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**Working Paper**

## The Blind Spot: International Mining in Angoche and Larde, Mozambique

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MAY 2019

# CHINA★AFRICA RESEARCH INITIATIVE

## The Blind Spot: International Mining in Angoche and Larde, Mozambique

Sergio Chichava, Shubo Li and Michael G. Sambo

### NO. 28 | MAY 2019:

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# ABSTRACT

**SAIS-CARI WORKING PAPER  
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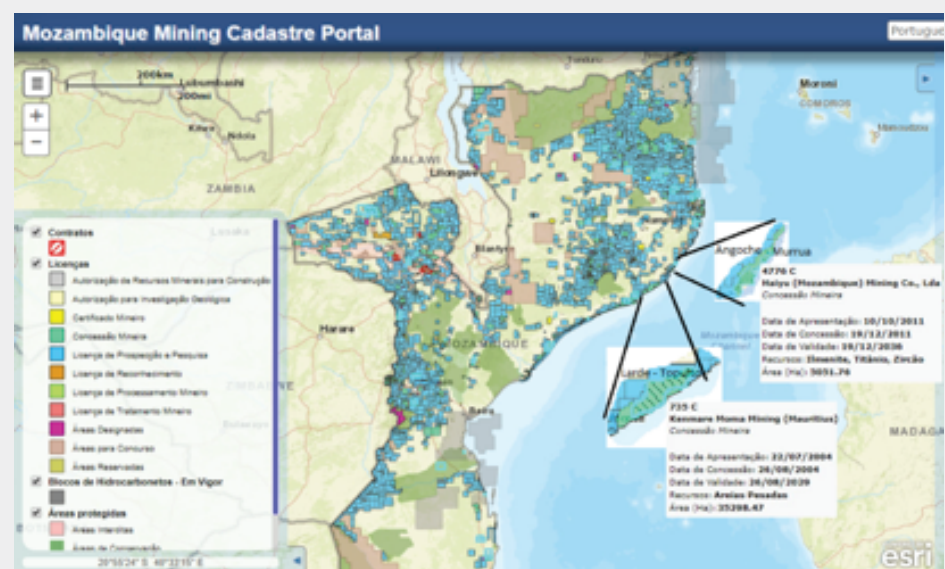
BY COMPARING CHINESE AND IRISH COMPANIES in their respective dealings with local civil societies and communities, this study probes the social impacts of heavy sand mining by international companies in Mozambique. It sets to find out how international mining affects local social organization in terms of work, labor relations, and livelihoods, and how disputes are negotiated between the mining companies, municipal and provincial governments, and civil society groups representing the interests of local communities. Disagreements around compensation, resource depletion, and labor-relations are the primary source of controversy and tension generated by the mining projects. These are then exacerbated by administrative negligence from municipal and provincial bureaucracies, and the investors’ blind spot in neglecting engagement with local communities. The problems encountered by the Chinese and Irish companies are similar and local communities have expressed discontent with both. But, the Irish company seems to demonstrate more sophisticated strategies in overcoming the challenges to deliver social goods. We recommend that a mechanism to facilitate direct and effective communication between local communities and foreign mining companies be launched to assure the inclusion of local communities in key mining project decisions and public access to information relevant to their own welfare.

## INTRODUCTION

MOZAMBIQUE'S 2,700 KM COASTLINE CONTAINS ONE of the world's largest reserves of extensive heavy mineral sands deposits, including zirconium, titanium, and other rare earth elements.<sup>1</sup> The global titanium and zircon industry, the two raw materials that remain after being separated from the sand, was worth approximately US\$ 12.4 billion as of 2014. Currently, the mineral sands industry is driven by demand from the Asia Pacific region, in particular China, India, Japan, and Korea. The booming construction sectors (both domestically and for export) of these countries consume enormous quantities of paints and coatings, PVC piping, decorative laminates, and ceramic tiling, which all use titanium dioxide (TiO<sub>2</sub>) pigment and zircon.<sup>2</sup> Notwithstanding volatile product prices, the global heavy mineral sands market is expected to experience explosive growth.<sup>3</sup>

Given that Mozambique is thought to have the biggest reserves of heavy sands in Africa, international mining companies have been involved in Mozambique since 1997.<sup>4</sup> Among the many mining companies located along the vast coastline, our case study examines two companies located in the Nampula province, within the Angoche and Larde districts. We studied a Chinese company, Haiyu Mozambique Mining Company (HMMC), in the Angoche district. HMMC has two mining sites, the first in the Murrua community that lies within the locality of Cerema, 30 kilometers away from Angoche, and the second in the Sangage community which is its own locality (Sangage). It is important to note that the Murrua community, on repeated occasions, has mistakenly been published in national and international media as being located within the locality of Sangage.<sup>5</sup> In the Larde district, we studied the Irish company Kenmare Resources PLC, based in the Topuito community located within the locality of Congolone.<sup>6</sup> The research project aims to explore the impacts of HMMC's mining projects on economic-social relations and livelihoods and compare with those of Kenmare Resources PLC, looking specifically at the rural Nampula province.

**Figure 1: Map of Mining Concessions**



Source: Adapted and edited by authors, original from <http://portals.flexicadastre.com/mozambique/en/>

**Table 1:** Heavy Sand Mining Companies in Mozambique

Company	Origin	Mining Site	Established	Initial Investment
<b>Kenmare Resources PLC</b>	Ireland	<i>Topuito</i> Larde District Nampula Province	2007	US\$ 450 million
<b>African Great Wall Mining Development Company</b>	China	<i>Nicoadala, Inhassunge,</i> and <i>Chinde</i> Zambezia Province	2009	US\$ 195 million
<b>Haiyu Mozambique Mining Company (HMMC)</b>	China	<i>Murrua &amp; Sangage</i> Angoche District Nampula Province	2010	US\$ 20 million
<b>Anhui Foreign Economic Construction Company</b>	China	<i>Chibuto</i> Gaza Province	-	-

Source: Compiled by authors

In contrast to other African countries, Chinese mining engagements in Mozambique have received little attention. Furthermore, unlike Brazilian and Western companies, the Chinese presence in Mozambique has not concentrated in the coal, oil, or gas sectors that have been under media and civil society organization scrutiny. On the contrary, the local community initially welcomed HMMC's mining project in Murrua with high expectations.<sup>7</sup> However, discontent began to emerge in 2013, illustrated by complaints about environmental damage and unfulfilled promises which eventually led to locals taking to the streets, blocking the road, and stopping the company's operations.

**This research project has four main objectives:**

1. To understand HMMC's project impact on the social organization in terms of work, labor relations, and livelihoods in rural agricultural/pastoral areas;
2. To shed light on the Angoche population's unfulfilled expectations of HMMC's investment;
3. To explore "disputes over mining" as held by HMMC and local communities during the conflict;
4. To compare HMMC's experience in Angoche with that of the Irish company Kenmare Resources PLC in Larde, particularly in regards to their relationship with local communities and governments.

## THE MOZAMBIQUE CONTEXT

FROM THE COLONIAL PERIOD THROUGH TO THE INTRODUCTION of multiparty democracy in the 1990s, the active population in rural areas has always been engaged in more than one productive activity, especially where agriculture was dominant.<sup>8</sup> These occupations, including agriculture, tend to be seasonal following the rain and high planting seasons with most of the rural population continuing to practice agricultural family production as their main source of livelihood. O’Laughlin argues that in Mozambique the accumulation system has always required wage laborers to also practice small scale family farming to cope with low wages.<sup>9</sup> Before HMMC and Kenmare’s arrival the natural resources surrounding the heavy mineral sand deposits were of great importance to the local population. Those living in the Murrua community in Angoche and Topuito community in Larde relied on fish from the sea, as well as yam, fruits, and berries that flourished in the sandy area for nourishment, in addition to abundantly available local grasses to build roofs and fences for shelter.

The regime change from socialist to capitalist was also followed by privatization of the means of production, job scarcity, and a new socio-economic dynamic. Although extractive industries are characterized by a high demand for cheap labor, appropriation and expropriation of land from poorly educated peasants, waves of resettlement, and high rates of economic growth followed by increasing income inequality, these series of contrasting dynamics make it difficult to investigate and isolate the impact of one specific Chinese project.

Sender and Smith note that regardless of whether the national authorities in question were colonial or came to power in the post-independence period, local authorities still faced resistance whenever changes had negative impacts on the local labor force.<sup>10</sup> Other writers have pointed out that Chinese work standards, involving long hours of intensive labor combined with low wages, have led to conflicts with local laborers; in the Mozambique case, tensions arose when Chinese firms demanded local workers stay on the job well beyond work hours determined by Mozambican law and paid below minimum wage standards.<sup>11</sup> Other authors, mainly Chinese scholars, attribute the massive inflow of Chinese companies and foreign direct investment into African economies to their favorable conditions including the availability of cheap labor and local governmental policies that prioritize the exploitation of natural resources.<sup>12</sup> To better understand impacts, it seemed clear that we had to raise questions other than those related only to the cost of labor or workers’ income-related satisfaction. Instead we asked, why do workers continue to work for HMMC if conditions are worse compared to other companies? What are the workers’ specific claims? The answers to these questions help reveal some local dynamics and factors that sustain the clashes between local communities and the HMMC project and point to the differences between Chinese and other mining companies and projects around the region, in particular Kenmare.

The conditions under which workers organize is another relevant issue. Research reveals that workers who are better organized, or have strong unions and favorable laws, will likely have stronger bargaining power and achieve better deals, such as the South Africans working for Chinese companies in South Africa.<sup>13</sup> However, if workers

are organized but have no supporting structures such as law enforcement or strong union mechanisms, they may fail to succeed in negotiations or simply be manipulated, resulting in discontent.

### CHINESE MINING COMPANIES: KEEN BUT INEXPERIENCED

HMMC'S EXPERIENCE IN MOZAMBIQUE IS ONLY A TINY component of the enormous impact made by China's "Going Global" strategy announced at the beginning of the 21st century.<sup>14</sup> China's central government instructed the Chinese mining industry "to utilize two kinds of resources (domestic and overseas) and expand into two markets (domestic and overseas)."<sup>15</sup> For Chinese companies, Africa is a prioritized area for mineral exploration.

Yao argues that major international powers have quickened the pace in grabbing African markets and resources, situating China in a vortex of fierce competition over global resources.<sup>16</sup> China feared that it would become a victim of soaring prices and a tightly controlled supply of raw materials if it failed to act more proactively and secure its own place at the head of mineral resources supply chains. Yao's proposal to start a "Fund for Risk Exploration of African (Mineral) Resources" was partly materialized in 2005 when the Ministry of Finance teamed up with the Ministry of Land and Resources to launch the "Fund for Risk Exploration of Foreign Mineral Resources."<sup>17</sup> This fund was set up to cover up to 50 percent of the cost of both geological prospecting prior to mine acquisition, oil and gas excluded, and prospecting of acquired mineral resources.<sup>18</sup>

Although Chinese construction companies have been operating commercially in Africa since 1979, those involved in the mining sector are in general much less experienced in overseas projects. In terms of scale, they are not comparable to multinational mining companies and have yet to accumulate knowledge and expertise in dealing with the risks and challenges that emerge from overseas operations, in particular those involving managing environmental impact and negotiating with local communities. Mining impacts on local society and the environment are rarely discussed in Chinese academic literature promoting African mining industry. Most studies focus on the potential of mining in Africa, the needs of the Chinese economy, and China's resource security.<sup>19</sup> This lack of attention to sustainable environmental issues and local's livelihoods has likely contributed to Chinese firms' lack of experience in managing such risks.

## HMMC IN MOZAMBIQUE

CHINESE PRIVATE COMPANIES ARE OFTEN IN THE VANGUARD searching for mining resources abroad and are later joined by state-owned enterprises (SOEs), which stand a better chance of acquiring financial backing from the national treasury. HMMC illustrates such a case. The adventurous, private Yuxiao Group, from the Shandong province, began prospecting in Mozambique in 2007 and by 2013 had acquired about



fifty mining permits. In 2009, Yuxiao Group teamed up with the SOE Hannan Nonferrous Metal Mining (HNMM) to create a joint venture that was to become HMMC. Additionally in 2009, the China Development Bank granted HMMC a US\$ 20 million project loan.<sup>20</sup>

HMMC was officially registered in Mozambique on April 22, 2010. They obtained their first mining concession in Sangage on July 22, 2011 and the second in Cerema on December 19, 2011, while infrastructure construction and machinery installation started in 2012. When the first mining concession was issued, HMMC signed a Corporate Social Responsibility (CSR) memorandum at the Provincial level with the Nampula Provincial Directorate of Mineral Resources and Energy, earmarking a total of US\$ 2.01 million for CSR.

While HMMC has strong ties with both national and provincial governments, local governments play a more crucial role in HMMC's everyday public relations management, in particular managing relationships with the local people. Mozambique has an intricate structure of government that consists of four layers of administration: provinces (Nampula), districts (Angoche), localities (Cerema and Sangage), and communities (Murrua and Sangage). Dissatisfaction with HMMC began to emerge from local communities surrounding the mining site in Murrua in 2013. Since 2014, the Nampula branch of the civil society organization (CSO) *Solidariedade Moçambique* (SM) has been involved in investigating and lodging complaints against the company.<sup>21</sup> In addition, newspapers and online media sources at provincial and national levels were also actively reporting on the disputes. By sorting through existing materials we identified the following issues as the main sources of tension over the HMMC project: compensation, environmental concerns and resource depletion, and labor issues.

## COMPENSATION

DURING THE INSTALLATION PHASE, HMMC PROMISED to extend the power line by 27 kilometers (km) into the community, install a 10 kilowatt sub-station, and open a road to the mining region. They also promised to employ 800 people from the region, supply electricity from the main grid to around 12,000 people in Sangage and surrounding areas, supply drinking water, and improve the schools in the region.<sup>22</sup> Based on media reports, locals believe these promises have not been fully realized. For example, Macaclub noted that the project was only employing 505 people out of the expected 800.<sup>23</sup>

In addition to promises made by HMMC during the implementation of the project, local communities also recall other heavy sands projects such as Kenmare's project in the neighboring Larde district from which they based their expectations. In Larde, Kenmare brought electricity from about 170 km away, benefiting around 70,000 individuals including the resettled population and the mining area. They built a port, although mainly for their use, and a hospital for the community.<sup>24</sup> Additionally, Kenmare used modern materials such as bricks, cement, and zinc sheets to build

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*When SM approached HMMC, HMMC was initially skeptical about their intentions. Even after SM had acknowledged that the district government, instead of HMMC, should be held responsible for the discontent against the mining project among local residents, HMMC's management remained reluctant to testify against the government as the norm of "never make offense publicly against the government" is deeply rooted in Chinese business wisdom.*

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houses for the resettlement of affected people as well as two schools. In 2013 Kenmare employed 1,619 workers of whom 1,442 were Mozambicans. They also sponsored income generation projects in the community, directly reaching about 144 people whose projects produced an annual profit of around US\$ 43,500 in the first implementing year alone.<sup>25</sup> It is therefore reasonable to assume that people in the Angoche district had high expectations for the kinds of contributions HMMC would make. However, from the media reports, those high expectations resulted in great frustration and disappointment.<sup>26</sup>

Beyond the expectations set by Kenmare's involvement in Larde, the impoverished condition of the people compared to the Angoche district's prosperous industrial past likely contributed to high hopes for regained prosperity. According to the Angoche district government's (ADG) profile, the area had been home to an important agricultural industrial park. Unfortunately, of the original 12 enterprises only two remain operational.<sup>27</sup> The downfall of local agro industry was brought about by several bad flood and draught years and precipitated by World Bank and International Monetary Fund policies. Their 1995 country assistance program led the Mozambican government to liberalize the cashew trade, ignoring the fact that unorganized local peasants were in no condition to take advantage of liberalization to push prices up. Liberalization only led to the increased export of raw nuts to India, where they are hand-shelled, the closing of local factories, and the loss of 4,500 jobs.<sup>28</sup> Since then, the dominant activity and the major source of income in Angoche has been small-scale commercial fishery and services, complimented by subsistence agriculture. In the more rural parts of the district they also raise livestock and are involved in fishing.<sup>29</sup> The problem is that while the Angoche district is relatively small, it has a very high population density that has resulted in domestic land and water conflicts. Furthermore, most of the occupied land is not held in accordance with official land possession rules; without official land titles families remain vulnerable and without bargaining power.<sup>30</sup> Consequently, the announcement of such a huge exploration project raised hopes of new occupational options, diversification of income sources, and perhaps a stable source of accumulation that would allow locals to improve their lives.

Existing reports show that despite HMMC's efforts to fulfill their CSR promises, there was still a gap between the local's perceptions and the company's intentions. In fact, from the preliminary analysis of online media sources, there were issues with misinformation; information gaps between local, district, and provincial levels; and a dearth of accurate information about the project itself. Consequently, there were misunderstandings concerning promises made by HMMC especially in terms of whether they were supposed to be delivered solely to a specific community or to the whole Angoche district. In light of that, the Murrua community claimed that the promises were unfulfilled and that they did not benefit from the project. The Murrua community argued that HMMC was damaging the infrastructure, exporting their sand, and polluting the environment, all while the local population was risking their lives. On the other hand, HMMC claimed to have given the promised CSR amounts to the

government.<sup>31</sup> While various sources confirmed that the money was dispatched and sent to the Nampula provincial level government, it did not reach the ADG immediately.<sup>32</sup>

It is also important to note that there was an exceptional lack of clear communication between the three main actors involved, namely HMMC, the ADG, and the people from the nearby Murrua and Sangage localities. Contributing to the misinformation and misunderstandings, the people of Sangage are generally poorly educated and the Sangage governmental structures are reported to be very weak and not respected by the community.<sup>33</sup> The few deliverables that were acknowledged by the population were heavily criticized for a perceived low quality and inadequate coverage (for example, electricity provided by the Chinese company did not reach as many people as expected) or are way below the people's expectations (in the case of employment, for example).

## ENVIRONMENTAL ISSUES AND RESOURCE DEPLETION

IN 2013 *VERDADE*, A FREE AND INDEPENDENT NEWSPAPER distributed online and in print, reported the first conflict related to HMMC and the community; they reported local community complaints about environmental pollution and road degradation caused by the company.<sup>34</sup>

## LABOR RELATIONS

ALTHOUGH IN APRIL 2011 THE MEDIA REPORTED that workers were demanding wage increases and working condition improvements, including a reduction in working hours, transportation, medical aid, and paid holidays, the authenticity of this specific report seems unlikely given that the mining site was neither staffed nor in production until early 2012.<sup>35</sup> Due to the high level of illiteracy among the local population, these claims and others raised by the community members appear to be trivial, petty, and at times incomprehensible for outsiders. Hence, one of the research goals was to identify the most significant disputes between the community and HMMC.

In June 2015, local media reported on HMMC's management decision to automatically cut overtime payment above 20 percent without pre-negotiation or notice.<sup>36</sup> The same sources also explained that company-community relations were not always fraught; they reported regular negotiations and consensus among the parties either through the union or through government bodies. The other issue that was never completely resolved was the community's demand for more jobs; HMMC explained that unfortunately they could not provide jobs to all the members of the community.<sup>37</sup>

What is specific to Chinese companies operating in Mozambique is the fact that there is little space for negotiation with local workers or communities. One of the reasons for that is the language barrier. Even though Mozambican labor laws have

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*From the very beginning of the project, government administration at multiple levels was incapable of correctly defining to which community compensation should be sent.*

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been translated into Chinese under the sponsorship of a Chinese company, Hua An, and publicized on the Chinese embassy's website since November 2007, confusion and tensions still arise on a regular basis. Currently, Mozambicans working in Chinese companies would appear to have no bargaining power at all as they fail to communicate with Chinese management. Apart from the lack of willingness from Chinese bosses and workers to learn Portuguese, the national language, construction and restaurant workers interviewed reported that Chinese managers ignore Mozambican workers' attempts to communicate with them and refuse to make eye contact.<sup>38</sup> Furthermore, Feijo described underpaid long working hours, lack of career progression and training opportunities, defective safety equipment and ensuing health conditions, despotic management, and various illegal practices by Chinese employers.<sup>39</sup> *Verdade* also reported some similar practices in relation to HMMC's operations, "according to the local people, the Chinese transformed the company [HMMC] into 'a center of forced labor'."<sup>40</sup>

## FINDINGS

MANY OF OUR FINDINGS REFLECT RECURRENT THEMES in existing discussions about Chinese investment in Africa relating to the exclusion of the local community and problems with labor relations. Our fieldwork revealed that some of these issues were due to the important and problematic roles of the provincial, district, and community level governments. Being derelict in their duties to the people, the ADG deliberately excluded the Murrua community from the whole negotiation process on compensation in regard to CSR programs. It seems that both HMMC and the Murrua population fell victim to the ADG's misdirection and corruption. Unfortunately, HMMC also has itself to blame for not actively engaging with the local community, instead dealing exclusively with the ADG, believing it to be the most authoritative representative of local people's interests. The lack of opportunity to be heard in regard to the Chinese project as well as the fact of low employability for the Murrua villagers increased the community's separation from HMMC and the government. Pressures on HMMC were also exacerbated because they are the only company operating in Murrua, there are no other formal job opportunities there.

Kenmare also faced dysfunctional government and tense community relation issues, although they were better able to manage those tensions.

### MARGINALIZATION OF LOCAL COMMUNITIES FROM THE BEGINNING

FUNDAMENTAL MISUNDERSTANDINGS AND MISINFORMATION, which led to very serious consequences that contributed to unfulfilled promises, have their roots in the government administration at the district and community levels. From the very beginning of the project, government administration at multiple levels was incapable of correctly defining to which community compensation should be sent.

Although one of HMMC's mining sites, as well as their factory, is located in the Murrua community, the people of Murrua were never properly included in the initial community consultation process. Back in 2010, when the environmental impact study consultancy report was presented at Hotel Lúrio, the consulting company, RMS consultores Ltd., insisted that the intended mining area was not inhabited, ignoring the fact that Murrua is in fact a densely populated area.<sup>41</sup> The consulting company also maintained that the project would be located outside Murrua. Although a journalist on the scene immediately pointed out the demarcation dispute and habitation oversight, the objection was overlooked.<sup>42</sup> According to the informant from HMMC, the representatives from Murrua, as well as those from other villages affected by the mining project, were present at most of the meetings. However, the crucial rounds of negotiation over the CSR program were between HMMC, the ADG, and the Sangage locality, excluding those from the Murrua community.

In 2011, before operations were launched, HMMC held a meeting with some local residents to inform them about the project and ask for their consent. The Nampula provincial Directorate of Mineral Resources led the meeting, with officials from the district of Angoche and the community of Sangage participating.<sup>43</sup> Curiously, the presence of representatives from the Murrua community and the Cerema locality were not documented. It seems that HMMC did not in fact have an open dialogue with local residents and other entities from Murrua before they settled down in the area.

Local residents described HMMC as having “parachuted” into the area.<sup>44</sup> Locals reported that the sight of Chinese workers and their machines in the local football field caught them by surprise. Neither Murrua's local administration nor the ADG sent notice to the community about HMMC's arrival. Only after the company's abrupt arrival did the government introduce HMMC to the community, in that moment promising job opportunities and other development initiatives.

HMMC and the ADG agreed that, out of the total US\$ 2.01 million CSR fund, the first US\$ 1.32 million tranche was to be transferred to the Nampula provincial directorate of Mineral Resources and Energy, and then reallocated to the ADG, which would be in charge disbursing funds into various CSR programs. The ADG told the media to expect 27 kilometers of electric power lines, a 10-kilowatt hydro power station, road construction, fresh water provision, 800 new jobs, and the construction of a hospital. The second US\$ 700,000 tranche would be used to extend a 33KV electric power line from the Angoche district into the Sangage locality and the mining site passing through the Murrua community, to be implemented by HMMC because of the low cost they would incur by using another Chinese company. Electricidade de Moçambique (EDM), the national electricity grid, would carry out the rest of the work to connect all the houses in the Sangage area to the grid.

From HMMC's perspective, they have fulfilled their duty, as they completed the payment of the first tranche and finished laying out electricity lines in time. Unfortunately, very few tangible results have resulted from the first tranche of US\$ 1.32 million, and EDM has also failed to connect local households in Sangage to the power grid, focusing on only a few houses within the center of that community. Additionally,

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*The ADG was derelict in their duties to the people. They deliberately avoided communication with the Murrúa community, ignored their demands for community consultation, and refused to attend scheduled meetings with the community. It seems that all levels of authorities have deliberately ignored the Murrúa population's demands.*

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the Murrúa community was not even included in the power grid project initially agreed on between HMMC and the ADG, thus remaining without electricity until recently when new projects were drawn considering a third CSR funding round.

The ADG claims that the first US\$ 1.32 million tranche has been used, under the provincial government's guidelines, to purchase an ambulance for the Rural Hospital of Angoche, rehabilitate a morgue, build a school, and contribute to the construction of a hotel in the village of Angoche. Other actors were unable to confirm whether any of these achievements resulted from HMMC's CSR funds. In fact, some actors including locals and CSOs did not even know of the existence of the aforementioned achievements.

It is suspected that some of the non-fulfillment issues are due to corruption among state officials who likely diverted funds provided by the company for CSR. For example, in September 2015 the media reported that several CSOs in Nampula were planning to audit how Mozambican authorities were using HMMC's CSR funds.<sup>45</sup> How the remaining funds would be disbursed remained in question during this research.

Worse still, rather than being informed beforehand about possible damages to the environment and changes to their livelihood, the Murrúa population had to experience these bitter changes for themselves without any notice. They found that the lagoons where they previously fetched water from and the pond where they fished had dried up, because HMMC had pumped underground water for mining purposes. They also complained that the grass they used to cover their roofs and the berries and fruit they enjoyed were no longer growing because of mining activities. Asphalt along a 3.5 km route was damaged by heavy mining trucks loaded with tons of sand concentrate driving to the port in Angoche and people within the Murrúa community suffered from conjunctivitis and coughing from the dust produced by mining activities.

The Murrúa community expected fair compensation in return: schools, hospitals, transportation, electricity, and jobs. Being excluded from the negotiations from the beginning, the Murrúa community never had a chance to discuss their needs and expectations with HMMC.<sup>46</sup> Both the local elite from Murrúa representing villagers and the villagers themselves felt that they gained nothing to make up for their losses.

With the help of CSOs, the Murrúa community sent documents to request a meeting with the government and HMMC but received no answer. Once, they managed to schedule a meeting with the local government and HMMC, but government representatives did not show up for the meeting. A further request was made to the Nampula provincial government but was also met with no response. The Murrúa community concluded that the government had refused them community consultation. In July 2014, angry residents from Murrúa blocked the road and obstructed the traffic flow between HMMC and the port. The government considered the demands from the population unfounded and sent police to disperse the crowd and settle down the commotion.<sup>47</sup>

HMMC quickly realized that the promised projects might not be delivered as scheduled under the government's administration. Facing the furious reaction of local people and constant denunciations from Mozambican press, HMMC responded by



contributing more to the social welfare of the local people. In 2012, HMMC built a 2 km road leading to a primary school by the seaside for the Angoche municipal government. In March 2015, when heavy rainfall and flooding damaged the two roads and bridges connecting Nampula and Angoche, HMMC sent out a rescue team with an excavator, trucks, and cars to deal with the emergency per request of the district government. In the same year, the company also flattened 3 square kms to house the local market in Angoche in addition to lending its mining graders to Angoche's government for road construction and maintenance. HMMC also provided footballs and goals for village football games and contributed financially to local festivals and public celebrations of national holidays.

Currently, the central government and the Ministry of Natural Resources has explicitly banned the practice of directly transferring CSR funds to local governments to avoid any deviation. HMMC has decided to manage its own CSR projects in collaboration with CSOs and the local government. HMMC set up a department to deal with community relations and to execute CSR programs, staffed by five Mozambican professionals. HMMC and the local Murrua and Sangage communities signed a new CSR agreement in 2017, witnessed by CSOs and governmental representatives. A new US\$ 500,000 budget has been allocated to fulfill the promises made by the ADG: US\$ 80,000 for the ambulance, US\$ 48,000 for digging six fresh water wells, and US\$ 400,000 for connecting households from four villages, Murrua included, to the electricity grid.

In 2018, HMMC opened a new mining site in the area of Moma. According to management, lessons learned from the Murrua site will be standardized and incorporated into the development of the Moma site, taking the company's operation to the next level.

## **DISPUTES OVER EMPLOYMENT AND UNREST IN THE WORKPLACE**

ALTHOUGH HMMC PROMISED 800 JOBS, THEY ONLY HIRED 505 people during peak operation. During fieldwork we found that a production contraction caused by a decline in the global market translated into fewer jobs on the ground. At the time, the current number of non-Chinese workers stood at 324, including 304 Mozambican men, 18 Mozambican and two foreign women, who worked as management, technicians, drivers, and operators. HMMC had 27 Chinese employees working in management and technical maintenance. Most of the Chinese employees had been sent home due to the production contraction. For example, in 2013 each sand-drilling boat was equipped with one Chinese supervisor and two Mozambican operators, while currently each Chinese supervisor is responsible for ten sand-drilling boats.

The dispute over employment was another major source of tension between HMMC and the Murrua community. As aforementioned, the local population expected to be hired as workers in the mining site but reported that they could not get jobs. Murrua community members complained that HMMC only hired workers from Angoche and Sangage, among other communities, and Murrua villagers had to resort to bribery to get jobs. HMMC delegated the recruitment of workers to local chiefs

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*In many cases, government involvement exacerbated tensions between the local population and HMMC. The government made press announcements about the ambitious social responsibility plan that HMMC had never actually promised. They claimed such projects like new hospitals and schools had already been completed, which was not the case. False statements like these naturally created problems by raising and then dashing expectations among the population in Murrua specifically, and Angoche generally.*

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working under the administrator, which might explain complaints like, “only the administrator’s children got job” and “you have to pay to get the jobs”.

Interviews with HMMC staff suggest that the company did hire some local fishermen as operators in the beginning, but they left the job soon after because they could not adapt to the mining site’s structured working hours.<sup>48</sup> Most of the local male population is accustomed to go fishing at dawn, sometimes at midnight, and stay out until mid morning. They then spend the rest of the day in Sangage to sell their catch, as well as partake in social pastimes and activities. Even though fishing does not provide a reliable, stable income, it has shaped local men’s preference for work that is flexible and physically engaging, which they could not find on the sand-drilling workboats. Another reason for hiring from outside the community is that skilled workers such as locksmiths and mechanics are difficult to find locally, as a result HMMC has had to recruit from Angoche and other districts within the Nampula province.

However, those employed by HMMC may consider themselves unlucky. Mozambican workers at HMMC complained about the low level of salary featuring performance-based pay, tension between Chinese supervisors and Mozambican operators, and lack of upward mobility in the company. The monthly fixed salary for the menial worker was around 8,000 Meticaís (about US\$ 150), about the same as the minimum wage rate for the mining industry required by the Mozambican state.<sup>49</sup> Office clerks with higher education and a professional background receive a much higher salary, 40,000 to 60,000 Meticaís (US\$ 750 to US\$ 1,000). In 2016, the company devised a plan to introduce performance-related pay, which would give employees an extra 15-20 percent of their fixed salary if they excelled in evaluation. The plan was aborted because the workers and labor unions viewed the decision as one that would create more problems than benefits. Although normally the workers receive subsidies, production bonuses, travel allowances, meals, and communication benefits, they are not consistent. There have consistently been wage delays ranging between five to thirty days, which were openly acknowledged by both workers and HMMC. Chinese employees have had their payment delayed up to six months when there has been temporary difficulty in cash flow in the company.

The minimum wage for a Chinese worker is 35,000 Meticaís (equivalent to US\$ 500), although modest in Chinese standards. The huge income gap has caused some unrest among Mozambican workers, who demanded a wage increase in April and May 2016. Management responded by saying that Mozambican workers with the same qualifications as Chinese workers would receive twice the Chinese’ salary. HMMC has been recruiting Mozambicans who studied in China or studied Chinese in Maputo or Nampula with competitive packages, some even enjoying Chinese staff compensation packages. Currently, most office clerks are Mozambicans. HMMC claims they provide basic technical on-site training to all Mozambican workers, teaching them from scratch. However, some local staff did not acknowledge having received comprehensive training. Those without college degrees or special skills seem to have little chance of upward mobility. The Mozambican workers cannot help but compare themselves with



Chinese supervisors who seem to enjoy exclusive benefits like transportation and other food and work privileges.

Operators work in three shifts under Chinese supervisors. Chinese supervisors believe their biggest challenge is communication with Mozambican operators. In the beginning, interpreters were assigned to the sand-drilling boats to facilitate understanding between the Chinese and Mozambican employees. However, most interpreter positions were eliminated during downsizing due to the global economic decline, leaving exchanges beyond simple instructions as a primary challenge for both parties. In this case, some English-speaking Mozambican workers have been promoted as assistants to Chinese supervisors to mediate communication between HMMC and the workers.

Operators working for HMMC complained about mistreatment, while the Chinese supervisors themselves also complained about their own company's unreasonable work schedule that hinders production. Due to the long commuting distance, workers tend to sleep while working their night shifts and fail at timely detecting clots in the drilling machines. One Chinese team leader suggested the company eliminate one shift, so as to enable Mozambican workers to get enough rest at home.

Although workers could unite to advocate for their needs, those working for HMMC were not organized in any formal way. Previously, workers were automatically enrolled as members of the trade union and HMMC deducted their membership fee from their wages and sent those fees to the provincial trade representative. But that was done without the workers' consent and most had no understanding of the significance. Later on, as there was little union activity, workers were reluctant to pay the membership fee and most workers withdrew from the trade union. Regardless, Mozambican workers were not allowed to gather in groups of more than five because Chinese managers worried they might be organizing a protest. In previous cases, workers said the police were called to disburse groups of workers to the point that they could not engage in inclusive conversations in the working environment.

## **GOVERNMENTAL ADMINISTRATIVE NEGLIGENCE**

Most media, CSO, and local community informants pointed out that the local governments were the main cause of the problem. First of all, the ADG failed to engage local communities in the consultation and negotiation process. They did not negotiate with the community beforehand nor inform the Murrua community about the arrival of HMMC in the area. Knowing that HMMC's community consultation was not comprehensive, the district government gave no indication to the company about their omission and mentioned nothing about conferring with the Murrua community.<sup>30</sup> Upon receiving funds and compensation for using the underground water, it did not maintain the road nor provide drinking water to the local residents. The government office is marked by corruption and nepotism in the eyes of the Murrua community and CSOs. The villagers pointed out that HMMC hired six people from the community, all

of them children, nephews, or cousins of the administrator and city councilmen, some of which were not even living in the Angoche district before being hired.

The ADG was derelict in their duties to the people. They deliberately avoided communication with the Murrua community, ignored their demands for community consultation, and refused to attend scheduled meetings with the community. It seems that all levels of authorities have deliberately ignored the Murrua population's demands. The absence of community consultation resulted in HMMC invading sacred sites and gave rise to the frustration of the population, who later quarreled with the company resulting in violent demonstrations.

In many cases, government involvement exacerbated tensions between the local population and HMMC. The government made press announcements about the ambitious social responsibility plan that HMMC had never actually promised. They claimed such projects like new hospitals and schools had already been completed, which was not the case. False testaments like these naturally created problems by raising and then dashing expectations among the population in Murrua specifically, and Angoche generally. Secondly, it actively engaged in thwarting the actions of the community. Both the local people and the journalist Mr. A mentioned that there had been several attempts to divide the community such as paying people to threaten the community leader or trying to bribe members of the committee that represent traditional authorities in the locality, to try to create divisions amongst themselves.

A journalist who has investigated this case commented that the problem is actually within the government at almost all levels, not only confined to the district government.<sup>51</sup> Moreover, he mentioned that he told the Minister of mineral resources, Esperança Bias, that the amount of compensation for the small farms in the mining area was very low and did not equal their economic value over time, nor encompass the emotional, historical, and cultural value attached to them. Taking the active suppression of the community's participation into account, the population suspects that the Guebuza family (former president of the Republic) was involved in the project even though they find no evidence in the shareholder structure of the company to support this speculation.

Similar to what has happened with HMMC, Kenmare has also experienced tension with local communities due to incorrect boundary demarcation and problematic government guidance. Kenmare was about to explore the Mount Filipe area, where it is believed that there are large concentrates of ores with high commercial value. Kenmare dutifully consulted the villages in the area like Namalope and Nataka, but left out the Topuito community, which regards Monte Filipe as their sacred site where they pray when suffering from illnesses, drought, and lack of rainfall. The Topuito community expressed their grievances against the company, not only for the invasion into their sacred site without their consent, but also for contaminating their drinking water and trampling the grass they use to raise cattle as well as some important fishing sites.

A comparison between HMMC and Kenmare with regard to these issues indicates that local government's malfunction and negligence might be the major cause of the

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*A comparison between HMMC and Kenmare with regard to these issues indicates that local government's malfunction and negligence might be the major cause of the exclusion of certain communities from the negotiation and compensation process in Nampula province's mining sector.*

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exclusion of certain communities from the negotiation and compensation process in Nampula province's mining sector. This is the same conclusion reached by the journalist Mr. A, the problem with the governmental system is generic and not limited to Chinese investments. In the two cases of heavy sand mining in Angoche, the municipal, district, and township leadership have not considered the welfare of the people residing near the mining sites a priority. Instead they distorted the communication between companies, the public, and local people by ignoring and even suppressing neglected communities' demands and providing inaccurate information to the media.

### MINING COMPANIES OVERLOOK TRUST-BUILDING WITH LOCAL COMMUNITIES

ATTEMPTING TO BE LAW-ABIDING WHILE ALSO SEEKING to be profitable, HMMC initially regarded Mozambican state bureaucracies and social elites as their primary connection in the area, closely following the instruction and advice from the provincial, municipal, and district governments. In 2011, HMMC made community announcement to villagers in Sangage in a meeting arranged by Angoche municipalities' Agricultural Bureau and Sangage community's administrative post, under the instruction of Nampula province's directorate of natural resources.<sup>52</sup>

HMMC then signed a CSR memorandum with the Ministry of Natural Resources; the content was to be further negotiated with the Nampula provincial directorate of natural resources. Neglecting the traditional authorities represented by the committee of the community, HMMC considered interaction and communication with local people of minor importance and hence learned very little about the structure of social life in the community. They entrusted the task of human resource recruitment to the Sangage administrative post, and therefore further marginalized the people in Murrua.

HMMC claimed that it observed governmental rules in their execution of compensation and resettlement. Before expropriating any farmland, organized by the Nampula provincial agricultural bureau, representatives from HMMC and the committee of community, as well as the head of household would be present on the scene. This group then counted the number of crops and calculated the total amount of compensation according to the national standard. The three parties then signed the compensation document, archived by HMMC, and the payment was made to the owner.

In 2015, the Nagonha village relocation was put on the agenda. The negotiation between HMMC and the Nagonha community started in September of that year. The secretary, who was also the chairman of the committee, made a list of conditions for relocation and handed it over to HMMC, which they accepted. Then the committee of the community submitted the relocation plan to the Sangage township government, which was to be submitted to the ADG for approval. A survey with the villagers and a meeting between district, township, and community leaders had been carried out before the relocation site was confirmed and the plan became final. Knowing that villagers were complaining about the unrealized resettlement plan, HMMC explained

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that relocation was a time-consuming process, as the company had to observe many regulations when working with different levels of governmental bureaucracy.

In the case of Kenmare, the Irish company appears to be more sophisticated in dealing with local governments. Kenmare declined the request to directly transfer all CSR funds to the government, instead insisting on having control over the management of CSR projects through their own agency, KMADE (*associação de desenvolvimento económico de Moma*). Nevertheless, Kenmare assigned part of the funds, equivalent to approximately US\$ 30,000, to the administration of Larde to disburse after consulting with local communities. Mr. A spoke highly of Kenmare's good CSR practices, praising a number of projects that have helped to leverage the communities' economies, although the developing commercial chain created by Kenmare failed due to lack of governmental cooperation. On the other hand, the administrator of Larde lamented that the funds managed by KMADE were not being properly channeled because, "if the fund were run by the government we would have done a lot for the communities".<sup>53</sup>

#### CIVIL SOCIETY ORGANIZATIONS FACILITATE CONSENSUS-BUILDING

SOLIDARIEDADE MOÇAMBIQUE'S STANDARD OPERATING procedure is to respond to phone calls reporting community grievances by sending their staff to investigate. In the mining sector, SM has brought the government, the company involved, and communities together for negotiation. When the three parties reach an agreement and sign the memo, SM then follows up to check and see whether or not the promises and decisions made have been carried out. SM also works closely with local and national media, providing information about what they observed to be true during their field visits.

When SM approached HMMC, HMMC was initially skeptical about their intentions. Even after SM had acknowledged that the district government, instead of HMMC, should be held responsible for the discontent against the mining project among local residents, HMMC's management remained reluctant to testify against the government as the norm of "never make offense publicly against the government" is deeply rooted in Chinese business wisdom.<sup>54</sup>

Ultimately, HMMC's management appreciated SM's contribution, noting there had been a change in both their attitude and their aims and objectives due to the CSOs involvement. From HMMC's perspective, initially the CSO seemed to be harsher and more hostile towards investors; they have since become more inclusive, cooperating and aiming for the win-win solution.<sup>55</sup> SM expressed that HMMC admitted their knowledge of Mozambican investment environment might not be complete. HMMC's manager also reflected about their initial ignorance about CSR programs and recognized the importance of engaging a third party, like CSOs, to monitor the implementation of CSR programs.

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## THE ROLE OF LOCAL MEDIA IS MIXED

THE MEDIA'S ROLE SEEMS TO BE MIXED IN THE DISPUTE over heavy sand mining in Angoche. On the one hand, independent and online media like *Verdade* gave voice to communities excluded by the government and ignored by the mining companies. On the other hand, due to a lack of resources, the media rarely verifies their sources before publishing information they have been given. Regarding the protests and local community complaints, in the case of HMMC, the company claimed to have never been interviewed nor having ever received requests for interview by the media. The only journalists received were those that accompanied visits of national and provincial leaders. Another journalist claimed that several attempts were made to contact HMMC's management, but to no avail. HMMC, on the contrary, insists no journalist from the newspaper ever contacted them. After the article was published, HMMC provided a response in an open letter to answer questions listed in the reporting.

Unbalanced reporting contributed to the misinformation surrounding press coverage of HMMC's mining project. For example, a feature story published in a Sunday newspaper, *O Domingo*, gets many basic facts wrong.<sup>56</sup> The story claimed that HMMC exported heavy sand ores at no cost and without using advanced mining technology, which is far from the truth given that the fixed asset investment spent on prospecting, infrastructure, electricity, and equipment since 2011 has already exceeded US\$ 30 million, not counting the operating costs covering payroll, utility bills, raw materials, mechanical maintenance, and transportation. Lopes Vasco, who is presented in the story as a leader of the Sangage community, is actually the leader of the Murrúa community, which makes his lamentation about "the community getting nothing", a misrepresentation.<sup>57</sup> Furthermore, the article takes statements directly from the people in the village of Nagonha in Murrúa as fact, arguing that mining activity changed the direction of the groundwater and caused flooding that damaged 48 houses in Nagonha in March and April 2015. Given that around the same time a wide-spanning torrential storm destroyed 12,000 homes in the Nampula province and also in the adjacent Cabo Delgado province, holding HMMC solely responsible for the flooding is at best a tenuous claim.

The exclusion of sources from media coverage about HMMC is not uncommon. Since its launch in 2012 and starting production in 2013, there have been many news reports about HMMC, particularly stories detailing the incident when Murrúa villagers blocked the road and stopped HMMC's transportation flow. If a more thorough investigation had been conducted and published, tensions between HMMC, the community, and government may have been resolved sooner.

## CONCLUSION

ALTHOUGH MOZAMBIQUE'S LONG COASTLINE IS RICH in valuable heavy mineral sands, the exploitation of these minerals has not been representing a benefit for the affected communities. So far, at least in regard to Kenmare PLC and HMMC, mining

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involvement represents a whole set of new dynamics for the community whereby most of the residents tend to be negatively affected. Although from a provincial or country-level perspective these projects may represent a common benefit, one should note that these benefits might be realized at the expense and sacrifice of the local communities' livelihoods, environment, traditions, beliefs, and local economic structure.

Nevertheless, the negative impact that these exploitations have for local communities can be lessened by the combined efforts and strategies between the three major actors in the process: the government, the mining company, and the affected community. While this research focused on the impact of HMMC for the surrounding community of Murrua and Sangage in the Angoche district, it found that government misdirection and corruption to be a major catalyst in the conflict, as well as a general lack of communication and coordination between these actors.

First, community consultation was held in Sangage, where the power line was extended and distributed to, but the mining project itself is being executed in Murrua where the traditional leaders and community representatives are still demanding consultation meetings with HMMC and the government. The rural population of Murrua did not know anything about HMMC or their project before its arrival, although their presence would have a significant, and undesirable, impact on their way of living. HMMC's visibly adverse impact on surrounding communities is far from a win-win initiative, particularly the community of Murrua.

Murrua villagers were living on the basis of fishery and agriculture, deeply depending on nature and their environment as their main source of livelihood. From food consumption, to the raw materials used for all sorts of accessories and most of their utensils, all the way to construction materials, they all came from the local, natural habitat. Shallow dune ponds supplied their water and were places for swimming and fishing apprenticeships for their children. The bush was a source for traditional medicines and location for traditional rites of initiation, which they can no longer access because it was destroyed.

Their lifestyle has been fundamentally altered, now they have to get jobs or trade in order to supply for basic needs. They have literally been left to swim (or sink) in a monetized economic system. In addition to having lost the source of their local medicine they still have no access to conventional hospitals, instead having to travel the 30 kilometers to the district of Angoche. They are now concerned with the price increase of basic products, mainly food, as their food production is no longer enough. Now, more than ever, they need jobs, but the only investment around the area that provides job is HMMC, which has limited labor absorption capacity.

Second, due to the absence of community consultation and the misleading information from the government, both HMMC and the local community have not communicated properly over compensation and CSR projects, among other issues. The community members are keen to remember the promises made during HMMC's introduction; promises that the government says have been fulfilled all across the district. Nevertheless, the community of Murrua remains reluctant to accept that as they are the promise holders, and they expect to see all the promises materialized



within their community and its surroundings since it is the most affected by the project. Moreover, the lack of opportunity to be heard in regard to the Chinese project as well as the fact of low employability for Murrua villagers in HMMC increases the community's separation from the company and the government. So far, the community finds no intermediary or means to voice their concerns, thus lowering their trust in governmental authorities even further and viewing HMMC as their common threat.

Third, as a consequence of misinformation and miscommunication, the community members of Murrua tend to generate and propagate an overly negative opinion about HMMC. The villagers have a multitude of complaints. Many villagers were engaged in the protest and demonstrations against the company for their individual causes. Additionally, workers are exhausted by trying to reason with the company, to the point that they are no longer willing to engage in negotiations.<sup>58</sup> As it seems, HMMC has generally reached the tipping point of community disaffection in Murrua such that more and stronger mobilizations against the company could occur at anytime if no preventive actions are taken.

Fourth, in a comparative perspective between HMMC and Kenmare, it is clear that Kenmare has had a more positive impact in the community of Topuito, where they are based, in the Larde district. A hospital, schools, markets, and shops were built, and community development projects were implemented. There was a resettlement whereby the resettled people received new homes made of more durable, conventional materials rather than local material like those they previously owned. Moreover, Kenmare has implemented soil restoration programs on the mined sites, they have introduced scholarships for Topuito children across the Nampula province, and they currently employ many people from Topuito even if it is for seasonal and precarious jobs around the mining site. Nevertheless, the people from Topuito have reasonable complaints over almost all of Kenmare sponsored initiatives. At our arrival they complained bitterly about Kenmare because they felt fooled on the joint decision made by Kenmare, the government, and other surrounding communities consulted on their behalf, without their consent, to open mining explorations at “mountain Philipe”, a sacred site for Topuito's villagers. This fresh wound may have stirred their objections to Kenmare, thus influencing their answers regarding the impact of the project. But the fact that they felt tricked by Kenmare and the government may allow one to understand that despite the community of Topuito having received some positive impacts from heavy sands extraction, the relationship between the community, the government, and Kenmare is still facing challenges. Therefore, it may be rational to conclude that the controversies and conflicts surrounding HMMC are not because it is a Chinese investment or Chinese implemented project, but because of poor mediation between the actors and deficient management of community expectations.

Finally, China's Going Global policy and practices need to be underpinned by a systematic and thorough understanding of local social structures and cultural norms, among other things. This could be very challenging in South-South cooperation because stakeholders in developing countries are usually more underprivileged and

even marginalized in their own society. When Chinese investors enter the scene, they would be automatically perceived as representing capitalistic values and embodying a coercive force. Chinese organizations, learning from the Chinese diplomatic legacy, tend to rely almost exclusively on liaisons with powerful figures in the government. More often than not, and for many reasons, Chinese companies tend to shun direct engagement with the local community. They want to keep as low of a profile as possible, instead allowing for their local partners in the government to do the talking and to deal with the local people. This model of labor division is believed by many Chinese companies to be the most cost-effective way to operate in African countries. However, to Chinese companies' chagrin, this liaison method can be regarded by the layperson as dangerous and corruptive, giving rise to conspiracy theories and mistrust among host societies. HMMC has learned its lesson and adjusted to a more inclusive model of operation in terms of working with local CSOs and communities. Will these lessons and experiences be shared among all Chinese investors?

## POLICY RECOMMENDATIONS

1. Foreign investors should be encouraged to identify and engage all stakeholders in the early stages of the project, ideally before mining concessions are issued. The negotiation over compensation and the agreement on CSR programs should be informed by community consultation, or risk being considered invalid.
2. Within African governments, a mechanism facilitating communication between foreign investors and stakeholders should be established at the ministerial level, overseeing each mining project and providing early-stage intervention and arbitration for disputes if they emerge.
3. Guidelines should be given to mining companies by the embassies of their own countries reinforcing the understanding of local social structure, religion, and culture to increase the companies' awareness on developing a vision of a sustainable future with local communities.
4. A mechanism strengthening labor organizations in foreign enterprises should be put in place, possibly through negotiation between the employers, Mozambican authorities, and the local trade union. International mining companies should avoid compensation and welfare structures that reinforce nationality-based discrimination.
5. Chinese authorities should encourage their enterprises to solve disputes and to clarify misunderstandings by increasing the transparency of their operations and CSR programs, and by working together with local CSOs and communities. Chinese companies and organizations should become more active communicators and engage the public in an open and trustworthy manner. In the same vein, implementation of CSR projects should be treated as a crucial social space where integration of the diverse culture of foreign



companies and of local people can happen, instead of as a mere formality that can be delegated to the local authorities. ★

# APPENDIX A

Conflict Management: Comparing HMMC & Kenmare PLC		
Variable	HMMC	Kenmare PLC
Conflict cause	<p><b>July 2014:</b> The people of Murrua blocked the roads to try and stop HMMC trucks from circulating in an attempt to press HMMC to implement CSR projects.</p> <p><b>September 2015:</b> Civil Society Provincial Platform announced it was going to audit HMMC bills to assess transparency in the usage of CSR funds. It was suspected that audit results would be polemic because about one-third of the first funds (30 million Meticaís) disbursed had benefitted district politicians, influential businessmen, and individuals.</p> <p><b>October 2015:</b> A reporter from <i>Noticias</i> brought many contentious issues raised by the community against HMMC's bad CSR performance. The community lacked the following basic services: water supply, education facilities, healthcare, and electricity. The community claimed laws were violated since there wasn't proper Community Consultation.</p> <p><b>July 2015:</b> A reporter summarized the conflict between workers and HMMC as frequent work interruptions due to: arbitrary suspensions and dismissals without just cause; low wages; lack of proper work equipment like boots, gloves, and helmets; threats; lack of adequate medical aid; daily overworking hours.</p>	<p><b>April 2011:</b> Work activities paralyzed by peaceful worker's protest alleging labor law violations and attention to 17 contentious points.</p> <p><b>June 2015:</b> Workers strike because Kenmare decided to unilaterally reduce overtime base salary by 27 percent.</p> <p><b>October 2015:</b> A <i>Noticias</i> reporter brought some contentious issues raised by the community against Kenmare, mainly related to: shortage of jobs, particularly for non-qualified local workers; disrespect for historic and cultural places; the lack of market linkages between Kenmare sponsored income generation projects and the company itself (no openings for Kenmare to buy the products produced by the community).</p>
Conflict management	<p><b>July 2014:</b> The provincial Directorate of Mining Resources and Energy considered the population's claim unfounded and that the government saw no violation HMMC had made to the CSR agreement. They also mention specific HMMC sponsored CSR projects like income generation projects that the government claimed locals had benefitted from. Meanwhile, the conflict continued HMMC's human resources department reported that recruitment was continuing normally, but often locals had little interest in job opportunities. A police post was installed inside HMMC's compound to repress and future strike attempts.</p>	<p><b>April 2011:</b> Kenmare's directorate, the workers' union, and the ministerial committee mediated the conflict and agreed to suspend the work paralysis. The agreement responded to workers' demands: fixing a new wage scale going forward that also applied retroactively and established a paid vacation plan.</p> <p><b>August 2013:</b> After seven years of negotiations, the workers' union and Kenmare's management reach an agreement. The agreement included the following worker benefits: transportation, medical aid, vacation and days off, salary review according to commodities market price, and productivity bonuses for the extraction and processing sectors.</p>
Management's response to the media	HMMC's General Director, a Chinese man, denied any comments relating to the matter.	Top management was responsive to the media, in particular Kenmare's General Director.

Source: Compiled by authors

## ENDNOTES

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5. Sangage is a locality that share borders with the locality of Cerema and some of its communities are immediately located at the fringe of the HMMC initial mining exploration within Murrua in the Cerema locality, however the center of Sangage is about 25 km to 30 km away from the Murrua community, and is likewise far from the mining operations.
6. Kenmare Resources PLC is the world's biggest player in heavy sand mining; The location of Kenmare PLC's explorations is also well known as the "heavy sands of Moma." Larde has only recently been elevated to the level of district; previously the location was within Moma. Due to the administrative reorganization of territory, Larde (previously known as Moma) now shares a border with the Angoche district where HMMC is exploring heavy sands in Murrua and Sangage; Kenmare Resources PLC, 2015. *Annual Report & Accounts 2015*, Chatham House, Dublin 2, Ireland: Kenmare Resources PLC.
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