



# KAYELEKERA HRIA MONITORING SUMMARY

2015

## ABSTRACT

NomoGaia has been evaluating and monitoring the human rights impacts of Paladin Energy's Kayelekera Uranium Mine in Northern Malawi since 2009. This represents a summary of findings from a 2015 monitoring visit.

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This is a summary of findings from a 2015 monitoring visit to Paladin Energy’s Kayelekera Uranium Mine in Karonga District, Malawi and the communities affected by it. It builds on the findings of a 2009 human rights impact assessment (HRIA) that has been updated during monitoring visits in 2010 and 2013.

## **I. OVERVIEW**

### **A. CONTEXT**

Prior to the 2015 monitoring visit, our 2013 monitoring visit coincided with a national governance crisis and a swiftly declining economy. The president had died, and his brother tried to replace him, contravening national law. A series of scandals (collectively known as “Cashgate”) related to the theft of millions of dollars in donor funds by government officials and their cronies were coming to light. The post-Fukushima collapse in the uranium price had led to the announcement that Paladin’s Kayelekera Mine was stopping production.

By 2015, the political and economic situation was stable, but poor. The Cashgate scandal was continuing to negatively impact Malawi’s donor income and national budget. The national currency lost significant value and



**FIGURE 1 ARIAL VIEW OF THE MINE**



**FIGURE 2 STUDENTS WITH PALADIN'S PUBLIC HEALTH READERS**

had not recovered. President Peter Mutharika was in power and generally unpopular. The Kayelekera Mine was on “care and maintenance” which means it is not processing ore, but kept in a condition so that it can be reopened if the price of uranium recovers. The price of uranium hit a low of under US\$ 30/lb. in 2013 and had risen to US\$ 36/lb. at the time of this report; it was nowhere near the US\$ 70/lb. price it had reached 2011. The economy of Malawi remained weak, with a continued lack of foreign investment or significant expansion of

domestic business. Destructive flooding in 2015 was, perversely, followed by low rainfall. Both of these events damaged crop production. Food security is at issue nationally, with a potential crisis looming. “There will be hunger this year,” stated one interviewee, categorically. Very sadly, this prediction has come true so that by October 2015 the country is having its worst food crisis in a decade.

The legislature is currently redrafting the country’s mining law. While still being debated, there is a powerful sentiment that the mining law should be strengthened so that Malawi increases its income from foreign mining investments. There is a widespread belief that Paladin had too good of a deal, which should be changed, and that future mining investments should be more advantageous to the country. There is a possibility that a new mining law will be passed which will have provisions that will render reopening the Kayelekera Mine uneconomical. Malawi is weighing the costs of incentivizing natural resource deals against the benefits of foreign investment. Presently, Malawi’s mining industry is moribund. Kayelekera was its only major mine, and it is not producing; no other mines are under construction. Paladin has, up to this point, lost money on its Malawi mine, and its experience in Malawi, peppered by government instability, cancelled exploration deals, and unfulfilled government commitments (such as supplying electricity to the mine) is unlikely to attract new investors.

The human rights situation generally is little changed from the last monitoring visit. Malawi remains a poor country with weak, chronically underfunded government services. There is little faith in government, particularly in light of the Cashgate scandal and ubiquitous corruption, but there is little fear of the government either. The economy remains dependent on rain-fed agriculture, with tobacco the primary cash crop. The population continues to grow, and the youth population has little hope for economic opportunity. The HIV pandemic continues to kill and destroy lives, but the ARV revolution and a concerted effort to eliminate mother-to-child transmission has slowly, but clearly, reduced the prevalence and the virulence of the disease. The education system struggles to cope with small budgets which continue to be cut further, while the school-age population explodes. Despite these challenges, Malawi does have human rights advantages, including a generally low level of violence and a free press.

## **B. PROJECT: THE KAYELEKERA MINE ON CARE AND MAINTENANCE**

Paladin continues to be fiercely attacked in the national, and, occasionally, the international, media. There are reports of fish kills in Lake Malawi and of disease caused by the mine. Local, national and international NGOs strongly oppose the mine. A French anti-nuclear NGO conducted radiological tests in 2012 and reported findings in 2015. While the results were largely, though not entirely, consistent with Paladin’s claims that the mine does not threaten human health, they were reported in the media as showing the opposite. The mine continues to capture headlines,

with the basic and baseless message that the area is contaminated and the mine has severely damaged human health and the environment.

Paladin's Kayelekera Mine went on care and maintenance in February 2014. This is a dramatic step in the life of a mine. It means that the mine stops producing and so earns no income. At the same time, the mine is kept in a condition ready to reopen if uranium prices recover. Management of a mine on care and maintenance focuses on (1) maintaining the plant, (2) controlling the environment and (3) providing security, all on the smallest feasible budget. Paladin still has over 200 employees at Kayelekera, down from over 1000 when operating. The downsizing of the workforce and the reduced consumption of goods and services has had a direct and significant negative effect on the local and regional economy. In Malawi, Paladin has no income at all, and all expenditures are a dead loss. It is normal in these circumstances to see a severe reduction or complete curtailment of discretionary spending, including community development projects and support. However, while Paladin's community development projects have been pared down somewhat, significant expenditures on public health and education continued, at least through the date of this report.

The outlook for the mine is uncertain and dependent on the price of uranium, which has increased slightly since February 2014. Paladin has, in the past, stated publically that it would take a uranium price forecast of \$75 a pound, along with other government concessions, to reopen the mine. However, company representatives have indicated that they are still trying to determine what price and price outlook Paladin considers to necessary to restart operations. Conversely, it is not clear what price and price outlook would support a decision to close the mine fully. At a company level, Paladin appears to have survived the downturn in uranium prices and continues to operate in other countries. However, in August 2015 it was announced that John Borshoff will be stepping down after twenty one years as CEO and Chairman of the Board. Mr. Borshoff is the founder of the current configuration of Paladin. In September 2015, it was announced that Mr. Greg Walker, Paladin's long-time country head and the "face of the company" in the Malawi, was also stepping down. The departures of Messrs. Walker and Borshoff may indicate that Paladin is planning on leaving Malawi; at a minimum it adds uncertainty to an already uncertain situation. In addition, the exemplary Community Development Team has been asked to leave. We have no information on who, if anyone, will do their work in the future.

## **II. HUMAN RIGHTS IMPACT ASSESSMENT AND MONITORING**

This Human Rights Impact Assessment Monitoring Summary is conducted using the standards and concepts of the United Nations Guiding Principles on Business and Human Rights. Businesses have a duty to respect human rights, this includes acting with due diligence to determine the impacts corporate action has on human rights. Monitoring was conducted as a part of on-going human rights due diligence. It was not commissioned, directed or paid for by Paladin, and so does not satisfy Paladin's duty to engage in due diligence. The methodology used follows, and is consistent with, that described in *Salcito et al.*, *Assessing Human Rights Impacts in Corporate Development Projects*, Environmental Impact Assessment Review; September 2013. <http://www.sciencedirect.com/science/article/pii/S019592551300036X>. This monitoring followed up on a full Human Rights Impact Assessment written and made public in 2009. There was additional Monitoring in 2010 and 2013. See <http://nomogaia.org/2010/03/paladin-kayelekera-uranium-malawi/>.

### **A. THE MOVE TO CARE AND MAINTENANCE**

This human rights analysis differs from prior ones in that it considers a business operation in limbo. Open pit mines are not designed to stop operating partway through planned mine life, so there is always an element of improvisation in solving the problems of how to care for the mine. While closed and unproductive, the Kayelekera Mine is not inactive. It maintains a staff of over 200, with few expats. It still has salaries to pay and contracted labor and purchased supplies to fund, but these are greatly reduced from its normal operating level. All stakeholders are anxious to know when and if the mine will reopen. For most suppliers, potential employees and contractors, care and maintenance is a time of waiting and hoping. The future for these individuals and entities is insecure. Indeed, during our fieldwork (June 2015) Paladin's exploration office in Karonga was closed and the team (8 employees) were laid off. Paladin stated that this resulted from the government's refusal to grant, recognize or extend valid exploration licenses. Exploration is the means to prolong mine and mill life and to insure that the mining company has a future in an area. Closing the exploration is not a hopeful sign for the company's future in Malawi.

The Kayelekera Mine's move to care and maintenance has had a significant effect on the local community. Employment – direct, indirect and contract – is much reduced. This has had cascading effects on businesses, population and housing. The number of people coming to the area to look for work is greatly reduced, though, remarkably, job seekers are still showing up with the hope the mine will reopen or that occasional short-term labor may become available. Their continued arrival reflects the extreme scarcity of employment opportunities in Malawi. Notably,

even on care and maintenance, the Kayelekera mine remains the key driver of the local economy, and jobs at the mine remain precious.

Paladin has an exemplary local community development team. It has garnered good will and funded, promoted or caused projects that have led to positive development outcomes. This is unusual. The result is that the communities near the mine have a generally high regard for the mine's community development efforts. This appears to be one reason for the level of patience people in the area have had for the reduction in activity due to the move to care and maintenance, even though that move has, necessarily, caused local hardship.

In the local area, there was a consistently disappointed, but reasonable, attitude that Paladin can only be of limited "help" during the care and maintenance phase: "We can't ask much from a man who is sitting, but if he is working, you can ask for more [referring to Paladin]," explained one local interviewee. "[Since the mine went on care and maintenance] people are suffering a lot. Development has stopped. People are lost," said another. Yet Paladin's contributions are recognized: "No one in our government thinks about the people. Only Paladin has done something for us," said a local inhabitant. As the population has thinned, pressures on housing, classroom capacity and sanitation are reduced, representing ironic positive impacts on local welfare.

## B. COMPLETE HUMAN RIGHTS IMPACT RATINGS

	INITIAL ASSESSMENT 2009	HRIA NOVEMBER 2010	1 <sup>ST</sup> MONITORING 2013	2 <sup>ND</sup> MONITORING 2015
RIGHT TO WORK	Green	Green	Green	Green
RIGHT TO JUST REMUNERATION	Yellow	Green	Green	Green
FREEDOM OF ASSOCIATION /UNIONIZATION	Green	Yellow	Green	Green
RIGHT TO FAVORABLE WORK CONDITIONS	Green	Green	Green	Green
NONDISCRIMINATION	Orange	Orange	Green	Green
RIGHT TO HOUSING	Yellow	Green	Green	Green
RIGHT TO HEALTH (NON HIV)	Yellow	Blue	Green	Green
RIGHT TO HEALTH (HIV)	Red	Orange	Yellow	Green
RIGHT TO CLEAN ENVIRONMENT	Grey	Black	Black	Black
RIGHT TO AN ADEQUATE STANDARD OF LIVING	Green	Green	Green	Green
RIGHT TO FOOD	Yellow	Yellow	Yellow	Green
RIGHT TO WATER	Yellow	Blue	Blue	Blue
FREEDOM OF EXPRESSION, FREEDOM OF ASSEMBLY	Yellow	Yellow	Green	Green
RIGHT TO PARTICIPATE IN PUBLIC LIFE (FREEDOM FROM CORRUPTION)	Orange	Orange	Orange	Orange
SECURITY OF PERSON (FREEDOM FROM FEAR)	Yellow	Yellow	Orange	Orange
RIGHT TO EDUCATION	Green	Green	Green	Blue

The ratings are based on the current status of the Kayelekera mine’s human rights impacts compared to the situation pre-mining. For the meaning of the color codes, please see Appendix A, or go to [www.nomogaia.org](http://www.nomogaia.org).



**I. RIGHT TO CLEAN ENVIRONMENT, RIGHT TO PUBLIC PARTICIPATION (TRANSPARENCY), FREEDOM FROM FEAR**

	INITIAL ASSESSMENT 2009	HRIA NOVEMBER 2010	1 <sup>ST</sup> MONITORING 2013	2 <sup>ND</sup> MONITORING 2015
RIGHT TO CLEAN ENVIRONMENT				
RIGHT TO PARTICIPATE IN PUBLIC LIFE (FREEDOM FROM CORRUPTION)				
SECURITY OF PERSON (FREEDOM FROM FEAR)				

Since 2009 NomoGaia has recommended that Paladin publish environmental monitoring reports from the Kayelekera Mine. Despite having a robust environmental monitoring program, and despite regularly combatting sensational press reports of environmental devastation and human health catastrophes, the company does not make its large and elaborate environmental data public. The government of Malawi makes occasional conclusory statements that its environmental data does not show any water levels which exceed international standards.

This is not sufficient to meet human rights standards for adequate public participation on issues of public health, nor does it foster a sense of personal security among a public that has legitimate fears about environmental risk. The company has failed to respect human rights by taking measurements meant to protect human health and then concealing that information from the people whose health is implicated—the rightsholders themselves. While there was no sign of panic among the people in the area, there is a discomfort with not knowing. The reasonable question persists: If the



**FIGURE 3 PALADIN AIR SAMPLING STATION NEXT TO SECONDARY SCHOOL**

environmental data is good, why doesn't the company make it public? Concern was a common sentiment: "We can't see uranium—how do I know what it does?" one interview subject asked. "Uranium is harmful? I don't know. The people here are not afraid [of it]," said another. Still, the

dire press reports of environmental devastation and human health disasters were not taken seriously in the local area: “People will believe [anything] when they don’t understand. Even the earthquake was blamed on the mine,” a local resident told assessors.

Generally, the farther one gets away from Kayelekera, the deeper the fear becomes. People in other parts of the country, believing what they see in the press, consider the Kayelekera area poisoned and dangerous. There is even a fear that the mine is killing fish in Lake Malawi. While it is true that the river that drains the area near the mine ultimately ends up in Lake Malawi, there has never been evidence that water quality downstream from the mine has ever reached levels which would affect aquatic life. Such allegations have no scientific basis and appear to have been fabricated.

#### **PUBLIC PARTICIPATION, RIGHT TO INFORMATION, AND ENVIRONMENTAL RISK: THE EJOLT REPORT**

A report on Kayelekera’s radiation impact was produced by the consortium Environmental Justice Organisations, Liabilities and Trade (EJOLT). Published in February 2015, *Impact of the Kayelekera Uranium Mine Malawi* purports to present and analyze data and analysis made in 2012 (Chareyron, B. 2015. Impact of the Kayelekera uranium mine, Malawi. EJOLT Report No. 21, 77p.). The work was done in collaboration with the Malawian NGO Citizens for Justice and the Commission de Recherche et d’Information Indépendantes sur la RADioactivité (CRIIRAD), a French nuclear watchdog NGO. The report criticizes Paladin for not making its radiological data public. It notes measurable radiation levels in some drinking water sources but states that it is probably naturally occurring and does not suggest it was caused by the mine. The Report also questions Paladin’s methods and the reliability of its employee radiation dose monitoring system. In its most dramatic finding, the CRIIRAD Report states: “CRIIRAD and CFJ made an independent monitoring of the Champhanji stream (located below the open pit and flowing into the Sere River). The results show that a contamination is taking place especially with uranium and sulfates whose concentrations are much higher than before the commissioning of the uranium mine” (p. 65), continuing, “In May 2012, the uranium concentration in the Champhanji stream was 5 230 µg/l or 65 Bq/l while according to the 1990 EIA, it was only . . . 1.4 Bq/l (dry season) before the commissioning of the mine.” this is a sharp increase in uranium concentration in that stream since the Paladin’s Environmental Impact Assessment was performed pre-mining. If accurate and representative, this would indicate that the stream’s water quality was degrade by mining.

In a response dated February 26, 2015, Paladin attempted to discredit the CRIIRAD Report for being prepared by a biased activist, but it did not respond to the Report’s substantive claims, including reported levels of dissolved uranium in the Champhanji stream. It states that a detailed response is forthcoming. As of October 2015, no such response has been made public. NomoGaia’s 2015 fieldwork revealed that the Champhanji stream no longer flows from near the

pit to the Sere River. Environmental department personnel said that in 2012 they discovered that the stream's water quality had been adversely influenced by mining. In response, the stream was rerouted to the mine's lined Runoff Water Pond #2. Google Earth imagery shows that the Champhanji stream no longer flows into the Sere River. This was further confirmed by Mr. Chareyron who stated that the mine's environmental personnel had also told him that the Champhanji stream's water quality had been affected by mining, and it had been rerouted. (Bruno Chareyron, personal interview). Neither the rerouting of the stream nor water quality information were made public.

While the CRIIRAD Report acknowledges that its sampling was not comprehensive or sufficient to reach any specific conclusions about the mine's impact, much of the data is



**FIGURE 4 CRIIRAD AND CFJ ORGANIZING TRAINING AND COMMUNICATION ACTIVITIES WITH THE KAYELEKERA COMMUNITY 2015 (SOURCE: CRIIRAD)**

consistent with Paladin's claims that ambient dust, water in the Sere and Rukuru Rivers downstream of the mine, and water in community boreholes drilled by Paladin do not have harmful levels of uranium or radionuclides. However, CRIIRAD personnel, both in interviews and in the Report, make a strong case that the lack of public environmental data make it impossible for the public to feel safe. A further report reflecting CRIIRAD's 2015 sampling is expected later in 2015.

As exhibited by the high levels of participation in its public meetings, however, it is clear that the local population is deeply interested in environmental monitoring data. The CRIIRAD Report raises questions that should be publically answered by Paladin and government regulators. While it does not prove that the Paladin mine has harmed human health, it does underline the harms caused by the complete opacity of both Paladin and the government of Malawi with respect to environmental data at the Kayelekera Mine.

## II. THE RIGHT TO EDUCATION

	INITIAL ASSESSMENT 2009	HRIA NOVEMBER 2010	1 <sup>ST</sup> MONITORING 2013	2 <sup>ND</sup> MONITORING 2015
RIGHT TO EDUCATION				

Kayelekera is remote. Prior to Paladin’s arrival, school infrastructure was weak and government teachers resisted being posted in the area. The in-migration created by the mine overwhelmed the local primary school with a school-age population it could not serve.



**FIGURE 5 TEACHERS’ HOUSING KAYELEKERA PRIMARY SCHOOL, BOREHOLE AND SOLAR PANELS**

Paladin’s community development team made local schools an area of focus. The mine has performed substantial upgrades of local school buildings and equipment, including desks and chalk boards at two primary schools near the mine. At the central Kayelekera primary school, Paladin funds five of the ten teachers and built new teacher housing units, equipped with solar-powered lights. This has improved the willingness of teachers to come to such a remote region of Malawi. The teachers at the school are enthusiastic about their living quarters and teaching spaces.

In several other schools in the area, including in Karonga, Paladin has made significant donations of textbooks, writing books and supplies, in addition to carrying out building repairs. School fees have been provided for 140 girls attending secondary school. In addition, Paladin has engaged in a unique program of writing, printing and distributing short “reader” books on social topics such as HIV, alcoholism and corruption. These are for students as well as adults and have

proved popular. To date, over 160,000 copies have been given away, accompanied by relevant, focused health lessons at schools. Paladin, both through its community development team and through donations of its employees and business relations, has raised and contributed significant funds to a substantial building campaign at a school for the deaf in Karonga. When asked about businesses that contributed to education in the



**FIGURE 6 READER BOOKS ON SOCIAL ISSUES BEING DISTRIBUTED**

District, the District Education Manager stated “Paladin is the only one [company] that helps us so much.”

Overcrowded classrooms continue to be a major problem in Malawi’s public schools generally. At Kayelekera there has been a small, but noticeable, improvement in student-teacher ratios since the mine went on care and maintenance.

### III. THE RIGHT TO HEALTH

	INITIAL ASSESSMENT 2009	HRIA NOVEMBER 2010	1 <sup>ST</sup> MONITORING 2013	2 <sup>ND</sup> MONITORING 2015
RIGHT TO HEALTH (NON HIV)	Yellow	Blue	Green	Green
RIGHT TO HEALTH (HIV)	Red	Orange	Yellow	Green



**FIGURE 7 MINIMAL FACILITIES AT KAYELEKERA SATELLITE DISPENSARY**

#### PLANS FOR A FULL CLINIC IN KAYELEKERA.

Clearing and grading for the clinic, funded by the mine, was taking place during monitoring, and construction is progressing in October 2015. It is reported that an agreement signed in August 2105 provides that the mine will pay for the entire building project, and the Ministry of Health will stock and staff the clinic. If this occurs, it will be a major upgrade for local health

services. In the past and currently, the local people must travel 14 km (mostly uphill) to Bwiliro for treatment beyond the very basic care provided by the satellite dispensary in Kayelekera. There was excitement and anticipation in Kayelekera over the clinic. Because the clinic is not completed and operating, it is not included in the rights ratings in this Monitoring Report.

#### CURRENT LOCAL HEALTH RELATED INFRASTRUCTURE.

Care and maintenance has meant a small, but noticeable, reduction in the local population and a slight fall in the demand for the dispensary. Residents who live close to streams do not use the boreholes in Kayelekera town, so



**FIGURE 8 DONATED BUILDING AT SCHOOL FOR THE DEAF, KARONGA**

intestinal problems caused by drinking from other water sources continue. There is somewhat improved sanitation in the “squatter village” portion of town, in part because of the reduction in

the number and density of houses occupied there and in part because it has become a more permanent settlement with better maintained houses and compounds.



**FIGURE 9 REVERSE OSMOSIS WATER TREATMENT PLANT IN KARONGA**

#### **REGIONAL HEALTH RELATED INFRASTRUCTURE.**

Paladin has made a long-term commitment to improve the hospital in Karonga, which is the closest one to the mine. The improvements have been structural (repair of ceiling and windows, renovation of kitchen etc.) and nonstructural (supply of mattresses and other goods). The reverse osmosis water treatment system the mine built in Karonga continues to operate

and to be a major contributor to health. Paladin has helped with maintenance on the plant and improvement in its intake system from Lake Malawi.

#### **HIV.**

Local public health professionals report continued high rates of testing and a slow but steady decline in HIV prevalence in the District. ARV's are being distributed both by Paladin and the health department. Paladin continues to support a drama group which does HIV education work in the area and among employees. There were reports of ("some, not many") women having come to the area, often with men looking for work, and who have stayed and become prostitutes. There has been a reduction of bars (locally called "boozing dens") from nine to three, and there are reportedly fewer prostitutes in the area. Alcoholism is a problem, mostly among men. Residents report that alcohol consumption had increased when the local economy, and particularly wage labor, picked up because of the mine. One local interviewee lamented, "I wish so much of the money [from local mine salaries] didn't go to drinking." With fewer people working, most people (again, largely men) are drinking less. Others, however, having become accustomed to going to the boozing dens when they had jobs, are going into debt to maintain their habit.

**IV. RIGHT TO WORK/RIGHT TO AN ADEQUATE STANDARD OF LIVING**

	INITIAL ASSESSMENT 2009	HRIA NOVEMBER 2010	1 <sup>ST</sup> MONITORING 2013	2 <sup>ND</sup> MONITORING 2015
RIGHT TO WORK				
RIGHT TO FAVORABLE WORK CONDITIONS				
RIGHT TO AN ADEQUATE STANDARD OF LIVING				

**KAYELEKERA.**

Putting the mine on care and maintenance has had a notable, negative effect on the local economy. A significant proportion of small businesses have closed. The market in Kayelekera is minimal. However, the local economy remains much stronger than it was before the mine opened, when there was almost no formal economic activity. “Before Paladin came we had nothing,” on long-term resident said. “With the coming of the mine the people’s lives have changed. Look at the clothes we wear. It used to be rags. It will be rags again if the mine closes down,” said another. The employment of over 200 Malawians at the mine includes a high proportion of locals, particularly in the security



**FIGURE 10 CLOSED BUSINESSES IN TOWN**

department. Their income is an extremely important contributor to the economic strength of the community. Even on care and maintenance this amounts to MKw 65 million (US\$145,000) a



**FIGURE 11 PRODUCTIVE IRRIGATED CO-OP**

month. The mine also buys food from the local community. Sales of the food from a local farmers’ co-op are made almost entirely to the mine. This is a relatively sophisticated operation with an irrigation system, constructed by the mine, that allows crop production during the dry season and a crop mix that caters to the demands of the mine’s cafeteria.

There is persistent hope that mining will restart. “People are staying, waiting for the mine to reopen. There is piece work occasionally,” said one resident. This is true even to the extent that there is some small, but continued, in-migration. However, there is also a pervasive, intense fear



that the mine will shut down permanently. Residents believe the local economy would be crippled as a result. One resident said mine closure would cause “famine.” “It would destroy us,” he said.

Wages at Kayelekera remain high by local standards. A small surface coal mine (owned by MalCoal Mining Ltd. a subsidiary of the Australian Intra Energy Corporation Limited) has opened in the area, and people generally compared it unfavorably with Paladin. Paladin’s wages are a multiple of the coal mine’s. While the coal mine has provided some jobs and some help to the local economy, they are too few and low-paying to make up for the loss caused by Paladin’s non-



**FIGURE 12** YOUNG UNEMPLOYED MEN PLAYING A BOARD GAME

operating layoffs. Describing the difference between Paladin’s large contribution to the economy versus MalCoal’s smaller one, one resident used the expression, “You cannot carry a cow, but you can carry a dog” indicating that MalCoal, helps a little, but not nearly as much as Paladin.

#### **KARONGA.**

Karonga has a large number of unfinished business buildings and houses on the main streets—an obvious sign of economic reversal. Reports are that the local economy is in a downturn and the only suggested causes are the general malaise of the Malawian economy and the closing of Paladin’s Kayelekera mine. Much of the mine’s employee and contractor base was in Karonga. We do not have disaggregated data sufficient to justify a conclusion that the closing of the mine operations caused a downturn in Karonga, but it was a repeated sentiment. “We are just holding out until [the mine] reopens,” said one Karonga businessperson interviewed. “We are not doing as well as when [the mine] was open. Will it reopen soon?” asked another.

#### **COUNTRY-WIDE.**

It is difficult to untangle and isolate the effect of the closing of Paladin’s Kayelekera mine from the other headwinds the Malawian economy is experiencing. The mining sector is almost entirely inactive. Rainfall was poor and there was the expectation of hardship in June which has, according to international agencies and media reports, come to fruition by October. The layers of Cashgate continue to unfold, and donor funds have dried up. The World Food Programme has indicated that Malawi is facing its “worst food security crisis” in a decade (AFP report, Susan Njanji, Aug 16, 2015). Times remain hard in Malawi.

## V. OTHER RIGHTS

	INITIAL ASSESSMENT 2009	HRIA NOVEMBER 2010	1 <sup>ST</sup> MONITORING 2013	2 <sup>ND</sup> MONITORING 2015
RIGHT TO JUST REMUNERATION	Yellow	Green	Green	Green
FREEDOM OF ASSOCIATION/ UNIONIZATION	Green	Yellow	Green	Green
NON-DISCRIMINATION	Orange	Orange	Green	Green
RIGHT TO HOUSING	Yellow	Green	Green	Green
RIGHT TO FOOD	Yellow	Yellow	Yellow	Yellow
RIGHT TO WATER	Yellow	Blue	Blue	Blue
FREEDOM OF EXPRESSION, FREEDOM OF ASSEMBLY	Yellow	Yellow	Green	Green

As can be seen, a number of rights were not significantly changed. This is remarkable considering the mine's move to care and maintenance since the 2013 monitoring.

## III. RECOMMENDATIONS

Despite facing an array of contextual challenges, the human rights impacts of the Kayelekera mine are presently generally positive. The exception is with regard to corporate opacity, which affects the Kayelekera population's ability to participate in public life and discussion, while also generating fear. As such, recommendations for corporate action focus on both transparency and management of public distrust and insecurity.

### A. MAKE ENVIRONMENTAL DATA PUBLIC.

This recommendation has been made in every one of our human rights assessments and continues today. The company has taken the position that it has a sophisticated environmental monitoring system and reports its results to the government in accordance with its permit. The government has not made those results public. The system has been in place for over six years and there is presently no rational expectation that the government will make that information public. At this point the company is complicit in the government's lack of transparency. Keeping this environmental data (data which, one way or another, will have human health implications) secret creates fear and stops people from having the ability to assess the company's effect on them. We recommend that the company either makes its reported environmental data public or persuades the government to do so.

## **B. UPHOLD THE CORPORATE DUTY TO RESPECT, EITHER IN CLOSURE OR REOPENING.**

Care and maintenance is always a temporary condition, it ends with either reopening or finally closing the mine. There are currently high hopes among the local community that the mine will reopen, although the mine has made no statements which could reasonably be interpreted to be optimistic. Paladin has consistently stated that a decision on reopening the mine will depend, as a threshold matter, on the price of uranium. If it is determined that the mine will not reopen, an announcement that the mine will move from the status of “care and maintenance” to “closure” will have a severely negative effect on the people in the local community. The loss of the current salaries, and the loss of hope that the driver that the mine has been to the local economy will continue into the future, will fundamentally change the local economic outlook. There will be grave concern that the attention and improvement in the health and education facilities will end.

If Paladin does make the decision to close the Kayelekera Mine, it should give the local community as much notice as it is able in order to allow it adjust to the new reality. Closure will be an additional cost- and effort-burden on the company and will not be a short process. Ensuring that human rights are respected during that process is challenging and will require the company to employ appropriate human rights expertise.

Paladin has a track record of responding to and managing human rights risks effectively. If the mine is reopened, those processes should be advanced. Management will face the challenge of continuing to uphold high human rights standards even as the Malawian context fluctuates. Proactive efforts will be necessary to prevent human rights impacts from backsliding.

## **C. ENSURE THE COMMUNITY DEVELOPMENT FUNCTION CONTINUES TO OPERATE EFFECTIVELY AND AT A HIGH LEVEL**

The current community development team has been in place for the life of the mine and, as repeatedly noted above, has been remarkably effective. Much of the positive human rights impacts we note in this and prior reports are directly attributable to their work. Whether the mine reopens, remains on care and maintenance or closes, such work will be necessary to maintain these successes and to prevent backsliding. Loss of this important function is potentially disastrous for rightsholders subject to Paladin’s human rights impacts.

## APPENDIX A: RIGHTS IMPACT RATINGS

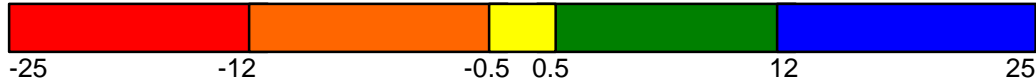
**Red** A red rating indicates that a right is severely negatively impacted by the Project.

**Orange** An orange rating indicates that the Project is impacting a right in negative ways.

**Yellow** A yellow rating indicates that the impacts of the Project on a right are mixed or uncertain. All yellow ratings require a clear explanation of why the rating was given and what the foreseen impact(s) is/are. For forward looking assessments, contingent yellow ratings require monitoring to determine whether, which way, and how severely the rights end up being impacted.

**Green** A green rating indicates the Project impacts a right in positive ways.

**Blue** Rights rated blue have improved significantly as a direct result of Project activities. Blue ratings indicate impacts which can positively affect a company's reputation and can be examples of outstanding positive influence in a community.



In addition to the colored ratings, there are times when the assessment is based on unknown facts on which speculation is not justified or future events that are currently too difficult to predict. This would include such things as whether a new company will abide by its stated policies or whether a relocated population will be fairly compensated. In such situation, the ratings box will explain the uncertainties and the right will be assigned a grey or black rating.

**Gray** A grey rating indicates that the right will ultimately either be in the positive or negative area depending on future events which are too difficult to accurately predict.

**Black** A black rating indicates that a rights impact is unknown. It is usually strong caution sign that, depending on the facts that may come to light, the issue is important and it has the potential to dramatically negatively impact a right.

## APPENDIX B: INTERVIEWEES

Shubert Mweso-	Secondary School Teacher	Kayelekera
Robert Mwawembe-	Secondary School Teacher	Kayelekera
Various	teachers and administrators	Kayelekera
Various	Learners at the school	Kayelekera
Charles Kayuni	Clinician	Kayelekera
Chief Kayelekera		Kayelekera
Headman #1	Kayelekera Village.	Kayelekera
Headman #2	West Kayelekera	Kayelekera
Laborers and owners	Food coop	Kayelekera
Heatherwick Kaonga	Tradesman	Kayelekera
Unnamed interview	Manager Malacoal Coal Mine	Kayelekera
Various	Teachers and Headmaster of Primary school	Kayelekera
Various	Shopkeepers	Kayelekera
Various	Market Sellers	Kayelekera
Various	Women, and some men, at home in squatter village	Kayelekera
Various	Women, and some men, at boreholes	Kayelekera
Various	People along river near Kayelekera town	Kayelekera
Various	Men, and some women, along paths and roads	Kayelekera
Various	Students at Primary School	Kayelekera
Jim and Robyn Nottingham	Community Development, Paladin	Karonga
Bruce Ryan	Environmental, Safety and Health Manager, Paladin	Mine site
Various	Environmental team	Mine site
Allen Cummings	General Manager, Paladin	Mine site
Security Manager	Security Manager	Mine site
Various	Security Guards	Mine site
Gibson Maseo	Restaurant owner	Karonga
Various	Restaurant servers and cooks	Karonga
Comesoon Mondwe	Headman School for the Deaf	Karonga
Scotch Kondowe	District Education Manager	Karonga
William Machone Ngwira	HIV drama coordinator	Karonga
Mwawi Mwahimba	District Hospital ARV Program	Karonga
Martha	Clinician at Bwiliro Clinic	Bwiliro
Greg Walker	Paladin Country Manager	Lilongwe

**APPENDIX C PHOTOS**



Discharge from the Sere River to the Mine's treatment Plant



Sere River at low dry season flow at discharge point



Control Room of the on-site water treatment plant



Kayelekera Mine Injury Board



Boozing Den in operation



Example of day labor, sanitary landfill at the mine



Successful Revegetation at the Mine



Kayelekera Primary School showing Solar Power system provided by Paladin



Successful Irrigation System provided by the Mine now used by farmers coop



Grading for the clinic in Kayelekera, June 2015



MalCoal Kayelekera Operation, view from public road



Progress - Kayelekera Clinic - Sept 2015