on their price decisions:

“we wanted to be competitive on the market with the hope that if you raise our prices above the international ones, traders will opt to sell to us than to illegal buyers. But even with these prices, EDF is only managing to get a fraction of the gold that is mined in the country with most of it finding its way out of the country or smuggled out by local business people. Additionally, by design, the EDF is not supposed to make profits anyway but use the process as effects generation”

Speaking to informal small scale miners in Mangochi, Lilongwe and Nkhota-kota, we were told about the following prices:

Mangochi: MK60-70,000 per gram

Nkhotakota: MK50,000 up from MK35,000

For Lilongwe, their pricing was a little more structured. The weights are categorized in grams, fractions and 'Ponto'. So, each gram is sold at MK70,000, each fraction is sold at MK7,000 and each 'ponto' is sold at MK700. So, for example, if the gold weighed 2.72 grams, the price would be MK70,000 times 2, plus MK7000 times 7, plus MK700 times 2 $[(70,000 \times 2) + (7000 \times 7) + (700 \times 2)]$ which would come up to a total of MK190,000 (roughly US\$19).

At the time this paper was being published, the Malawi Kwacha was trading between MK1700-1800 to the United States Dollar. It is also worth mentioning, that respondents told us that it would take up to three or more weeks for a person to dig up a gram of gold and yet the conditions under which that is found are appalling and inhuman based on our observations. The Malawi Government also established the Mining Investment Company (MAMICO) in 2023, and a Chief Executive Officer has just recently been appointed by the head of state. The company's responsibility is to hold stake in the mining stake on behalf of the people of Malawi. It will however depend on the level of capacity the company will have to perform this noble task.

4. Actors' Interaction and Linkages

To have a better understanding of the mining value chain as articulated above, it is also essential to analyze what their interactions/linkages look like. Analyzing existing inter-linkages provides a valuable tool to understand, for example, if and how the increased productivity levels typically experienced by the service sectors (e.g., trade, business, transport, and communication) contribute to the development of domestic value chains and stimulate investments in manufacturing (Weldegiorgis et al., 2023). Additionally, to understand patterns of interaction between different actors and organizations, it is first essential to map linkages in general ways, but then it is also necessary to understand the nature and purpose of these linkages. In this regard therefore, an actor linkage matrix tool was used to understand the pattern of interactions between the key actors. This process also provided an opportunity to identify the extent of links which may need to be systematically investigated as this was beyond the scope of this study. In the actor linkage matrix, all relevant actors are listed on both the matrix's first row and first column. Each box in the matrix then represents the linkage between the two actors.

As it can be seen from **Table 13** below, there are varying conflicts in terms of context and intensity among different actors within the mining sector. As observed by Salman et al. (2018), conflict dynamics around multinational companies entering a rural area with a government concession to mine for tin or gold differ in many respects from such dynamics when small-scale gold miners enter a remote region where indigenous people live. They add that things are also different when parties like environmentalists, road construction companies, or tourist operators become involved, or when local dwellers have mobilization and framing

Table 13. Actor linkage matrix.

	Ministry of Mining	Mining Resources Committee	EDF	INGOs/CSOs	Investors	ASM
Ministry of Mining	Link	Link on policy and sector administration	No Link	Conflict on social and environmental issues	Link as investor and policy holder	Conflict As regulator and operator
Mining Resources Committee	Link	Link	No Link	Conflict arising from social and environmental issues	Link as sector administrator and investor	Link as regulator and operator
EDF	Link on policy and ASMs	No Link	Link	No Link	No Link	Link as buyer and seller
INGOs/CSOs	Conflict on ESIA reports	No Link	No Link	Link	Conflict on advocacy and perceptions	Link on rights and structure
Investors	Link on investment and policy	Link on licensing	No Link	Conflict on advocacy and perceptions	Link	No Link
ASM	Conflict on regulation	Conflict on regulations	Link as buyer and seller	Link on advocacy and rights	No Link	Link

Source: Author’s own compilation. Key: ■ Conflict. ■ Link. No link.

skills or, to the contrary, lack them, or when conflicts become a public dispute featured in both national or international press. In the matrix above, there are conflicts between the mining resources committee and environmentalists, between small-scale miners and the ministry of mining, between local and international NGOs and the government, between investors and NGOs, conflict between investors and the government on tax regime and regulations and so on. Apart from environmental concerns, INGOs and CSOs also get in conflict with the government over poorly negotiated deals as well as how rents are used for development. Usually, standing in the gap for mining communities, the CSOs argue that mining activities must also benefit the communities both socially and economically through meaningful CSR programs. To understand and effectively manage these conflicts, all elements must be balanced even though it would be impossible to satisfy the needs of every interested group. [Salman et al. \(2018\)](#) propose addressing the underlying features of societal makeup, poverty and inequality rates, national and regional politics, the dynamics of the actual confrontations between multiple actors and the dimension of the actors’ backgrounds, skills, memories and ambitions.

Speaking to informal small-scale miners in the Bowa area in Nkhotakota, who mobilized themselves into a cooperative, they stated that:

“the ministry of Mining told us to organize ourselves into a cooperative. We did that, and they asked us to pay for a license, we did that, but it has been over a year, and we do not have the license. We thus work ourselves hard to

get minimal gold deposits and we sell to whoever comes to buy. Gold mining is hard work, and we would have loved to be supported with machinery, but the Mining people seem not to care, so we do what we feel will help us. Sometimes, we sell to EDF people we hear they are from the Reserve Bank, but mostly, other people just come to buy from us.”

[Bansah et al. \(2022\)](#) state that artisanal and small-scale mining provides direct and indirect livelihoods to more than 300 million people across the globe and promotes rural economic transformation. It is therefore a powerful aspect of the mining value chain, and neither can it be wished away or eradicated; in any case, often times, they discover the minerals before the big companies do the only challenge is that they never fully understand the value of the same.

There are also high-level conflicts between investors and the government, especially during negotiations. We spoke to the Attorney General of Malawi, and he had this to say:

“In terms of the law, investors think that there are too many regulations that give very little return to them because they feel like there are too many taxes they need to pay. The shareholders are also taxed, and there have been moments when the investors would ask for tax waivers on the dividends. Sometimes, the conflict is due to the investors’ own tax planning. Now, while tax planning on its own is not illegal, the modality of doing so may be illegal, especially where someone wants to maximize profits over their tax liabilities through what can be regarded as a disguised distribution of dividends”.

The study also discovered that there are several conflicts among the national actors themselves. For instance, between the EDF and the local authorities. Where local authorities argued that the EDF comes into their territories to buy off gold from informal artisanal small-scale miners without the involvement of the councils. The EDF was established in 2012 to turn various export generations and diversification ideas into viable export businesses and industries. The EDF has been purchasing gold from both informal and formal traders in Mangochi, Machinga, Balaka, Nkhotakota, Kasungu and Lilongwe. Since the beginning of 2023, smelted gold purchases had reached 3,340.09 Grams at a total purchase cost of MK298,348,860.00 (approximately US\$300,000) and 67.46 Grams of un-smelted gold at a total purchase cost of MK3,416.450.00 (approximately US\$2400) as at June 2023 ([EDF Performance Report, 2023](#)). Since the gold purchasing commenced in May 2021, the fund has spent close to MK9.7 Billion purchasing price (approximately US\$6Million) which translates to MK13 Billion refined gold weighing about 122.7 kilograms. There is gold mining in more districts that the ones listed above and the EDF does not have presence in all of them thereby creating room for illegal gold trading and smuggling as well as exploitation of artisanal small-scale miners. The study established that for Lilongwe, gold is bought at MK70,000 per gram, while in Nkhotakota it is now bought at MK50,000 after being at MK35,000 for so long and in Mangochi, it is bought between MK70-

80,000. This shows that there is no established structure for gold purchasing and that this creates room for the exploitation of the artisanal miners by buyers.

Regarding why the EDF buys off gold from informal traders, they had this to say:

“due to chronic balance of payments deficits Malawi is facing, our job as EDF is to grow and diversify exports. The problem is more on the supply side and if Malawi is going to unlock its productive capacity, export-oriented startups will be critical. However, such do not attract much financing unfortunately as they are considered risky. And this is why the central bank (RBM) decided to venture into unconventional monetary policy and make sure that we have effects over the long term; this is done in many ways with an aim of de-risking the private sector, rechanneling of resources, including provision of loans as well as gold purchasing”

Asked why the central bank would want to engage in gold buying, the EDF added:

“The RBM Act allows it to buy gold and other high value minerals; but since it cannot do this directly, EDF does it on their behalf as an effects generation project; when the gold is bought, it is then tested, processed and stored by the RBM. The purchases are done from our offices but we also send officers out to buy. The key for us is to trace the origins of the gold because without this we would have problems selling the same at international level”

The EDF added that

“We use the process as a development tool, and so if we only buy from the middle men, then it means we will not empower the poor locals or informal small-scale miners, that’s why we want to buy even from those ones who are actively engaged in the gold mining even though they may not be formal”.

Another conflict also exists between informal small-scale miners and police. The police come in to protect the mines and flash out illegal miners mostly foreign nationals but in so doing, they end up being in conflict with locals engaged in mining.

Table 14. Decision-making power.

Decision-Making Power	Per cent
National actors	58.6
Transactional actors	41.4
Total	100.0

Table 14 shows that national actors have more decision making power at (58.6%) than Transactional actors at (41.4%). To this end, the Ministry of Mining had this to say:

“Transactional actors, such as investors and donors, significantly influence decisions within Malawi’s mining sector. This is because they provide the capital and expertise needed to develop and operate mines. As a result, transactional actors have a strong bargaining position in negotiations with the government. Some specific examples of the influence of transactional actors on mining decisions in Malawi include their significant influence on the exploration and development of new mines, they decide where to invest their money, and they are more likely to invest in countries with favorable mining policies and regulations. This gives investors significant power to influence the mining sector”.

5. Implication of Power Differentials among Actors on the Economic Importance of the Mining Sector in Malawi

Admitting that though the government holds policy rights, the transactional actors still have more power over the mining sector in Malawi. The ministry of mining said:

“The influence of transactional actors on Malawi’s mining sector can have positive and negative consequences. On the one hand, transactional actors can help to develop the mining sector and create jobs. On the other hand, transactional actors can also exploit Malawi’s resources and leave the country with little to no benefit. It is important to note that the influence of transactional actors on the mining sector is not unique to Malawi. It is a common phenomenon in many developing countries”.

Barma et al. (2012) agree with the Ministry when they argue that countries with natural resources rarely depend on donors and that is a good thing. Botswana would be a classic example. However, traditional donor communities and emerging global players, will have pronounced interests in countries with proven and perceived resource endowments. They add that while sceptics may argue that international/transactional actors will have limited leverage in shaping the behavior of policymakers, and this study has established that the government of Malawi has control over the policy direction of the mining sector, but as long as they do not have control over investments and markets, that control will still be far-fetched.

Agreeing with the notion that transactional actors do have more power, a senior government official also had this to say:

“the transactional actors in most cases, have the interest of their investors in mind because they would want as much as possible for them to be very happy. And so, if you have got weak leaders in terms of negotiations from the government side, the process becomes compromised and the government loses. So, these negotiators are quite critical. Because most of the transactional actors are quite experienced, they will take advantage of your inexperience and lack of knowledge of the industry. Specifically for Malawi, we do not have experts with negotiation skills in the mining sector, and so, these transac-

tional actors would come from countries like Australia, where they are quite conversant with mining issues; they will end up drafting the agreement themselves and ask the government to endorse. Sometimes these transactional actors would want to get close to the local experts and if they are compromised, the agreements will not be good for the country”.

Impact of Legal and Policy Framework in Addressing Power Imbalances

Table 15 shows the impact of legal and policy frameworks in addressing power imbalances. 40% of the respondents reported the legal framework to have a partial impact in addressing the power imbalance between national and transaction actors. Only 26.7% of the respondents said that the legal framework does not address power differences between the actors. However, 13.3% said the legal framework fully addresses power imbalances between national and transactional actors.

Table 15. Impact of legal and policy framework.

Impact	Percent
Do not address power imbalances	26.7
Fully address power imbalances	13.3
Not sure	20.0
Partially address power imbalances	40.0
Total	100.0

The Ministry of Mining argued that:

“the mining policy in Malawi is a domestic policy even though it was influenced by several international factors which is not unusual. The influence of international factors on the policy can have positive and negative consequences. On one hand, international factors can help to ensure that the policy is consistent with international best practices. On the other, international factors can lead to adopting policies that are not in the best interest of Malawi. It is important, therefore for the Malawi government to strike a balance between adopting international norms and standards that are in the best interest of Malawi and maintaining autonomy in the development and implementation of its mining policy”.

Barma et al. (2012) agree with the ministry when they argue that in settings that start with weak capacity and institutional endowments, the relationships among traditional donor community, international actors and developing countries can be asymmetric and not always in the long-term interest of the developing country. In this scenario, therefore, affirmative action needs to be taken to balance the power between transactional and national actors.

The Attorney General added that:

“The Mining law itself is robust and sets the tone for governance structures

that deal away with power imbalances. However, the problem is how the law is implemented. With the law, you need to have corresponding institutions who will implement the law. But for that institution to be there, you need funding or the same has to be self-sustaining. But the challenge with the mining law is that it has to be implemented alongside other laws, for example, the Exchange Control Act and the Taxation Act among others. And this therefore calls for coordination among the institutions involved. You also need to have people in those institutions; those people need to be properly trained and qualified, but additionally, you also need to have qualified people who are not corrupt and have integrity. All of these will be needed for effective governance and the effective implementation of the law”.

A local private sector player in the mining sector had this to say about the legal framework:

“The law and its regulations keep changing with every new government. Thus, there is no consistency with which the private sector can use to make meaningful investments.”

6. Conclusion and Recommendation

The mining sector in Malawi has many stakeholders, both national and transactional, that play critical roles in the sector. Through a value chain analysis, a study was conducted to map out the impact, linkages, and roles of these actors. The study concludes that the number of stakeholders is not a problem, but rather the personal incentives among them that affect the progress of the sector. This is evident across the entire value chain, which consists of key stages such as exploration, licensing, extraction, processing, transportation, and marketing.

The transactional actors have more power and influence over mining resources than national actors. Each stakeholder has a mandate and function that either contributes to progress or delays the same. To address the challenges, the mining law was reviewed to establish a Mining Authority that would regulate the sector, while the Ministry of Mining would control policy issues. However, the authority is not yet fully operational and its efficiency largely depends on the cooperation of private sector players, and transactional actors and other national actors still argue that the country is operating below its capacity regarding mining. The formal institutions within the value chain interact with informal institutions, understanding these structures and somewhat finding ways of how they can be formalized or altered for collective action is essential. While the end should never justify the means, it is unclear why formal institutions would encourage informality in such an important sector as mining.

The study recommends that the Mining Authority be operationalized and institutionalized quickly to address power imbalances in Malawi’s mining sector. The demarcation lines and institutional arrangements between the Mining Authority and the Ministry of Mining must be duly defined to avoid overlaps, un-

necessary bureaucracies, power relations and conflicts that culminate to resource curse. The study also recommends that the mining company must be capacitated to enable its effective operation. Additionally, it will be imperative to invest in capacity building for mining negotiation experts and other rigorous critical technical trades, exposing them to best practices from the world to manage the contracting stage of the mining life cycle; it is here where most things go wrong. Transparency within the sector must be enhanced especially on revenue collection, utilization and investments. Formalizing the informal mining sector and sharing critical information with local investors will be of great importance moving forward. Informal miners must be given the skills and funding to regulate their trade, contributing to job and wealth creation for Malawians as well as protection of the environment. Developing industries locally will ensure the benefits of mining remain in the country. Effective mining requires the cooperation of several ministries, departments, agencies and citizens along with the private sector so that transparency and accountability are institutionalized throughout the value chain.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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