



Discharge of pipes from vessel to truck in the Port of Maputo. Photo courtesy of UTi.



Stuart Conrad Grant, founder, Vazal.

Malawian and Zimbabwean borders. One of the associated challenges is running the campsites established by miners and service providers in the area. Camp management and logistics company Vazal, a Tete-based operation, provides fresh produce to camps between Tete and the Cahora Bassa Dam. The company came into being after founder Stuart Grant spent a great deal of time in the area and was asked by Vale to help build and manage their camp across the dam. Since then, Grant has identified the opportunity to grow his business: "Tete did not offer much support in the way of supplies, which lead to the adding of other

logistical services and vertically integrating the company."

Grant's vertical integration strategy is one that many service and logistics companies in the Tete area are employing in trying to capture as much of the market as possible. Vazal will be looking to add aviation support to its offering in the near future.

Tete's growth has spurred the parallel growth of a healthy construction and contracting industry. While companies such as Eqstra, WBHO and Stefanutti Stocks provide services for both infrastructure and mine sites as they do in their native

South Africa, smaller companies have been able to flourish alongside them. Tayanna Moçambique, a sister company of RJ Davis in Zimbabwe, has made investments of \$8.5 million in earthmoving equipment over the last 24 months and grown their staff by 15% in 2012, sending them to Maputo and Zimbabwe for training. "Tayanna has created a niche market for itself," said contracts manager Matt Davis. "We can provide a more flexible service that bigger companies are not able to do. While many of them are our competition, we also often work together when companies like Grinaker—who have won the contract for the railway and look to subcontract parts of their work to us."

Though the infrastructure challenge in Mozambique is one seen in countless developing countries across the globe, it is as much a part of the discussion surrounding the growth of the mining industry as are the mines themselves. Where Mozambique may have the potential to become a leading producer of coking coal globally, it also holds the potential for the world's largest stockpiles of coal if rail and road solutions are not rolled out in a timely manner to supply the rapidly growing demand for transport from in and around Tete to Mozambique's ports.

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Skills and Services Development in Tandem in Tete

SRK undertaking a site visit for baseline environmental studies in Nacala, Mozambique. Photo courtesy of SRK.

If Mozambique provides the ideal operating environment for junior mining companies, then it also provides a similar environment for the service companies that support the mining sector. While the major mining companies often come in with a greater in-house technical capacity, both the junior market and the significant investments required in infrastructure provide equally significant growth opportunities for peripheral services. Mozambique's youthful population presents a problem and potential solution in this regard; given the 'lost generation' from the country's civil war, there is a distinct lack of skilled professionals. At the same time, there is an entire new generation ready to be educated and to take a hold of what the industry has to offer.

In the short term however, labor shortages are a bottleneck. South African equipment provider Bell is attempting to expand in Mozambique, offering technical assis-

tance for its wide range of mining and construction equipment. Managing director Mozambique John Ferguson said: "The lack of a suitably trained and educated workforce has its own set of challenges and structured importation of skills needs to be focused on to allow for growth to take place."

Companies have no choice but to import trained professionals from elsewhere, but Mozambique's local content laws are very strict on the matter. "Securing skilled staff is a challenge but can be overcome short-term by introducing expatriates. Governmental immigration restrictions on expatriates should be relaxed until trained nationals are available," said Atlas Copco country manager, Bill Jenkins.

DRA and Minopex managing director Abreu Muhimua has identified training Mozambicans as a priority for the next five to ten years, but said: "We do not have the financial capacity to train personnel every day... but the government's restriction on expatriate numbers necessitates having to train Mozambicans in order to have a comprehensive skilled workforce."

Having seen the need for both plant design and engineering services and for management outsourcing, DRA founded Minopex in 1996 to offer outsourcing services for plant operations. Recently DRA has been busy in Mozambique designing a 4,000 mt/h coal processing plant for Vale's Moatize second phase expansion project while Minopex is also fulfilling contracts to run Jindal's Chirodzi plant and Rio Tinto's Benga plant. Muhimua, himself a South African, hopes to see the two sister com-



John Ferguson, managing director, Bell.

panies managed and run by Mozambicans in the near future. Training opportunities at South Africa's numerous mines are being organized to this end.

As AguaTerra's operations in Mozambique have grown from one rig to 33 since 2001, the drilling contractor has had to increase its investment in training alongside its fleet. In addition to its standard on-the-job training and assessment, international drilling manager, Kevin Thompson highlighted plans to add complete training facilities to the company's Tete camp. "It is not something that can happen overnight, but we are working on it," said Thompson.

An alternative to bringing expatriates in to Mozambique is sending Mozambicans out. Aurecon grants a number of yearly bursaries to local students to study at South African universities, as does construction firm WBHO. Though costly, the idea of fostering knowledge transfer by placing trainees in situ in Africa's leading mining destination is one that is gaining ground for its long-term benefits. Several companies are also in talks with Mozambican Universidade Eduardo Mondlane to form training partnerships and graduate schemes to supply mine sites with the necessary work force, though these are still in their early stages.

Governmental requirements on local versus expatriate employees differ by company size, but most across the industry agree that they need to be relaxed. Suggestions to implement an increased quota at the commencement of operations in Mozambique, to be decreased as time goes by are still awaiting response. Most mining executives however agree that the Ministry is very proactive, receptive and responsive to discussions surrounding the industry and its regulations, and their peers hope this will be the case in this regard as well.

South African construction conglomerate Stefanutti Stocks has identified Mozambique as one of its main growth areas as it expands outside of South Africa and has established training schools in the country to this end. Like most other companies, Stefanutti Stocks will be importing certain specialized know-how in its initial growth phases, but director of contracts Luis Gaspar feels that the local content requirements are actually beneficial to incoming companies as well as Mozambicans. "Mozambique is a big market for us, and we do not want to be seen as just another outsider coming in; we want to be seen as a Mozambican company," said Gaspar.

In the rush by companies to acquire as much business as possible in Mozambique's mining and infrastructure booms, this could



BMG service team at Leeuwpan Colliery. Photo courtesy of BMG.

play an integral role in a company's ability to connect with locals and build successful foundations for future growth.

In the meantime, there is still no shortage of services available in-country, with significant investments in training from service providers matching those in investment from miners.

Tete: Southeast Africa's New Mining Hub?

As the nation's capital and financial center, Maputo often serves as the first point of contact for companies establishing themselves in Mozambique, and becomes their corporate base. With much of Mozambique's mineral potential lying further north, however, Tete has become the operational hub for mining companies and service providers. This falls in line with a recent government initiative to foster growth in Mozambique's central and northern provinces in order to rectify developmental imbalances between the wealthier south and poorer north. Tete's growth over the past thirty years from a truck stop town between Zimbabwe, Malawi and Mozambique's coast into a bustling center for mining is impressive.

In the initial years of Mozambique's earlier mining boom, the majority of service companies operated on a fly-in, fly-out basis. As companies gear up for a second, more sustained growth period, they are also beginning to look at establishing more permanent operations. Global equipment provider Atlas Copco established a sales and administration presence in Maputo in April 2012, followed by a sales branch office in Tete not long after. SRK is also looking to consolidate its footprint in Mozambique and involvement in infrastructure and coal projects with the establishment of a country office in 2013. Aurecon has been one of the main service providers in Tete for some time now, but is looking to create a design support hub for the Southern African region

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