



MALAWI GOVERNMENT

**MINISTERIAL STATEMENT ON THE CURRENT STATUS OF
ELECTRICITY, FUEL SUPPLY, AND MINING IN THE COUNTRY**

DELIVERED IN THE

**NATIONAL ASSEMBLY OF THE
REPUBLIC OF MALAWI**

By

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STATUS OF THE MINING SECTOR

Mr. Speaker, Sir, the Government recognizes the immense potential of the mining sector to contribute to revenue generation, foreign exchange, employment, and overall economic growth. The sector offers the greatest opportunity for generating export earnings through mineral exports. Currently, **Mr Speaker, Sir**, the sector contributes 1% to the country's GDP. However, as a ministry, we are working on increasing this contribution to 20% by the year 2030.

However, I must inform this esteemed August House that the mining sector has numerous setbacks, including illegal mining, poor legal and regulatory framework, inadequate public investment in mining projects, inadequate capacity in inspection and enforcement, and mineral exploration, resulting in unavailability of detailed geo-scientific data.

Mr Speaker Sir, the country is endowed with substantial mineral deposits in various categories. First, the country has Energy Transition Minerals which are crucial components for renewable energy technologies such as electric vehicles and wind turbines. These Energy Transition Minerals are available in substantial deposits across the country. These include Graphite, Lithium, Rare Earth Elements, Uranium, Titanium, and Manganese. These minerals are available in large deposits in Kasiya and Malingunde in Lilongwe, Kangankunde in Balaka, Songwe Hills in Phalombe and Kayerekera in Karonga, and Kanyika in Mzimba just to mention but a few. **Mr**

Speaker, Sir, these minerals have a very big economic potential considering the heightened demand on the international market.

Mr Speaker Sir, Malawi is also endowed with substantial deposits of industrial minerals such as limestone, Phosphate, Heavy Mineral Sands, Bauxite, and Gypsum. These minerals are also critical to the development of our country as they are raw materials for production of various industrial products such as lime, cement and fertilizer.

Mr Speaker, Sir, Malawi possesses a large number of gemstones and precious metals. These include Gold, Ruby, Emerald, Sapphire, and Garnet just to mention a few. As you are aware, Mr Speaker, Sir, Malawi has substantial deposits of alluvial gold and various gemstones which are subject to widespread illegal mining and trading across the country.

Licence regimes

Mr Speaker, Sir, to facilitate a clearer understanding of the sector, it is also necessary that I should explain various types of licenses that are issued in the sector. The Department of Mining through Mines and Minerals Regulatory Authority issues different types of licenses as follows:

Types of Licences

Reconnaissance licences

Mr Speaker, Sir, this is a non-exclusive licence issued for a period of two years. It is issued to allow the licence holder to make assessment of where to apply for an exploration licence.

Exploration licences

Mr Speaker, Sir, these are licences issued to local and foreign companies for the exploration of Minerals. The country has 172 exploration licenses. Good examples are the exploration licenses for rutile and graphite in Kasiya and Malingunde.

Maximum size of an exploration licence according to the current act is up to 2500 Km², issued for an initial 5 - year term which can be renewed for two subsequent consecutive periods of 3 years.

It has to be noted, **Mr Speaker, Sir,** that the area size and period of the exploration license is being reviewed.

Retention licences

Mr Speaker, Sir, Retention licences are issued when the investor is not yet ready to start mining after completion of the exploration and feasibility studies because of unavailability of capital or other factors. They are issued for a maximum period of 5 years.

Reserved minerals licences

Mr Speaker, Sir, this licence is issued for one year only but can be renewed. Both Malawians and foreigners can apply for the licence. It is used for buying, keeping as well as selling minerals.

Mining Licences

Large scale mining licences

Mr Speaker, Sir, these are licences issued to local and foreign companies after finishing exploration. Currently the country has only 2 large scale mining license holders; one for Niobium in Mzimba District and another one for Uranium in Karonga District.

Medium scale mining licences

Mr Speaker, Sir, this license, just as large scale license, is issued to both foreign and local Companies after finishing exploration. Currently, the country has 81 active licenses in this category across the country.

Small-scale mining licence

Mr Speaker, Sir, this is a mining licence issued to Malawians only. It has to be noted, that requirements for this license are simplified to allow an average Malawian to be able to acquire the license.

Review of Legal and Regulatory Framework

Mr. Speaker, Sir, the Government has noted that the first crucial step towards a robust mining sector is the review of the legal and regulatory framework, and ensure compliance by all license holders.

Mr Speaker, Sir, this is the reason why the Government first suspended issuance of all types of licences and banned the export of raw minerals pending review of the legal and regulatory framework. Meanwhile, the Government is fast-tracking the review of the relevant laws, and development of regulations and policies to cover the

existing gaps for proper enforcement and enhancement of economic benefits for the nation.

The Ministry has so far drafted 19 regulations which are at various stages of development. Stakeholder consultations on draft regulations governing the export of raw and unprocessed minerals have been conducted and a drafting instruction has been issued to the Ministry of Justice.

Policies

Mr Speaker, Sir, the Ministry has planned to commence the process of reviewing the Mines and Minerals Policy at the onset of the 2026-2027 financial year. It is envisaged that the policy will be completed and ready for dissemination by December 2026. The Ministry has also drafted the Artisanal and Small-scale Mining Policy and currently awaiting stakeholder consultations before finalization.

License Registry Audit

Mr Speaker, Sir, after noting that there was no proper adherence to the law in the issuance and maintenance of licences, the Government has also conducted licence registry audit to ensure that there is adequate compliance from all license holders.

Mr Speaker, Sir, I am pleased to inform the August House that the audit has been completed. Meanwhile, appropriate corrective measures will be taken against all non-compliant licence holders.

Illegal Gold Mining

Mr Speaker, Sir, I wish to report that Malawi has seen a rise in illegal gold mining activities. While the gold rush is happening across the country, the newly emerging areas are Dewe and kamchocho in Mzimba, Nalutete in Karonga, Nkhotakota Game Reserve, Chiuzira in Area 23, and Nathenje in Lilongwe. These areas are holding thousands of people with over 4,000 reported in Mzimba alone. The activities are encompassing illegal gold mining and trading.

Mr Speaker, Sir, currently, there are over 80 gold mining hotspots that have been identified across the country. More sites continue to emerge in addition to those that have already been mapped and it is anticipated that more sites will keep on emerging.

You may wish note **Mr Speaker, Sir,** that illegal mining of gold has the following negative impacts:

- a) Environmental degradation which disturbs natural ecosystems;
- b) Depriving the nation of much needed revenue through smuggling;
- c) It is a national security risk as the activities are involving foreigners who could be armed.

Mr Speaker, Sir, my Ministry is undertaking the following steps in order to curb illegal mining:

1. My Ministry is finalising processes of organizing these artisanal and small scale miners into cooperatives and formalizing them

through appropriate licencing channels. The formalization will assist with the delivery of targeted interventions to the miners including providing them with the requisite training and market access. Through the cooperatives, miners will be able to police each other thereby enhancing security, safety, and environmental protection.

2. Secondly, my Ministry is working on providing a market to the miners through Malawi Mining Investment Company (MAMICO) in conjunction with the Reserve Bank of Malawi.
3. Thirdly, Government has established an Inter-ministerial taskforce on illegal mining. The role of this taskforce is to coordinate the response to the illegal mining activities by undertaking the following:
 - a) Deter and suppress illegal mining nation wide.
 - b) Disrupt organized criminal networks and financiers linked to illegal mining.
 - c) Secure all mining areas in Malawi.
 - d) Strengthen border control and prevent cross border mineral smuggling.
 - e) Enhance inter agency intelligence sharing and operational coordination.
 - f) Support lawful mining and protection of government revenue.

The taskforce will flush out illegal buyers including foreigners from these hotspot areas. Only licenced buyers will be allowed to operate and buy gold within the country. Here, **Mr Speaker, Sir**, the priority is to protect the local miners who are depending on these activities for their livelihoods while removing the illegal buyers who are smuggling the gold out of the country and depriving the country of much needed mineral revenues.

Legal provisions on agreements between licence holders and its partners

Mr Speaker, Sir, according to the current Mines and Minerals Act 2023, any interest (offtake, equity participation) in the mineral right is supposed to be registered by MMRA before being considered valid.

So far, the Government is not officially aware of any company with interest in any licence holder as no formal application for registration of interest was received from any company.

Devolution

Mr Speaker, Sir, my ministry is devolving mining functions to district councils. This is crucial as the mining and geological officers at the district level will provide the required services to the District Councils. Some of these services will include:

- a. Dissemination of mining information.
- b. Training.
- c. Inspection and monitoring mining activities.

Mining Development Agreements

Mr Speaker, Sir, additionally, allow me to take this opportunity to report that as the Ministry is working on improving the legal and regulatory framework, it is also building capacity on negotiating mining development agreements. Under this, the Ministry has managed to identify and hold discussions with development partners who are willing to support with expertise and capacity building in these important areas.

Mr Speaker, Sir, the Government is committed to improving the mining sector through various initiatives, including the following:

- a) Government will provide adequate resources for the state-owned **Malawi Mining Investment Company (MAMICO)** to invest in various projects, including detailed explorations of Rutile, graphite, rare earth elements, and gold, among others. The Malawi Mining Investment Company will also begin purchasing gold as a strategy to curb illegal gold trading. It is anticipated that, within the short to medium term, the Malawi Mining Investment Company will significantly contribute to the country's GDP and foreign exchange availability, among other benefits;
- b) **Mr Speaker, Sir,** Government will invest in capacity building for the Geological Survey Department to enable it to conduct detailed exploration of various minerals. **Mr. Speaker, Sir,** I wish to inform this esteemed August House that one of the reasons we fail to secure fair deals in the Mining Development Agreements with

investors is that we allow private investors to invest in detailed explorations, which determine the quantity and quality of our deposits. For this reason, my Ministry has initiated a capacity building programme for the Geological Survey Department so that we can carry out detailed explorations ourselves before involving private investors;

- c) Thirdly My Ministry will invest in capacity building of the Mining and Minerals Regulatory Authority so that it is able to adequately carry out regulatory functions, which include inspections, and enforcement of the law.

The mining sector remains dedicated to driving the sustainable development of the Malawi's mineral resources. These efforts will boost industrialization, create jobs, promote export growth, and diversify the economy, positioning mining as a cornerstone of Malawi's long-term economic transformation under the Malawi 2063 Vision.

CONCLUSION

Mr Speaker, Sir, the government is taking decisive actions to transform the challenges faced by the mining sector in the country into opportunities for sustainable development. The coordinated efforts will lay a strong foundation for the country's economic transformation.

I urge all stakeholders to commit collectively to supporting the implementation of these plans. Together, we can enhance the mining sector, and drive the country's journey toward industrialization and prosperity under the Malawi 2063 Vision.

I submit Mr. Speaker Sir.