Pioneering New Approaches in Support of Sustainable Development in the Extractive Sector:

BACKGROUND PAPER ON ENHANCING SKILLS AND RESOURCES FOR PARTICIPATION AND SUSTAINABILITY

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<table>
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<th>Acronym</th>
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<tbody>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
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<tr>
<td>BBSEE</td>
<td>broad-based socio-economic empowerment</td>
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<tr>
<td>CDC</td>
<td>Community Development Committee</td>
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<td>CBO</td>
<td>community-based organization</td>
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<td>DRD</td>
<td>Durban Roodepoort Deep</td>
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<td>GNP</td>
<td>gross national product</td>
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<tr>
<td>HDSA</td>
<td>historically disadvantaged South African</td>
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<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>KCM</td>
<td>Konkola Copper Mines</td>
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<td>LDP</td>
<td>local development planning</td>
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<td>LED</td>
<td>local economic development</td>
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<td>MMSD</td>
<td>Mining, Minerals and Sustainable Development</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<tr>
<td>PMC</td>
<td>Palabora Mining Company</td>
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<td>RDP</td>
<td>Regional Development Plan</td>
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<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SANCO</td>
<td>South African National Civics Organization</td>
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<td>SLA</td>
<td>sustainable livelihoods approach</td>
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<td>SVA</td>
<td>Sustainable Villages Africa</td>
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<td>ZCCM</td>
<td>Zambia Consolidated Copper Mines</td>
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1 Introduction

This report identifies the skills and resources that communities associated with mining operations need in order to participate effectively in development planning and those they already possess. It also looks at the critical capacities they lack. Various ways to strengthen the former and develop the latter are provided in a skills and resources framework for use in the design and management of community development programmes. This framework also considers the development context of communities.

The framework is designed to guide companies and communities in their engagement with each other, in the way in which they establish priorities for projects, and in the nature and degree of support required by the community during the mine's involvement in a development project. (See Box 1 for some basic definitions of terms used in this report.) Guiding principles for the framework are that it must ensure community ownership of development projects and the sustainability of projects beyond the period of active intervention by the mining company.

Box 1. Definition of Key Terms

**Development**: a process of social and economic interventions by a group of stakeholders, the aim of which is to bring a community to the level where each member has equitable access to public goods and services, including health and education, safety and security, clean water and sanitation, food security, reliable energy, and economic opportunities.

**Community**: any group of people affected by mining activities, whether positively or negatively. In some regions it is possible to define a community in terms of internal cohesion and shared culture, history, and organization of a group of people living together. This is difficult to do in South Africa, however. The mining industry has historically encouraged the growth of migratory labour, and the movement of people away from their community to form or join another was reinforced by the development policies of the apartheid governments. Consequently, some mining operations operate within more than one community – the labour-sending community, the original community of the operation, and possibly a further community of migrant workers. Large peri-urban communities are multiethnic and mobile. And frequently conditions operating within them, such as crime and poverty, constrain the development of a communal sensibility.

**Participation**: an on-going process that brings together all role players in the conception, implementation, and benefits of development projects and in which all role players are equitably involved in decision-making. An outcome of this process is the transfer of skills, knowledge, and capacity between stakeholder groups.

**Background**

The global mining industry is under pressure from key stakeholders to provide sustainable economic and social benefits to the communities in which it operates, even after mine closure. Companies are increasingly expected to actively engage communities in order to
secure a social licence to operate. New licensing procedures require mining companies to
develop models of social and environmental performance that go beyond compliance with
narrowly defined legal requirements. They are expected to secure the goodwill of
communities affected by their operations by managing their impacts in a responsible manner
and by demonstrating that their operations can deliver lasting benefits to communities.

Failure to satisfy rising levels of stakeholder expectations increases the risk of significant
costs for mining companies – by reducing, for example, their access to land, capital, and
insurance; their ability to ensure the security and continuity of their operations; and their
opportunity to recruit and retain high-quality staff.

The changing environment in which mining companies operate is reflected in the social
investment programmes they establish to support local communities. The management of
mineral development is now seen as a collaborative activity between governments, investors
(the private sector), communities, and civil society. It is evident that new approaches are
required to help all parties contribute positively to sustainable development from mineral-
related investments. All partners have to manage complex trade-offs and need additional
competencies and tools to be effective in advancing development. Communities generally
have the least resources and capacity of the parties.

Methodology

The analysis and recommendations in this report are based on:

- a literature survey of current practices, guidelines, and research on participatory
  community development planning;
- a survey of projects currently addressing community development;
- in-depth research surveys;
- meetings; and
- an examination of emerging responses to the questions of community empowerment
  and poverty alleviation.

Current Practices and Trends in Southern Africa

The study focused on two mineral zones in Southern Africa: Limpopo Province in South
Africa and the Copperbelt in Zambia. It drew on 26 interviews with a wide variety of
stakeholders. (See Appendix A.) Information was collected from more than 14 communities
in several different mining settings. Communities were surveyed in Limpopo, Gauteng,
Mpumalanga, and Northern Cape provinces of South Africa, and in Namibia and the
Zambian Copperbelt. This produced sufficient information for the analysis of community
participation needs within these zones.

Southern Africa

Southern Africa, despite its great mineral wealth, is one of the poorest regions of the world.
Figures 1 and 2 provide data on development metrics in the region and in two industrial
countries. With a daily per capita income of less than US$1 per day, Mozambique, Tanzania,
Zambia, and Zimbabwe are extremely poor. The average for all of the Southern African
Development Community (SADC) is just above US$2. The corresponding amount for the
United States is about US$90 per person a day.
Figure 1. Per Capita GNP and Life Expectancy in Selected SADC and Industrial Countries (World Bank, 2003)

Figure 2. Adult Literacy and Impoverishment Rates in Selected SADC and Industrial Countries (World Bank, 2003)
Choshi (2001) reports that ‘the Department of Constitutional Development of South Africa proposed the concept of developmental local government. The key provisions of developmental local government include integrating and co-ordinating public and private investment, democratising development, building social capital and promoting socially just and equitable metropolitan governance’ (p. 46). Other countries in Southern Africa, such as Namibia, Botswana, Mozambique, and Malawi, have also moved towards developmental local government, and there is a strong recognition in the region of the potential to link minerals development with regional and local development planning.

**Limpopo Province, South Africa**

Limpopo Province, with 10 per cent of South Africa’s land area and 12 per cent of its population, is one of the more impoverished provinces in the country and only contributes 4 per cent to the gross national product (GNP) (PIDS, 2002). Yet it is an important mining zone. A large population and small formal economy have resulted in low levels of monetary income for many people there. Limpopo also has the nation’s highest rate unemployment – 41 per cent (PIDS, 2002). Some 89 per cent of the people live outside urban areas.

After government, mining is the second largest sector, constituting 19 per cent of Limpopo’s economy. Mining does not provide many direct jobs and only employed 43,383 people in 2000 (PIDS, 2002). Private-sector investment in recent years has been mainly in the mining sector, which is expanding rapidly in the province. However, local communities are not an important part of this development, nor are they experiencing significant benefits from it. Unemployment is increasing, and skilled labour is being brought in from other regions of Southern Africa. This has resulted in a lack of skills development and a low skills base in the province.

An important feature of the population of Limpopo Province is the large proportion of women, due to, among other things, the migrant worker system. This is especially prominent in rural areas. The number of youth, mostly unemployed, is also high.

While large-scale operations cannot be expected to provide significant direct employment opportunities and do not address an important component of local economic development (LED) – job creation – effectively, they contribute indirectly to poverty alleviation and LED through taxes, royalties, rents, procurement, and contracting. It is imperative that the effectiveness of this contribution is optimized by ensuring that communities have the necessary skills to participate fully in projects and, eventually, to take ownership of them.

**Copperbelt Province, Zambia**

Zambia is highly dependent on mining. Together with quarrying, this sector provides 5 per cent of the GDP, 80 per cent of merchandise exports, and about 8 per cent of total employment. Copper and cobalt are particularly important and account for 77 per cent of all exports (Coakley, 1999). Declining copper prices have resulted in reduced profitability, loss-making ventures, ineffective environmental management and rehabilitation, and significant job losses, both directly and in service industries (Limpitlaw, 2003).

In spite of its great mineral wealth, Zambia is an impoverished country. In 1993, 74 per cent of the Zambian population lived below the poverty line (Hansungule, Feeney, and Palmer, 1998). In 2001, the country’s daily per capita income was less than US$1 (World Bank,
2003). Over the last 30 years Zambia has been one of the nine slowest-growing sub-Saharan African economies, and at the turn of this century it was 177th in the World Bank rankings of GNP per capita (MacFarlane, 2001).

More than 1 million people live in the Copperbelt, according to the 1990 census. Mining forms the basis of the Copperbelt economy, and people have become increasingly impoverished as mining has declined and workers have lost their jobs (see Figure 3).
Figure 3. Copper production and employment in Zambia’s copper mines (Limpitlaw, 2003).

The gradual collapse of the copper mining industry in Zambia has forced increasing numbers of people into subsistence agriculture. With the privatization of the Copperbelt mines, services such as health care and schooling that were previously provided by the state mining company, Zambia Consolidated Copper Mines (ZCCM), have been withdrawn. Bankrupt local councils have further damaged the social fabric of Copperbelt towns.
2 The Development Context

Mining and Communities – Statement of Problem

The expectation that mining operations will lead to improved economic opportunities and standards of living in poor and remote areas has often been unfulfilled. Once the constraints within a community that may be responsible for this failure have been identified, they can be addressed.

The increasing visibility of mining operations in even the most remote and isolated regions – which has led to increasing concern for the natural environment, for the equitable distribution and sustainable management of resources, and for the rights of poor and indigenous communities – demand that mining projects deliver lasting benefit to host communities. These demands have assumed urgency in South Africa through the promulgation of new mining legislation. For communities, mining projects represent an opportunity for social, economic, and infrastructure development. Economic benefits may flow to government, supply-chain partners, and home markets – but in many cases not to the local communities, who bear a disproportionate share of negative social and environmental impacts.

Where royalties, compensation, and salaries flow to local communities, these often overwhelm communities’ absorptive and management capacities. Such payments may result, for example, in loss of traditional livelihoods, environmental degradation, social division, and ‘boomtown’ effects (domestic abuse and desertion, alcoholism, and prostitution). Communities in other mining regions also display this tendency.

The centrality of a company in industry-driven development initiatives, as initiator, funder, implementer, and manager, is itself a problem. Companies have an interest in successful investment, whether in communities or new operations, and there is frequently a tendency to keep control of projects rather than handing them over to communities to manage. This results in a lack of community ownership, and can also lead to a dependence on company skills rather than a transfer of skills to the community.

The broader political, economic, and social environments may constrain development potential at the local level. This environment can include the rent-seeking behaviour of political elites, limited regional infrastructure, limited human resource and institutional development, conflict, security concerns, and regional demographic and social pressures.

A participatory development approach gives precedence to locally identified goals, needs, and priorities. It aims to develop local resources and capacities and give power to local people. Such empowerment, which should be accompanied by the acquisition of knowledge, can present challenges to mining companies and disrupt existing power relations. For some companies this presents difficulties, both political and practical, as they need to deal with numerous community issues they have no training for. The negotiating terms have changed, and mining companies are no longer the sole arbiters of the fate of their communities. In Southern Africa, legislation supports the empowerment and development of communities, even when they lack the capacity to negotiate their interests onto the agenda.
Outcome-orientated mining companies sometimes feel that rapid, concrete, quantifiable results from community development initiatives are needed. Companies need to recognize that the process is more important than short-term outcomes. Many valuable development outcomes are not easily measured in the short term.

Most companies have limited community development awareness and capacity. Skills in the mining industry are generally technically based. Industry has traditionally adopted a paternalistic approach to community development, and development initiatives have, to a large extent, been of the ‘bricks-and-mortar’ kind. This approach, where infrastructure is handed over to a community or the relevant government department, does now allow partnerships with the community to develop. This is not development in the real sense, and it is not sustainable.

The Development Environment

The external environment plays a critical role – positive and negative – in the success of community development initiatives.

International financial institutions and multinational agencies, for example, are increasingly influential in the flow of capital to mining regions. They frequently make their funding contingent on compliance with social and environmental standards. This requires mining companies to ensure that they, along with their partners in development projects, have the capacity to meet these standards. Conversely, these same institutions frequently impose their own perceptions of priorities on development projects. This has resulted in inappropriate development projects and a lack of buy-in by the community.

International non-governmental organizations (NGOs) make local operations globally visible and accountable. NGOs may also influence reputation, market opportunities, access to investment capital, and risk insurance. They can be valuable development partners, provided that engagement with communities is undertaken by local people. Particularly in more remote rural communities, ‘foreigners’ are regarded with suspicion, and cooperation and information may be withheld.

Shareholder priorities are complex and can affect the success of community development projects. While improved corporate governance and social responsibility may enhance long-term shareholder value, shareholders’ demands for short-term returns may put significant pressure on companies’ operational budgets, social investments, and stakeholder relationships.

Host-government attitudes, legislation, regulatory frameworks, tax regimes, and sovereign risk also influence local relationships, constraints, and opportunities. Many countries in developing regions have enabling legislation in place, but almost without fail their governments lack the capacity to enforce and monitor compliance.

Current status
Currently not many companies have formalized operational guidelines for their community development policies and programmes. In South Africa, the Mining Charter and the
demands of the Mineral and Petroleum Resources Development Act have, however, created an urgency to address community development issues.

Southern Africa is faced with growing poverty, and there can be no progress towards sustainable development while most people in the region remain extremely poor. The top priority is to create jobs. The minerals sector can no longer provide the employment it used to. Through community development initiatives, however, it can create jobs outside the sector. Local economies can be diversified and strengthened by mining company support for a small and medium-sized business sector that does not depend on the mine.

Of particular relevance for Southern Africa is the expansion of the agricultural sector, whether growing vegetables for a local market or cut flowers for export. A large number of such projects have been initiated and have failed, usually due to a lack of technical and business skills. Mining companies can contribute to development by ensuring that potential beneficiaries of their agricultural projects have the appropriate skills.

The tourism sector is also currently being promoted as significant in providing employment and alleviating poverty. Many mines are well placed to support community initiatives in this direction, and some already have initiated eco-tourism projects. Premier Diamond Mine, near Cullinan in Gauteng, has good examples of mine-supported tourism development projects.

While mines can support development through facilitation of projects and mentoring, their ability to sustain this contribution depends heavily on their profitability. The withdrawal of Anglo American plc from Konkola Copper Mines (KCM) in the Zambian Copperbelt is an example of how a company is constrained by markets, especially commodity prices. As margins narrow, companies are less able to invest in and support community projects. In the worst case, the company withdraws completely and the community loses not only the potential for development projects but also a source of jobs and wealth.

**Emerging responses**

In response to the inequitable distribution of the wealth generated by minerals exploitation, the South African Department of Minerals and Energy issued a Mining Charter (Appendix B) and an accompanying scorecard for mining companies (Appendix C). The Minerals and Petroleum Resources Development Act makes provision for a social plan, one of the objectives of which is ‘to consider the development of the mining operation in the context of generally recognized standards of sustainable development by integrating social, economic and environmental factors in planning the mining operations throughout the life of the mine’. The Mining Charter further asks, ‘Has the company co-operated in the formulation of integrated development plans, and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour sending areas?’

These requirements have had far-reaching effects on company practice. Many local operations are now participating in the formulation of Regional and Local Development Plans (RDPs and LDPs), creating capacity within the company and also building capacity within the communities and local governments where the mines operate. This encourages the early establishment of collaborative partnerships. Companies are now also focusing on
projects that contribute to poverty alleviation and community betterment as identified in RDPs and LDPs.

Recommendations for maximizing mining’s contribution to communities were presented in *Breaking New Ground*, the report of the Mining, Minerals and Sustainable Development (MMSD) Project. These recommendations included:

- the need for communities to be able to participate effectively in the decision-making process for establishing and managing projects;
- the need for relationships between communities, mines, and government to be based on collaboration, trust, and respect;
- the equitable sharing of benefits within a community, and for these to be sustained beyond the life of the mine; and
- the avoidance of providing company-initiated development services in a paternalistic manner, as this leads to dependence on the company – the company should rather focus on improving the capacity of local government to deliver these services.

MMSD further noted that NGOs have an important role to play as mediators, facilitating the flow of information and working in partnership with government and companies to implement development initiatives (MMSD, 2002). It also suggested mechanisms for maximizing mining’s contributions to community development, including promoting the role of women, maximizing local employment, developing skills, diversifying the economic base, and planning for closure.

The final report of MMSD SOUTHERN AFRICA, the regional initiative of MMSD, addressed the issue of community development in depth. It stressed the provision of systems other than those of the mine – support systems as well as skills and management systems (Hoadley, Limpitlaw, and Weaver, 2002). The lack of these threatens sustainability once a company withdraws from a project or the mine closes.

The sustainable livelihoods approach (SLA), which was first articulated in the 1980s, has found wide acceptance with development agencies as a comprehensive framework for development and sustainable poverty reduction. It is one of United Nations Development Programme’s corporate mandates, and the U.K.’s Department for International Development has adopted this approach, which, it states, puts people at the centre of development (DfID, 1999).

SLA is based on strengthening the means, activities, rights, and assets by which people make a living. Assets may be natural or biological (such as land, water, or common-property resources); social and political (community, social networks, or participation); human (knowledge and skills), or physical (roads, markets, and schools). For livelihoods to be sustainable, communities need to use these assets in a manner that promotes:

- the ability to cope with and recover from shocks and stresses;
- economic effectiveness, or the use of minimal inputs to generate a given amount of output;
- ecological integrity, ensuring that livelihood activities do not irreversibly degrade natural resources within a given ecosystem; and
- social equity, which suggests that promotion of livelihood opportunities for one group should not reduce options for other groups, either now or in the future.
Participation and social capital development are prerequisites for sustainable livelihoods, which also require access to good governance and to ecological, socio-cultural, and economic resources.

Business Partners for Development has developed an extensive set of training materials for the establishment of tri-sector partnerships for enhancing community development. Such partnerships are a ‘voluntary collaboration to promote sustainable development, based on the efficient reallocation of complementary resources across business, government and civil society’. Key characteristics of tri-sector partnerships include:

- voluntary collaboration between company, government, and civil society to address the social issues surrounding natural resource development;
- mutually agreed objectives;
- a ‘pooling’ of resources and risk;
- added value to what each party could achieve alone; and
- a consensus across society on a more efficient distribution of project benefits, responsibilities, and costs (Warner et al., 2001).

These are just a few of the initiatives that have caused a major re-focusing of the way companies view and express their relationship with communities. This is unfamiliar terrain for most companies, however, and requires that they adopt a more consultative and democratic approach to corporate social investment and responsibility. Their efforts are constrained by the lack of clear guidance from government departments. Other role players, too, retain a traditional and historical wariness of mining companies. The participatory approach will be difficult for all stakeholders and will require sensitivity, compromises, and time.
3 The Conceptual Framework

A people-centred community development framework is based on participation, inclusiveness, and social capital development. Participation ensures that development activities reflect the needs, priorities, and wishes of local people. It also fosters and facilitates experiential learning, which is cited by numerous interviewees as extremely effective and which ensures that participants are not passive recipients of knowledge but are actively involved in their own skills enhancement. (Participation is discussed more extensively in Chapter 4.)

Inclusiveness ensures that development initiatives address the needs of all members of the community, including marginalized groups such as women, youth, the elderly, and the handicapped. Social capital development is about the establishment of local networks and support systems. A community based on high levels of social capital is a harmonious group of people who have entered into an unspoken compact of mutual support for the immediate and long-term well-being of the community. Local government is an important part of the community, and its capacity and resources are also part of the community’s social capital. A lack of skills and capacity in local government can have a severe impact on the development of a community.

These elements of the community development framework are interdependent and reinforce each other. They address the social and economic needs of poor communities, build on existing community assets, are relevant to a diverse range of communities, and offer capacity to support and advance local integrated development plans (IDPs), which are aligned with RDPs and national objectives.

In a sustainable community, people have entered into a social contract to cooperate for the mutual benefit and sustainability of the whole community. Social capital comprises the norms and networks that permit groups to cooperate, share information, and formulate and act towards common objectives (Fukuda-Parr, Lopes, and Manik, 2002). These relationships can lower the costs and risks of economic transactions, spread the risks, and improve information flows (World Bank, 2003). Such sharing of responsibilities and benefits is particularly important in developing economies that lack formal regulatory institutions and systems and are undergoing difficult economic, political, and social transformations.

Social capital refers to the social resources within a community that people use to support themselves in the course of their daily lives. These social resources are developed through:

- networks that increase people’s trust and ability to work together and their access to organizations and structures that operate on a larger scale than the community, such as local, regional, and national government;
- membership in more formalized groups such as community organizations, rate-payers associations, and political sub-structures, which require acceptance of mutually agreed or commonly accepted rules and norms; and
• relationships of trust and mutual support, which may provide the basis for informal safety nets among the poor.

These are inter-related, and there are also close relationships between social and other forms of capital and capacity development. By improving the efficiency of economic transactions, social capital can help increase people’s incomes and rates of saving (financial capital). These close relationships can reduce the ‘free rider’ problems associated with public goods. This often improves the management of common resources and the maintenance of shared infrastructure (physical capital). Social networks facilitate innovation and the development and sharing of knowledge (human capital).

This report identifies a number of areas of social capital development:

• **Needs assessment and prioritization:** The existing capabilities of communities to identify their own needs, set their own objectives, and monitor and evaluate them need to be supported and strengthened. For this kind of decision-making, relevant, accurate, accessible, and timely information is essential, and the community’s access to such information will be assessed. Development of communication links between community, government, and the investor will help in the identification and communication of community needs, such as training, through participatory processes.

• **Participation in planning:** Participation in initial project activities should involve all community interests. Special efforts may be needed to ensure the participation of the very poor, women, young people, and community members with low literacy levels. Full participation maximizes the potential for inputs and increases the possibility of the success of a project. Community decision-making, management of project activities, and responsibility for its sustainability all become more feasible.

• **Financial management skills:** One of the greatest challenges to the effectiveness and sustainability of community organizations is the management of money. Community members frequently lack adequate training in financial management. Communities commonly experience problems with governance, especially with transparency and accountability.

• **Project design, promotion, and management:** The design of projects must respond to identified community priorities. These priorities must be promoted and accepted at all levels. Management capability must exist to ensure that projects are run according to an accepted plan. Design and promotion capability and management skills are assessed to determine guidelines for developing such capacity in communities.

• **Dealing with outsiders and outsider inputs – negotiation:** Communities must be able to understand fully the inputs into community development efforts, as well as the long-term implications for the community. Community negotiation skills need to be strengthened, so that community priorities and needs can be negotiated into development projects.
4 Analysis of Survey Findings

The hypotheses of this research were that communities associated with mining operations lack the skills and resource capacity for participation in planning processes and effective planning for sustainable development, and that this lack of skills and capacity is one of the major factors influencing the success of community development projects.

The analyses presented in this chapter are based on unstructured interviews and meetings. This method was chosen for three reasons.

- Questions needed to be flexible to accommodate the perspectives and contexts of particular stakeholders.
- Many of the interviewees would have been uncomfortable with a structured and formal interview. The researchers’ experience with interviewing members of local government, NGOs, and communities indicated that the personal and informal nature of unstructured interviews would be more productive.
- Response to postal and electronic questionnaires is generally low.

Two questionnaires were used (see Appendices D and E). Once the qualitative information had been gathered, the remaining questions were used to direct the meeting, but in such a way that the input of the interviewees was not restricted.

This methodology set some limits for the report. Questionnaires sent electronically, by fax, or by post were generally completed unsatisfactorily because of their unstructured nature. These had to be followed up by telephone. This limited the degree to which information from countries outside South Africa could be gathered.

The possibility of individual or group bias was taken into consideration in the analysis. Only findings that could be verified are included.

The time constraints experienced by most interviewees further limited the number of people who could be interviewed. In only two interviews was more than one person present.

Meetings were conducted with representatives of development and support agencies, NGOs, local and regional government representatives, community representatives, mining companies, and financial institutions. The project had not been formally introduced to organized labour and therefore it was not possible to get input from this stakeholder group. Labour’s prerequisites for input were beyond the time and resource constraints of this study.

Key Actors Survey

- NGOs do not have sufficient capacity and are reliant on donor funding, and donors often demand that development projects are undertaken in terms of their own objectives and perceptions of priorities. Historically, NGOs have not had a good relationship with government but are well regarded within communities. In the communities surveyed for this report, NGOs generally had little or no contact with mining companies, with the exception of those working in the HIV/AIDS sector. NGOs
in the region are traditionally hostile to mining companies, and their view is that mining activities only have negative impacts on communities. However, interviewees from this group indicated that they wanted to be involved in development projects, and that they had skills and capacity to contribute to any partnerships.

Most interviewees, including NGO representatives, indicated that NGOs were not involved in mining-related development projects. An exception to this was noted in the Copperbelt, where Citizens for a Better Environment works actively on social issues in communities.

- **Local governments** are under-resourced and lack capacity. This level of government does not take the lead in community development initiatives, even though this should be one of its key functions. Generally, other role players commented that local government was inefficient and ineffective. Some Local Councils in the Copperbelt, although similarly lacking in capacity, were reported to be cooperative as far as their limited resources allowed (Sonnenberg, 2003).

Reports about the relationship between local government and traditional leaders varied, but in the areas covered by the research team, the two structures seem to have reached a viable working arrangement.

The lack of involvement of local authorities in mining and minerals operations can result in inappropriate development projects and technologies (Hoadley, Limpitlaw, and Weaver, 2002). The result is that projects frequently do not meet the needs of local communities, and when the company withdraws from active involvement in projects, there is no community leadership to manage the initiative. Policies such as the South African Local Economic Development Policy are in place in some countries. These provide guidelines for municipalities to be involved at every level of local economic development initiatives in their areas (Department of Provincial and Local Government, 2001). However, the mining sector does not play a significant role in the development plans of most municipalities (Choshi, 2001). This is partly due to undemocratic local structures, lack of capacity at the local level, and the continuing control of local structures by national parent organizations.

In the Copperbelt, there are no formal development plans, and development takes place in isolated pockets without any consistent meshing with other initiatives. Sonnenberg (2003) views an alignment of local and larger plans as crucial to the success or failure of local development initiatives.

- In peri-urban communities, **local community representatives** are not easily identifiable, and communities rely on development agencies, companies, and local government for information and leadership. They are easier to identify in rural areas and are more confident. They feel that communities have negotiating skills and, in a few instances, can identify and establish priorities on their own needs. However, the other skills necessary for full participation in development projects are lacking.

- Among **local mining operations staff**, many interviewees expressed uncertainty about their approaches to community development, and some admitted that these are not working properly and that new guidelines are being developed. Even those who
are conducting engagement in a carefully managed and structured way requested feedback on possible gaps in their programmes.

Where companies have a well-established and well-structured approach in place, deficiencies in the community are addressed by providing access to skills and technical training. Yet this is not usually available to the entire community. Little evidence emerged of the inclusive and wide-ranging participation exemplified by the community engagement processes of the Sishen Iron Ore Mine and the Palabora Foundation (see Appendices F and G).

- **Church organizations** were, almost without exception, not involved directly in development projects. They are highly valued in the communities for their spiritual leadership but appear to lack capacity. They were identified by several interviewees as good resources for the dissemination of information to the community, as well as good sources of information about the community.

The level of involvement of church organizations in Zambia is reported to be higher than in South Africa. Skills training is one area in which they are active, but it was not possible to establish whether they are directly involved in development projects (Sonnenberg, 2003).

- In terms of **service and mentorship providers to the community**, interviewees agreed that applicants for assistance who approached them lack business management, financial management, project management, marketing, and technical skills. In addition, they stressed that most applicants were unable to write acceptable business plans and that a culture of entrepreneurship needed to be cultivated. (See Box 2.) A service provider in Limpopo Province stated that the vast majority of the agency’s clients (98 per cent) were women, and a Gauteng organization noted that the success rate for enterprises started by women is much higher than for those started by men.

**Box 2. Partnerships for Developing Community Entrepreneurial Skills**

Richards Bay Minerals in South Africa started an innovative micro-enterprise development programme involving training for entrepreneurs and small businesses as well as broader support for entrepreneurship and micro-enterprise in South Africa. The company has joined with the Department of Education in an effort to make entrepreneurship training an accredited subject in the national school curricula. Richards Bay, through its Business Advice Centres, offers:

- training resources for small businesses;
- programmes to promote purchasing from small businesses;
- a strategy to encourage other local businesses to purchase locally;
- programmes to link entrepreneurs with larger ‘partner’ businesses, creating a Local Business Service Centre in partnership with the Department of Trade and Industry; and
- a container bank to grant small, easily accessible loans to vendors and hawkers.

Survey of Communities

Since the discovery of minerals in Southern Africa, there has been a movement of people towards mining centres. Operations became the nuclei of residential areas and communities of which the mining companies were not a part. These areas have a mix of living styles – from informal settlements, dense sub-economic housing developments, and single-sex hostels to the new family units that some mines provide. Many development initiatives in mining communities fail, and communities have had their expectations raised and dashed so many times that passivity has set in, and people have become reactive rather than proactive. The benefits of medium- to long-term initiatives are not apparent to them, and they will respond to any initiative that promises a rapid relief of poverty. Such initiatives are frequently hijacked by people who already have power, and the benefits accrue to individuals or small groups of people rather than to the community.

Contributory causes of community passivity are the perceived failure by government to carry out its election promises, the fatalism caused by poverty, and the social legacy of discriminatory government policies. Similar community passivity was reported in Tanzania, and this is ascribed to the legacy of a previous socialist government. Communities became reliant on government, and personal empowerment was frowned on. Cultural beliefs play a role as well – progress is ascribed to the use of voodoo and an affinity with a strong witchdoctor who protects the successful person. These beliefs stifle ambition and the development of entrepreneurship.

In the Copperbelt, communities are passive and reportedly poorer than those in South Africa. After the copper mines were nationalized, government policies created a dependency in mining communities. Housing, infrastructure, services, and recreation were all supplied by Zambia Consolidated Copper Mines. When these benefits disappeared after privatization, the communities had no awareness of the obligations of being homeowners (Sonnenberg, 2003). Although many of the retrenched miners bought their houses from ZCCM, the loss of income meant that many of them have difficulties paying for services.

The local authorities intend to levy fees for services on the former mine houses. This is not straightforward, however, as local government capacity is severely limited. According to the utility manager of the company that has taken over the water and sanitation services in the former mine township, the company will have no alternative but to withdraw services from consumers who do not pay. In an environment where many people have no incomes, serious health problems as a result of withdrawal of services cannot be ruled out (Kangwa, 2001).

Similar trends in the community have emerged at other sites in Southern Africa where mine services have been withdrawn, and in some cases communities have been intensely resentful of their perceived abandonment by the mine.

Peri-urban communities

Peri-urban communities frequently lack cohesion. Many factors constrain the development of a sense of community. Multi-ethnicity is one of the characteristics of the large communities around the mines in Gauteng. Migrant labourers are not accepted by communities and are referred to as ‘foreigners’ even though they may come from 50 kilometres away. They are viewed as taking employment opportunities away from locals and
are accordingly resented. Many people flock to mining operations for the perceived economic opportunities they present, where they join the large numbers of people looking for work.

A lack of cohesion in Copperbelt communities has been identified by NGOs such as Oxfam and Care International. In many cases, development NGOs are encouraging communities to form Residents Development Committees to provide a common front to deal with all community development issues (Kangwa, 2003).

In peri-urban areas political divisions, too, can hamper development initiatives. Incidents were reported where adherents of one political party rejected an initiative simply because it was proposed by an adherent of another party. Another example of political constraints on communities is the threat by politicians, particularly during campaigns, to withhold development projects from communities that did not vote for the ruling party candidate.

In the harsh conditions in which many communities live, survival strategies take the form of crime, prostitution, and excessive alcohol consumption, which under conditions of unemployment and withdrawal of recreational and other social services have been identified as problems in the Copperbelt. Crime and prostitution follow closely (Kangwa, 2003). These further divide the community and lead to a breakdown of family structures, violence against women and children, a loss of cultural identity, and the abandonment of traditional and cultural norms and values. In peri-urban South African communities, crime is usually blamed on ‘foreigners’ and further hampers the development of the community, as frequently items are stolen that are necessary for the functioning of the infrastructure – copper piping and wires, irrigation pipes, manhole covers, and the like. A communal response to crime sometimes takes the form of vigilantism and kangaroo courts.

National crime statistics are high, creating an unsafe environment for business, especially in the peri-urban areas. Fear of being targeted by criminals acts as a barrier to new initiatives, and women, in particular, are vulnerable to violent crime. Projects that require expensive equipment, cash on the premises, and late working hours are high-risk. Corruption, too, is a constraint on development, and many projects have collapsed because of a lack of accountability by those who are managing them. Local governments in peri-urban areas are constrained by budgets and tend to focus their efforts on service provision.

**Rural communities**

Like peri-urban communities, rural communities in South Africa are passive. This is probably largely poverty-induced. They are not as politicized as peri-urban communities and do not ascribe their circumstances to a failure of government policies. As they have little if any experience of development projects initiated by mining companies, they have not been disappointed. They show no hostility toward migrants workers and have low expectations of potential benefits from mining companies. Opportunities for alternative economic activities are meagre, and community members practise subsistence agriculture, participate in a barter economy, and carry out some low-level trading.

Almost without fail, these communities were described by all role players as extremely poor and underdeveloped. Rates of illiteracy and unemployment are high, and crime is prevalent. Violence against women is common, and the incidence of HIV/AIDS, though varying from community to community, reflects the high rates associated with the mineral sector. Other
health issues, compounded by a lack of sanitation, deepen the development crisis in these communities.

Rural communities tend to be more cohesive than peri-urban ones. The cohesion is often centred on the traditional leader. In comparison to the role of local government, 'the role of traditional authorities in rural areas is clearer and is recognised by rural people by virtue of a long history of community leadership' (Motala, unpublished). Traditional leaders also offer continuity and permanence – local governments can change after an election.

Rural communities also tend to be smaller and more isolated than peri-urban communities, and so removed from the mainstream of influences on culture, family structures, and traditional norms and values. Like all other communities, however, rural communities are drastically affected by HIV/AIDS. In many villages, households are headed by women, children, or old people. In Limpopo Province there is a fear that growing minerals exploitation will bring with it an increased exposure to this disease.

Crime is not seen as a serious problem in rural areas in South Africa, but it is increasing, as is prostitution. Interviewees did not ascribe this solely to current mining activity, but commenting on the rapid growth of the sector in Limpopo Province, they voiced concern that the growth of mining operations would lead to an influx of migrant workers and a subsequent breakdown of culture and family structures.

Rural councils are the ones most affected by financial deficits, and because many have practically no income, they depend on cross-subsidization by urban councils. This has important consequences for mine-assisted development. Most mines in Limpopo Province, for example, occur in rural areas where the local authorities have little or no capacity to guide development projects. Companies are being drawn into the establishment of development plans in mining areas. As noted earlier, this can have positive implications for the development of the area, but it reflects the lack of capacity in local authorities. The development initiatives of some companies have included formal capacity building in local authorities, but the changes in local government that occur after elections are a constraint on the sustainability of such initiatives.

Rural households headed by women, or where men are absent, have smaller incomes than other households (Adelzadeh, Alvillar, and Mather, 1998). Migrant workers from labour-sending areas earn urban wages and are part of significant economic activity, but equivalent benefits have historically not flowed back to the rural source. While these areas do not receive many benefits, they are experiencing major socio-economic impacts. Some companies have indicated that they will be channelling part of their Corporate Social Investment funding to Teba Development for development projects in these areas (Wood, 2003).

In mining areas not situated within poverty nodes, funding is becoming more difficult, as money has been allocated to areas that have been classified by the government as a priority for investment. Some of these areas are still extremely poor, and the social obligations on the mining company increase as state and donor resources are diverted elsewhere.

Women Traditional structures can be a barrier to full participation in development initiatives. Women play a leading role in maintaining stability in rural communities and, because so
many men work on mines far away from home, the women effectively run the community. While they head most of the households, they only have decision-making authority within the home. In decisions affecting the broader community, most traditional leaders expect women to take a back seat; the chief, with his council of elders, makes the decisions. Women would therefore not participate directly in negotiations with mines.

In the traditional council in Limpopo Province, the two sexes are seated separately and women are not allowed to speak. This is particularly true for outlying areas in regions such as Sekukhune, where traditional leadership structures and values are very strong. This persists in spite of the fact that many villages in Sekukhune are effectively run by women, as the men are economic migrants in Gauteng. The traditional status and respect commanded by chiefs makes it difficult for women to work with them. Women also commented that traditional leaders some times diverted economic opportunities to male friends and family members and were susceptible to corruption.

In Tanzania, discrimination against women is prevalent. The attitude towards them is paternalistic, and they are technically treated as second-class citizens. Women are far behind men in terms of development, and many girls are removed from school at an early age for marriage and the attendant bride-price. Older women are particularly discriminated against, and charges of witchcraft are frequently levelled at them.

The disempowerment of women is a characteristic of communities globally. So too is the tendency of women, when they are in a position to control their money, to spend that money in ways that benefit their families and the community. (See Box 3.)

There are some signs of change, however. Some traditional leaders have been described as progressive and take an enlightened view of the role of women in the community. Women are also taking the initiative in negotiating with traditional leaders for an equitable role for themselves in the economic life of the community.

Box 3. Men and Women: Different Approaches to Money

In the AMCO resettlement in Kitwe in the Copperbelt, each household was offered a disturbance allowance of 20 per cent of the value of its assets and businesses. The women in the community agreed that money due to them would be held in trust to pay for future services. The men preferred to withdraw their money immediately (Sonnenberg, 2003).

On the remote island of Lihir, in Papua New Guinea, different approaches are also evident. Lihir Gold commenced operations there in 1997. Employment at the mine is available to both men and women. Women in general work in menial jobs, such as laundry and cleaning, but also in mid-level administration. The highest-paid local people are 16 women who work on the mine. In a labour force of approximately a thousand, 300 are women.

Comprehensive social impact monitoring is done on the island on an annual basis. One of the aspects of community life on Lihir that has emerged from this monitoring is that men who work on the mines tend to give a small part of their wages to their wives towards housekeeping, and the rest is shared with male members of their family, who spend it on beer. Women spend their money on household necessities and on the education and training of female family members.
Macintyre (2003) notes that ‘almost all women keep their exact earnings secret from others, have personal bank accounts and they attempt to save money’.

**Other constraints on development projects**

Peri-urban and rural communities share an inability to take advantage of the potential offered by development projects. Local government, too, suffers from a lack of capacity, resources, and finance. Interviewees expressed disillusionment with the ability of local government structures to address their needs. Communities lack local champions – a role that local government is ideally positioned to undertake, both in terms of its status in the community and its political mandate.

All major role players cite the lack of a local champion as a factor contributing to passivity in communities and a dearth of communal aspirations. Local leadership is critical for community development. Such leadership should be identified, supported, and empowered. (See Box 4.) Even within the most underdeveloped communities there are individuals of potential who need to be identified and fast-tracked into positions of community leadership and management. People who have completed their schooling and graduates are doing nothing and – in the words of a local authority representative – ‘just rotting’.

**Box 4. Braam Fischerville – A Community in Crisis**

The Braam Fischerville community is on the West Rand in Gauteng, South Africa, adjacent to old tailings dams. Durban Roodepoort Deep (DRD) is responsible for these and was planning to re-mine them, but fluctuation in the gold price rendered this uneconomical.

The community lives right next to one of the tailings dams. This complex is only partially rehabilitated due to the previous plans for re-mining. Attempts by DRD to sell the dump have not been successful, and the company is now faced with substantial rehabilitation costs. They have a rehabilitation closure fund, but the money available only allows rehabilitation of the dump in the medium term. Consequently, the community suffers excessively from dust, polluted water, and lack of access to land. The immediate, medium-term, and long-term health prognosis for residents is extremely poor. There are a number of unsealed mine openings near the dump that present a danger to the community.

Unemployment is very high, and the survival strategies include prostitution and crime. All the underground cables as well as the irrigation pipes on the tailings dams have been stolen and sold as scrap, which aggravates the dust problem. Illiteracy is high. The community has no church building, and school is held in a container with no electricity. Another container is brought in to serve as a clinic. There is no community centre. Few development organizations work in the community, and it would in any case be difficult for them to do so, as there are no facilities for offices and meetings.

The community is passive, disheartened, and feeling that it has been abandoned. They need jobs but know that their lack of skills makes this unlikely. Jack Shilowa, chairman of the local community committee, the South African National Civics Organization (SANCO), undertook a scan of what they perceived as critical skills they lacked. Their wish list included catering, paving, tiling, baking, wiring, financial management, environmental training, shoe making, dust research, carpentry, farming, first aid, brick making, welding, painting, merchandising, marketing, crafts, sewing, literacy, and computer training.
There is fertile land near the housing settlement, but its owners plan to build there in the future. Shilowa has been negotiating to get a lease to use the land for temporary subsistence agriculture. Local government will help with equipment, on the condition that the lease is for seven years. The community also needs a multipurpose centre. SANCO has been negotiating with the relevant stakeholders for some time. They have agreed in principle, but nothing further has happened. Big business is getting development rights in the area, and small local enterprises are being left out of the picture.

The community has a persistent and committed local champion in Jack Shilowa, who pursued all potential avenues to get professional pro bono advice and guidance outside the community. A limited amount of skills transfer enabled Shilowa to develop his cause and articulate his case professionally. At a meeting between community, company, and government representatives, the community and the company were able to express their concerns and constraints and agree to a mutually acceptable plan of action. The company agreed to start ridge ploughing immediately as a short-term solution to the dust problem, and also put priority on sealing up the mine openings. A further meeting was scheduled to discuss the feasibility of alternative rehabilitation technologies for a longer-term solution.

The issues that still need to be resolved are significant. Community consultation is non-existent, and no community structures exist to take a leading role in this exercise. There are no social networks to disseminate the results of the meeting to the community or to promote the involvement of the community in the security problems that constrain rehabilitation attempts. The company also needs to become involved in the development of the community.

It is rare to find a local champion as committed and persistent as Jack Shilowa, but without some skills transfer, even elementary ones such as keeping a paper trail of communications, Shilowa would have had greater difficulty in achieving even the current level of engagement. A lack of knowledge of rights and obligations was also a constraint in advancing the interests of the community. These included a knowledge of right of access to documentation, of constitutional and legal rights, and of the resources available to communities.

Nonetheless, communities can mobilize around what they consider a crisis. The community around Premier Diamond Mine in Cullinan, South Africa, rallied around the problem of HIV/AIDS orphans and home-based care. In the Copperbelt, the AMCO community was enthusiastic and cooperative about their resettlement. They were clearly aware of the poor quality of their lifestyle (Sonnenberg, 2003).

Such examples are rare. Communities do not regard the conditions of their everyday life as critical, and they do not cooperate to secure medium- or long-term economic growth and survival. Their survival horizons are short – a job and food, on an individual or family basis. The notion of sustainable livelihoods or sustainable development is a luxury.

The lack of skills in mining companies also affects the success of development projects, as mining personnel are only trained in what is required by their core business. Very few operations have dedicated posts for community engagement. This task is most frequently allocated to the Human Resources or Environmental Manager, who is often not from the community and who delegates to subordinates. It is worth noting that the research team
often had difficulty scheduling interviews with company personnel; they were usually occupied with matters only indirectly concerned with community affairs.

In the Copperbelt, Konkola Copper Mines plc and Mopani Copper Mines plc have dedicated posts for community engagement. The negotiations and agreements that led to the formation of KCM established stringent social obligations on the company. It was not possible to find out, however, how successfully these companies have engaged with their communities (Sonnenberg, 2003).

External factors over which communities have no control can constrain their participation in development projects. HIV/AIDS takes a heavy toll on productive members of the community. Women have to care for the sick in extended families and children who have been orphaned by HIV/AIDS. Children have to take on the responsibilities of heading a household or are kept out of school to care for sick family members. Thus it is with good reason that the disease has been identified as a development crisis rather than a health crisis (Hoadley, Limpitlaw, and Weaver, 2002).

Other health issues, including tuberculosis and malaria, also affect the vitality of communities. In Zambia, more people die of malaria than of AIDS-related illnesses. Community members also suffer a number of gastrointestinal diseases due to a lack of adequate sanitation and water-borne sewage systems (Sonnenberg, 2003).

**Unemployment**

Almost one-third of South Africa's economically active citizens are unemployed or underemployed. The minerals sector shed approximately 300,000 jobs between 1991 and 2000, and for people in communities around mines, many of whom came there to find work, steady employment and a regular income are becoming more and more difficult to find (Chamber of Mines, 2002). This forces many community members into piecework, temporary jobs, or crime – all unproductive activities that may put food on the table for a short while but that are not sustainable. Energies and time that could have been spent on development projects are diverted to survival strategies.

A manifestation of the ever-increasing spectre of unemployment has been a marked rise in petty trading among Copperbelt communities (Kangwa, 2003). Another survival strategy in the Copperbelt is subsistence agriculture. Road servitudes, gardens, and even city parks have been converted into vegetable gardens and small fields. In the highly leached soils of the Copperbelt, these gardens and fields do not retain their fertility, and crop yields soon decline. This forces people to seek new areas for cultivation, often resulting in increased competition for land and the clearance of forest areas, with attendant environmental impacts (Limpitlaw, 2003). The recent removal of government subsidies for fertilizers has had serious implications for many people in the Copperbelt.

The high unemployment rate can benefit companies. In Limpopo, where increasing numbers of mining and prospecting licences are being applied for, companies can draw on a pool of skilled, retrenched labour from other areas. This makes economic sense to the company, but denies the local community the jobs and skills training they desperately need. Companies can write their own recruitment criteria, and many rural communities cannot meet these. Some communities do not even view mining operations as a potential source of benefits.
Although this report does not address the situation of communities in labour-sending areas, a number of interviewees indicated that project management of development initiatives in these areas is extremely difficult. Figure 4 indicates that there is a close correlation between pockets of high-priority poverty and labour-sending areas.

![Map of South Africa with labour-sending areas marked]

**Figure 4.** Rural poverty nodes and labour sending areas in South Africa (poverty nodes map: www.idt.org.za)

**Review of Participatory Processes**

Participation in development projects is generally low, although this varies from community to community. Few projects appear to be initiated by the community. In Limpopo Province, none of the interviewees were aware of projects being initiated or undertaken by mining companies. This may reflect a lack of information or low numbers of development projects.

In some programmes, communities are involved via community development organizations. At Palabora Copper Mine, the community is represented by a Community Development Committee (CDC), which covers all the townships and Traditional Authority Areas. The interaction and participation are significant and promote capacity and skills acquisition in the communities. The CDC presents projects to the Palabora Foundation for consideration (see Appendix H), and then works closely with the Foundation and other relevant stakeholders in the implementation of approved projects. The transfer of skills to the Committee that occurs during this participation is notable.
At Rietspruit, where BHP Billiton is implementing a large closure plan, the consultants contracted for the community development aspects of the plan present project proposals to the Rietspruit Community Development Forum, a multistakeholder steering and consultative body. Projects approved by the Forum are submitted to the company for funding consideration. Community members are closely involved in the projects, which are currently small food production initiatives (see Appendix I).

At Sishen Iron Mine in Northern Cape Province, there is significant interaction between the mine and the community, but the mine is still the driver of most projects. Gold Fields, the Johannesburg-based gold mining company, has a centralized approach to community projects; it initiates them and depends on district councillors to disseminate information to the community. Community members themselves have to come forward to express an interest in participation. Recently Gold Fields came to an agreement with the local authority in Merafong in which the government will find labour for projects, matching Gold Fields’ requirements for employment – first retrenched mineworkers, then their family members, and then members of the local community.

Gold Fields’ policy is to initiate large projects, requiring significant funding and sophisticated project management structures. The company accordingly envisages staying closely involved with the management of projects for a considerable length of time.

All three companies mentioned have policies to use local people on community projects. It is difficult to ascertain to what extent these projects have benefited the communities as a whole. The consultant at Rietspruit stated that people in the community transferred the skills they acquired to others, but these would be low-level technical skills. Comments were also made about community dissatisfaction; in spite of a company’s stated commitment to use local labour, project managers were often brought in from outside the community, and they then brought in friends and family to work on the projects. The research team was not able to establish with any degree of certainty the extent to which local labour policies were implemented, but the community perceptions indicate a need for transparency and a greater degree of information dissemination and consultation.

Almost all interviewees expressed dissatisfaction with the use of consultants from outside the area to conduct community consultations. The consultants were not aware of the particular requirements of different communities, did not inform the community appropriately about meetings and initiatives, did not give the community enough time to consider the various issues around projects, and diverted money from the project. Those interviewed felt that the skills existed within the community to undertake this aspect of development. This is an area where local NGOs could play a valuable role.

A number of interviewees, both from communities and from mining companies, stated that the company did not view itself as part of the community nor was it viewed that way. Notable exceptions to this are Sishen Iron Ore Mine, Palabora Mining Company, and Rietspruit Mining Services. Possible explanations of these exceptions are that, in the case of Sishen and Rietspruit, the communities are mining-dependent. And Palabora has had a policy, from the inception, of using only local labour, so some community members have been with the company for up to 40 years.
In South Africa, companies generally aim to align development projects with RDPs and IDPs. In many communities, however, these programmes are still being drawn up. A number of companies that dominate the economy of the area in which they operate stated that the authorities were waiting to see what the mine did about development, and to take their lead from there.

Most interviewees indicated that communities are not in a position to identify and establish priorities on their own needs. But this conclusion should be regarded with caution. Communities are disempowered both historically and by the current high rate of poverty and unemployment. Under these circumstances, it is not surprising that their needs are immediate and related to their individual interests rather than to long-term community benefits.
5 The Project Cycle and the Formulation of Tools for Development

Full community participation requires the involvement of the community from exploration through to post-closure. This allows for early identification of community development needs and gives the community a chance to learn about the potential benefits and impacts of the mining project.

Early engagement facilitates the establishment of partnerships, which is a significant step in building social capital. Key role players can be identified, as can the priority needs of the community as reflected in RDPs and IDPs. In South Africa, there is currently an opportunity for mining companies to participate in the design of RDPs and IDPs, and this facilitates the greater involvement of mining companies in local economic development. The depth of knowledge that can be acquired by the company during the early stages of the mining project will enable it to plan appropriately for community development initiatives and to enhance the skills within the company to implement these initiatives.

The community development model is highly participatory. It promotes development interventions that are based on local peoples' everyday experiences, reflects the complexity of local conditions, and responds to locally defined needs and priorities.

Participation facilitates positive improvement in the quality of life enjoyed by local people, develops local capacities, and ensures that improvements are sustained in the longer term. “Developing a sense of control within the community leads to political, local and social stability” (Veiga, Scobie and McAllister, 2001, p. 10).

The proposed community development framework will reflect the following principles:

- Development is meaningful only where it reflects the needs, priorities, and aspirations of local people.

- Lasting improvement in people's living standards is achieved only through their participation in the identification of development needs and their commitment to the achievement of locally defined development goals.

- Sustainable development requires that local communities acquire the capacity, confidence, and opportunity to identify development needs, plan appropriate strategies, and mobilize local resources in the fulfilment of those needs.

Where local people participate in the assessment of local needs and the design and management of local development strategies, the process itself contributes to local community development by experiential learning and mentoring. As noted, the skills of the Community Development Committees associated with the Palabora Foundation have been enhanced by close interaction between the CDCs and the staff of the Foundation, and by working with Foundation members on project evaluation, priority setting, monitoring, and management. Most of these skills are transferred without formal training.
This project proposes a structured framework in which local communities make informed
decisions about development priorities and participate in the investigation, analysis, and
evaluation of the constraints and opportunities of the project and the context within which it is
to be initiated. A range of participatory assessment and planning tools is proposed that will enable companies, local governments, and host communities to:

- gain a richer understanding of the local community and its needs;
- identify development indicators that are specifically relevant to the local environment;
- incorporate more accurately local people’s perceptions of local problems, opportunities, and constraints;
- design interventions that better reflect communities’ social and technical capacities;
- build local commitment to development activities;
- promote local capacity development through community participation in problem identification and analysis, programme design, management, and evaluation;
- use techniques that are cheaper and quicker than formal, externally managed approaches and that are more accessible to local people; and
- ensure that the development process is not dominated by any one stakeholder.

This process of participation through the mine life cycle is discussed fully in *Guidelines for Enhancing Skills and Resources for Participation and Sustainability*. 
6 Conclusion

Some companies do very little to foster community participation in development projects. But there are also many companies grappling with the process, sometimes in a well-meaning but uninformed way. There are elements of best practice in many of these programmes that deserve recognition, but the scope of this project did not allow wider study. Some companies have developed policies and programmes that can be considered best practice. Further studies need to be conducted into all company programmes in order to isolate what is good practice, what is successful, and what can be used by other companies.

The gaps identified in this report point to numerous areas requiring further research and study:

- development projects to assist small-scale mining communities;
- labour-sending areas – the problems associated with implementing development projects;
- mining-dependent communities – identifying and supporting alternative economic activities during the life of the mine;
- the host community and the exploration phase;
- resettled communities – development problems experienced during and after resettlement;
- development projects in mining communities where few or no viable alternative economic activities exist;
- planning for closure;
- women as a major focus in community development projects; and
- good practice in furthering community participation in development projects in the mining industry and its associated communities.
## Appendix A

### Interviews Conducted

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization/designation</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Des van Rooyen</td>
<td>Mayor of Merafong, Executive, Local Economic Development</td>
<td>28 May 2003</td>
</tr>
<tr>
<td>Augustine Makgata</td>
<td></td>
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</tr>
<tr>
<td>Les &amp; Erich Stoch</td>
<td>Emzantsi Management Services, Merafong</td>
<td>30 May 2003</td>
</tr>
<tr>
<td>Jack Shilowa</td>
<td>Chair of SANCO Braam Fischerville community, Gauteng</td>
<td>2 June 2003</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7 July 2003</td>
</tr>
<tr>
<td>Eddie Johnstone</td>
<td>Consultant to the Banking Council of South Africa on small, medium, and micro enterprise</td>
<td>13 June 2003</td>
</tr>
<tr>
<td>Hans Gastrow</td>
<td>Mine Manager</td>
<td>28 May 2003</td>
</tr>
<tr>
<td>Byron Sokolich</td>
<td>SHE, HR, Community Development, Premier Diamond Mine</td>
<td></td>
</tr>
<tr>
<td>Steve Martin</td>
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<tr>
<td>Patrick Mkotwe</td>
<td></td>
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<tr>
<td>Karuna Mohan</td>
<td>Executive Director, LED, Ekurhuleni Metropolitan</td>
<td>13 June 2003</td>
</tr>
<tr>
<td>Theresa Breytenbach</td>
<td>Administrator - Community Public Private Partnerships Programme, Development Bank of Southern Africa</td>
<td>17 June 2003</td>
</tr>
<tr>
<td>Elizabeth Lemmer</td>
<td>Khulile Africa, Johannesburg</td>
<td>20 June 2003</td>
</tr>
<tr>
<td>Sam Bambo</td>
<td>Dept. LGH, LED Programme, Polokwane, Limpopo</td>
<td>25 June 2003</td>
</tr>
<tr>
<td>Albert Moloto</td>
<td>Limpopo SMME Support Agency</td>
<td>26 June 2003</td>
</tr>
<tr>
<td>Name</td>
<td>Organization</td>
<td>Date</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------------------------</td>
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<tr>
<td>Buzani Mnguni</td>
<td>Chair, Sangoco, Limpopo branch</td>
<td>26 June 2003</td>
</tr>
<tr>
<td>Solly Madiba</td>
<td>Chair, Reboile Community Committee, Limpopo</td>
<td>26 June 2003</td>
</tr>
<tr>
<td>Kevin Thomas</td>
<td>GoldFields</td>
<td>8 July 2003</td>
</tr>
<tr>
<td>Bridget Mwaka</td>
<td>Chambishi Metals</td>
<td>13 June 2003</td>
</tr>
<tr>
<td>David Salisbury</td>
<td>Rossing Uranium</td>
<td>2 July 2003</td>
</tr>
<tr>
<td>Marylin Eibes</td>
<td>Rossing Foundation</td>
<td>2 July 2003</td>
</tr>
<tr>
<td>Gerrit de Kock</td>
<td>Sishen Iron Ore Mine</td>
<td>9 July 2003/ 12 August 2003</td>
</tr>
<tr>
<td>Andre Grundlingh</td>
<td>Gen Manager SHEQ, Palabora Mining Company</td>
<td>27 June 2003</td>
</tr>
<tr>
<td>Mark Demmer</td>
<td>Palabora Foundation Director</td>
<td></td>
</tr>
<tr>
<td>Simeon Langa</td>
<td>Gen. Manager External Affairs, Palabora Foundation Chair.</td>
<td></td>
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<tr>
<td></td>
<td>Community Development, Palabora Mining Co.</td>
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<tr>
<td>Patrick Mabalane</td>
<td>BHPBilliton Chairman’s Fund</td>
<td>23 June 2003</td>
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<tr>
<td>Clive Norton</td>
<td>Sustainable Villages Africa</td>
<td>4 July 2003</td>
</tr>
<tr>
<td>Rudolph Hugo</td>
<td>Mine Manager, Rietspruit Mine Services</td>
<td></td>
</tr>
<tr>
<td>Aida Kiangi</td>
<td>Manager – Kahama Mining, Tanzania</td>
<td>2 September 2003</td>
</tr>
<tr>
<td>Bernd Drechsler</td>
<td>Intermediate Technology Development Group</td>
<td>9 September 2003</td>
</tr>
<tr>
<td>Jeff Crispin</td>
<td>Development Consultant</td>
<td>14 September 2003</td>
</tr>
<tr>
<td>Dan Sonnenberg</td>
<td>LIMS</td>
<td>24 October 2003</td>
</tr>
</tbody>
</table>
Appendix B  Broad-Based Socio-economic Empowerment Charter for the South African Mining Industry

VISION

All the actions and commitments set out below are in the pursuit of a shared vision of a globally competitive mining industry that draws on the human and financial resources of all South Africa's people and offers real benefits to all South Africans. The goal of the empowerment charter is to create an industry that will proudly reflect the promise of a non-racial South Africa.

PREAMBLE

Recognising:

- The history of South Africa, which resulted in blacks, mining communities and women largely being excluded from participating in the mainstream of the economy, and the formal mining industry's stated intention to adopt a proactive strategy of change to foster and encourage black economic empowerment (BEE) and transformation at the tiers of ownership, management, skills development, employment equity, procurement and rural development;
- The imperative of redressing historical and social inequalities as stated by the Constitution of the Republic of South Africa, in inter alia section 9 on equality (and unfair discrimination) in the Bill of Rights;
- The policy objective stated in the Mineral and Petroleum Resources Development Act to expand opportunities for historically disadvantaged persons to enter the mining and minerals industry or benefit from the exploitation of the nation's mineral resources;
- The scarcity of relevant skills has been identified as one of the barriers to entry into the mining sector by historically disadvantaged South Africans (HDSA's);
- The slow progress made with employment equity in the mining industry compared to other industries.

Noting that

- It is government's stated policy that whilst playing a facilitating role in the transformation of the ownership profile of the mining industry it will allow the market to play a key role in achieving this end and it is not the government's intention to nationalise the mining industry. The key objectives of the Mineral and Petroleum Resources Development Act and that of the Charter will be realised only when South Africa's mining industry succeeds in the international market place where it must seek a large part of its investment and where it overwhelmingly sells its product and when the socio-economic challenges facing the industry are addressed in a significant and meaningful way.
- The transfer of ownership in the industry must take place in a transparent manner and for fair market value.
- That the following laws would also assist socio-economic empowerment:
  - The Preferential Procurement Framework Act (No. 5 of 2000)
  - The Employment Equity Act (No 55 of 1998);
The Competition Act (No. 89 of 1998) (Also ref. To the Amendment Act No. 35 of 1999 and subsequent amendments);  
The Skills Development Act (No. 97 of 1998).

Therefore
The signatories have developed this Charter to provide a framework for progressing the empowerment of historically disadvantaged South Africans in the Mining and Minerals Industry. The signatories of this Charter acknowledge: Section 100. (2) (a) of the Mineral and Petroleum Resources Development Act, which states that, to insure the attainment of Government's objectives of redressing historical social and economic inequalities as stated in the Constitution, the Minister of Mines and Energy must within six months from the date on which this act takes effect develop a Broad-Based Socio-Economic Empowerment (BBSEE) Charter.

1. SCOPE OF APPLICATION

This Charter applies to the South African mining industry.

2. INTERPRETATION

For the purposes of interpretation, the following terms apply:

Broad-Based Socio-Economic Empowerment (BBSEE) refers to a social or economic strategy, plan, principle, approach or act, which is aimed at:

- Redressing the results of past or present discrimination based on race, gender or other disability of historically disadvantaged persons in the minerals and petroleum industry, related industries and in the value chain of such industries; and
- Transforming such industries so as to assist in, provide for, initiate, facilitate or benefit from the:
  - Ownership participation in existing or future mining, prospecting, exploration and beneficiation operations;
  - Participation in or control of management of such operations;
  - Development of management, scientific, engineering or other skills of HDSA's;
  - Involvement of or participation in the procurement chains of operations;
  - Integrated Socio-economic development for host communities, major labour sending areas and areas that due to unintended consequences of mining are becoming ghost towns by mobilising all stakeholder resources.

The term Historically Disadvantaged South Africans (HDSA) refers to any person, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) came into operation.

HDSA Companies are those companies that are owned or controlled by historically disadvantaged South Africans.

Major labour sending areas refer to areas from where a significant number of mineworkers are or have been recruited.
**Ghost towns** refer to areas whose economies were dependent on mining and therefore could not survive beyond the closure or significant downsizing of mining activities.

**Ownership of a business** entity can be achieved in a number of ways;

- a majority shareholding position, i.e. 50 per cent + 1 share,
- Joint ventures or partnerships (25 per cent equity plus one share).
- Broad based ownership (such as HDSA dedicated mining unit trusts, or employee share ownership schemes).

3. **OBJECTIVES**

The objectives of this charter are to:

- Promote equitable access to the nation's mineral resources to all the people of South Africa;
- Substantially and meaningfully expand opportunities for HDSA's including women, to enter the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources;
- Utilise the existing skills base for the empowerment of HDSA's;
- Expand the skills base of HDSA's in order to serve the community;
- Promote employment and advance the social and economic welfare of mining communities and the major labour sending areas; and
- Promote beneficiation of South Africa's mineral commodities.

4. **UNDERTAKINGS**

All stakeholders undertake to create an enabling environment for the empowerment of HDSA's by subscribing to the following:

4.1 **Human Resource Development**

The South African labour market does not produce enough of the skills required by the mining industry. Stakeholders shall work together in addressing this skills gap in the following manner:

- Through the standing consultative arrangements they will interface with statutory bodies such as the Mines Qualifications Authority (MQA), in the formulation of comprehensive skills development strategies that include a skills audit;
- By interfacing with the education authorities and providing scholarships to promote mining related educational advancement, especially in the fields of mathematics and science at the school level;
- By undertaking to ensure provision of scholarships and that the number of registered learnerships in the mining industry will rise from the current level of some 1200 learners to not less than 5000 learners by March 2005; and
- Through the MQA shall undertake to provide skills training opportunities to miners during their employment in order to improve their income earning capacity after mine closure.

Government undertakes that:
• In its bi-lateral relations with relevant countries, undertakes to secure training opportunities for HDSA companies’ staff, as well as exchange opportunities with mining companies operating outside of South Africa;
• Through the MQA and in collaboration with academic institutions, DME associated institutions, NGO’s, and the Gender Commission, shall provide training courses in mining entrepreneur's skills;

Companies undertake:
• To offer every employee the opportunity to become functionally literate and numerate by the year 2005 in consultation with labour;
• To implement career paths to provide opportunities to their HDSA employees to progress in their chosen careers; and
• To develop systems through which empowerment groups can be mentored as a means of capacity building.

4.2 Employment Equity

Companies shall publish their employment equity plans and achievements and subscribe to the following:
• Establish targets for employment equity, particularly in the junior and senior management categories. Companies agree to spell out their plans for employment equity at the management level. The stakeholders aspire to a base-line of 40 per cent HDSA participation in management within 5-years;
• South African subsidiaries of multinational companies and South African companies, where possible, will focus their overseas placement and/or training programmes on historically disadvantaged South Africans;
• Identification of a talent pool and fast tracking it. This fast tracking should include high quality operational exposure;
• Ensuring higher levels of inclusiveness and advancement of women. The stakeholders aspire to a base-line of 10 per cent of women participation in the mining industry within 5-years; and
• Setting and publishing targets and achievements.

4.3 Migrant Labour

Stakeholders undertake to:
• Ensure non-discrimination against foreign migrant labour.

4.4 Mine Community and Rural Development

Stakeholders, in partnership with all spheres of government, undertake to:
• Co-operate in the formulation of integrated development plans for communities where mining takes place and for major labour-sending areas, with special emphasis on development of infrastructure.

4.5 Housing and Living Conditions

Stakeholders, in consultation with the Mine Health and Safety Council, the Department of Housing and organised labour, undertake to:
• Establish measures for improving the standard of housing including the upgrading of hostels, conversion of hostels to family units and the promotion of home ownership options for mine employees; and
• Establish measures for improving of nutrition of mine employees.

4.6 Procurement

Procurement can be broken down into three levels, namely: capital goods; services; and consumables.

Stakeholders undertake to give HDSAs a preferred supplier status, where possible, in all three levels of procurement. To this end stakeholders undertake to:

- Identify current levels of procurement from HDSA companies;
- Commit to a progression of procurement from HDSA companies over a 3 to 5-year time frame reflecting the genuine value added by the HDSA provider;
  Encourage existing suppliers to form partnerships with HDSA companies, where no HDSA Company tenders to supply goods or services; and
- Stakeholders commit to help develop HDSA procurement capacity and access Department of Trade and Industry (DTI) assistance programmes to achieve this.

List of suppliers: It is envisaged that information on all HDSA companies wishing to participate in the industry will be collected and published. All participants in the industry will assist the DTI in compiling such a list that will inter alia be published by government on the Internet and updated regularly.

4.7 Ownership and Joint Ventures

Government and industry recognise that one of the means of effecting the entry of HDSA's into the mining industry and of allowing HDSA's to benefit from the exploitation of mining and mineral resources is by encouraging greater ownership of mining industry assets by HDSA's. Ownership and participation by HDSA's can be divided into active or passive involvement as follows:

Active involvement:
- HDSA controlled companies (50 per cent plus 1 vote), which includes management control.
- Strategic joint ventures or partnerships (25 per cent plus 1 vote). These would include a Management Agreement that provides for joint management and control and which would also provide for dispute resolution.
- Collective investment, through ESOPs and mining dedicated unit trusts. The majority ownership of these would need to be HDSA based. Such empowerment vehicles would allow the HDSA participants to vote collectively.

Passive involvement:
- Greater than 0 per cent and up to 100 per cent ownership with no involvement in management, particularly broad based ownership like ESOPs.

In order to measure progress on the broad transformation front the following indicators are important:
• The currency of measure of transformation and ownership could, inter alia, be market share as measured by attributable units of South African production controlled by HDSA's.
• That there would be capacity for offsets which would entail credits / offsets to allow for flexibility.
• The continuing consequences of all previous deals would be included in calculating such credits/offsets in terms of market share as measured by attributable units of production.
• Government will consider special incentives to encourage HDSA companies to hold on to newly acquired equity for a reasonable period.

In order to increase participation and ownership by HDSA's in the mining industry, mining companies agree:
• To achieve 26 per cent HDSA ownership of the mining industry assets in 10 years by each mining company; and
• That where a company has achieved HDSA participation in excess of any set target in a particular operation then such excess maybe utilised to offset any shortfall in its other operations. All stakeholders accept that transactions will take place in a transparent manner and for fair market value. Stakeholders agree to meet after 5-years to review the progress and to determine what further steps, if any, need to be made to achieve the 26 per cent target.

4.8 Beneficiation

This Charter will apply to mining companies in respect of their involvement in beneficiation activities, specifically activities beyond mining and processing. These include production of final consumer products.

Mining companies will be able to offset the value of the level of beneficiation achieved by the company against its HDSA ownership commitments.

Mining companies agree to:

· Identify their current levels of beneficiation.

· Indicate to what extent they can grow the base-line level of beneficiation.

4.9 Exploration and Prospecting

Government will support HDSA companies in exploration and prospecting endeavours by, inter alia, providing institutional support.

4.10 State Assets

Government will ensure compliance with the provisions of this Charter and be exemplary in the way in which it deals with state assets.

4.11 Licensing
To facilitate the processing of licence conversions there will be a scorecard approach to the different facets of promoting broad based socio economic empowerment in the mining industry. This scorecard approach would recognise commitments of the stakeholders at the levels of ownership, management, employment equity, human resource development, procurement and beneficiation. These commitments have been spelt out in sections 4.1 to 4.9 above.

The HDSA participation required to achieve conversion within the five year period on a company specific basis will be specified in the score-card, hereto attached as Annexure A.

4.12 Financing Mechanism

The industry agrees to assist HDSA companies in securing finance to fund participation in an amount of R100 billion within the first 5-years. Participants agree that beyond the R100 billion-industry commitment and in pursuance of the 26 per cent target, on a willing seller - willing buyer basis, at fair market value, where the mining companies are not at risk, HDSA participation will be increased.

4.13 Regulatory Framework and Industry Agreement

Government's regulatory framework and industry agreements shall strive to facilitate the objectives of this Charter.

4.14 Consultation, Monitoring, Evaluation and Reporting

It is recognised that the achievement of the objectives set out herein entails an ongoing process.

Companies undertake to report on an annual basis their progress towards achieving their commitments, with these annual reports verified by their external auditors. A review mechanism will be established which again provides flexibility to the company commitments.

- Parties hereto agree to participate in annual forums for the following purposes:
  - Monitoring progress in the implementation of plans;
  - Developing new strategies as needs are identified;
  - Ongoing government/industry interaction in respect of these objectives;
  - Developing strategies for intervention where hurdles are encountered;
  - Exchanging experiences, problems and creative solutions;
  - Arriving at joint decisions;
  - Reviewing this Charter if required.
Appendix C  Scorecard for the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry

Introduction

- The proposed scorecard gives effect to the provisions contained in the Broad Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry.
- The scorecard is designed to facilitate the application of the Charter in terms of the Mineral and Petroleum Resources Development Act requirements for the conversion of all the “old order rights” into new rights within a five-year conversion window period, but recognising the full 10-year period.
- In adjudicating the scorecard the Minister of Minerals and Energy will need to take into account the entire scorecard in decision making.
- The scorecard is intended to reflect the “spirit” of the Broad-based Socio- Economic Empowerment Charter for the Mining Industry.
- Progress by stakeholders in achieving the aims of the Charter as enunciated in the Scorecard can be measured in two ways:
  - The specific targets set in the Charter.
  - The targets set by companies.

ANNEXURE A: SCORECARD FOR THE BROAD BASED SOCIOECONOMIC EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING INDUSTRY
### Notes

1. The commitment of the mining companies is to have offered each employee the opportunity to be functionally literate and numerate by the year 2005 and are employed being trained.

2. The mentoring of empowerment groups refers to that mining company’s HDSA employees and HDSA linked partners at the levels of ownership and procurement. It does not preclude mining companies being involved in mentoring programmes outside of its own operations.

3. The aspirational target for HDSA participation in management is a 5-year target. If companies want to convert to licenses within a much shorter time frame, then a phase in approach will be adopted with the companies committing to a 40 per cent by the fifth...
year. The key decision point here is whether the company has established a plan to achieve the target and is implementing the plan.

4. The aspirational target for women participation in mining is a five-year target and the phase in approach will be used. The key decision point here is whether the company has established a plan to achieve the target and is implementing the plan.

5. The commitment of stakeholders to ensure non-discrimination against foreign migrant labour can be approached from the perspective that each company subscribes to industry and government agreements on the matter.

6. In terms of companies establishing measures for improving the standard of housing – the company will be required to indicate what it has done to improve housing and show a plan to progress the issue over time and are implementing the plan.

7. In terms of companies establishing measures for improving the standard of nutrition – the company will be required to indicate what it has done to improve nutrition and show a plan to progress the issue over time and are implementing the plan.

8. In terms of procurement the mining company should commit to an increase of procurement from HDSA companies over the 3-5 year time frame and agree to a monitoring system.

9. The Scorecard represents the 5-year targets and it has been agreed that within 10-years the level of HDSA participation will rise to 26 per cent.

10. In terms of beneficiation commitments and the offset option the key issue is to capture the actual beneficiation activities of a company and to convert it to the same unit of measurement of ownership e.g. attributable units of production / or per cent measure of value as the case may be and offset accordingly. The attributable ounces that are beneficiated above the base state may be offset against HDSA ownership targets. Considering that some 59 different minerals are mined in South Africa – the detailed discussions on the base state for each mineral are ongoing.
## Appendix D Community Survey Questionnaire

Marie Hoadley
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University of the Witwatersrand
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Phone +27-11-7177422
Fax +27-11-339-8295
E-mail: hoadley@egoli.min.wits.ac.za
Mobile +27 (0)83-657-9375

Please answer as extensively as possible.

<table>
<thead>
<tr>
<th>1. Name</th>
</tr>
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<tbody>
<tr>
<td>2. Organization : (Name and kind)</td>
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<tr>
<td>Position in organization</td>
</tr>
<tr>
<td>3. Town/Village/District</td>
</tr>
<tr>
<td>4. Province/Region</td>
</tr>
<tr>
<td>5. Mines associated with the community within which you work/live</td>
</tr>
<tr>
<td>6. Which of the following community-based groups do you belong to/work with</td>
</tr>
<tr>
<td>a NGO (name)</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>b CBO (name)</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>c Religious organizations (name)</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>d Youth organizations (name)</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>e Women's organizations (name)</td>
</tr>
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<td>Question</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>f HIV/AIDS organizations</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>g Other</td>
</tr>
<tr>
<td>What kind of activity?</td>
</tr>
<tr>
<td>7. Who negotiates with the mine on behalf of the community?</td>
</tr>
<tr>
<td>8. Are there any partnerships between the mine and the community?</td>
</tr>
<tr>
<td>9. Around which projects or activities are these partnerships formed?</td>
</tr>
<tr>
<td>10 Are there any mine-initiated projects being undertaken in the community?</td>
</tr>
<tr>
<td>11 Nature of projects (e.g. agricultural, business training, skills training, literacy training)</td>
</tr>
<tr>
<td>12 What benefits have emerged from these projects?</td>
</tr>
<tr>
<td>13 Is the community in a position to identify its own needs?</td>
</tr>
<tr>
<td>14 To what extent are marginalized groups (women, youth, the aged, and handicapped) taken into account in negotiating?</td>
</tr>
<tr>
<td>15 Does the community have the financial skills/resources to manage the benefits from community projects?</td>
</tr>
<tr>
<td>16 Does the community have the resources (i.e. skills, training, organizations which would help) to plan and manage a community-based project?</td>
</tr>
<tr>
<td>17 Does the community have the negotiating skills necessary to work with outsiders – company, government, etc.?</td>
</tr>
<tr>
<td>18 For the community to participate fully in development projects, what are the most important skills/resources that they should acquire?</td>
</tr>
<tr>
<td>19 Is information about mining activities freely available to the community?</td>
</tr>
<tr>
<td>20 Are community groupings advisory or do they have real authority?</td>
</tr>
<tr>
<td>21 How are disputes dealt with, both within the community and between the community and outsiders?</td>
</tr>
<tr>
<td>22 Local government</td>
</tr>
<tr>
<td>a Is there a good partnership between the community and LG?</td>
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<tr>
<td>b</td>
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<td>e</td>
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</table>

Please add any other comments that you feel will help us to assess the kind of skills and capacity that the communities you are involved with need.
### Appendix E Community Profile Questionnaire

Marie Hoadley                                            Private Bag 3, Wits 2050  
School of Mining Engineering                           Phone +27-11-7177422  
University of the Witwatersrand                        Fax +27-11-339-8295  
E-mail: hoadley@egoli.min.wits.ac.za                   Mobile +27 (0)83-657-9375

Please answer as extensively as possible.

<table>
<thead>
<tr>
<th>Location</th>
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<td>Agriculture-based</td>
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<td>Mine dependent</td>
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<td>Yes/no</td>
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<tr>
<td>Small-scale mining</td>
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<td>Labour-sending</td>
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<tr>
<th>Single cultural-ethnic group/mixed cultural-ethnic group</th>
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| Significant migrant labour | Yes/no |

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<th>Barriers to participation</th>
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<tr>
<td>Cultural/Traditional</td>
<td>Those that require time to change, e.g. women not allowed to participate in negotiations, etc.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Internal</th>
<th>e.g. political divisions, cultural divisions, gender, religion, passivity, lack of skills, etc.</th>
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<tr>
<th>External</th>
<th>e.g. regional and national priorities, HIV/AIDS, national unemployment, etc.</th>
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</thead>
<tbody>
<tr>
<td>Literacy rate</td>
<td>High/average/low</td>
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</table>

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<table>
<thead>
<tr>
<th>Unemployment rate</th>
<th>High/average/low</th>
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</thead>
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<td>HIV/AIDS prevalence</td>
<td>High/average/low</td>
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<tr>
<td>Economic activities</td>
<td>i.e. outside mining, for example agriculture, tourism, etc.</td>
</tr>
<tr>
<td>NGOs – importance and effectiveness</td>
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<tr>
<td>Church Groups – importance and effectiveness</td>
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<tr>
<td>Women’s organizations – importance and effectiveness</td>
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<td>Youth organizations – importance and effectiveness</td>
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<tr>
<td>Development opportunities</td>
<td>i.e. what else could the community do to earn a livelihood, e.g. agriculture, tourism, fishing</td>
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Appendix F  Sishen Iron Ore Mine – A Comprehensive Approach to Community Development in One of South Africa’s Poorest Regions

The Sishen Iron Ore Mine (Sishen), one of the operations of Kumba Resources, is situated in the Northern Cape Province of South Africa. The Kgalagadi region, where Sishen is located, is economically depressed and has been identified as a rural poverty node that is a priority for investment. The economy depends heavily on Sishen, which employs 3,100 workers. Levels of economic diversification are low, as are non-mining exports. The low rainfall makes agriculture difficult, and the tourism potential has not been exploited. The communities are remote, and there are few job opportunities. Unemployment and poverty levels are high, and, as in many underdeveloped communities, the survival strategies include crime, which is increasing. The increase in informal sector activity has not reversed the declining employment figures. The combination of a depressed economy, a remote setting, and the importance of mining in the province creates circumstances that could encourage local communities to become reliant on Sishen.

Sishen has responded to the challenges of contributing to social betterment through comprehensive structured interventions, done in full consultation with other stakeholders. The company realizes that its activities should go beyond those that are directly relevant to its core business. Its policy is one of involvement with the numerous facets of community life and its entire people, including women, young people, HIV/AIDS sufferers, and older people.

One of the many community projects initiated by Sishen is the Tshono Leathercraft and Tannery business in the nearby town of Dibeng, where the community is extremely poor. The process followed in establishing this project is characteristic of the Sishen procedure, one of the aims of which is to enhance community consultation and participation.

Before the project was proposed, Sishen had already identified potential partnerships in its community betterment programme. They included all three tiers of government, other mines in the area, mining companies, other companies, NGOs, and communities. The resources available in these stakeholder groups were identified.

A needs analysis of the community had also been done and was aligned with the priority needs identified in the Regional and Integrated Development Plans. The local government proposed that this project should target women and handicapped people, and suggested candidates for inclusion.

Feasibility studies and impact assessments were conducted to identify and package projects. This particular project built on the traditional leather-working skills of the Tswana and Khosan people, which had largely fallen into disuse.

Implementation plans were designed and the project was evaluated for sustainability. This project employs 24 handicapped people and previously unemployed women. It is a profit-sharing one, and participants earn approximately R400+ per month on average.
The project was marketed and the proposed activities communicated to all stakeholders. Marketing for this project was done on local and overseas trade fairs and tourism and outdoor activity exhibitions.

As the project proceeded, the participants revealed skills that had never been developed and that went far beyond the basics envisaged at the start of the project. Innovative skills surfaced, and participants are introducing their own products and patterns. They have also independently introduced a range of products that extends far beyond the initial handbags.

Sishen anticipates that it will be some time before the skills level is at a stage where the company can hand the project over to be independently managed by the community. They are also investigating the possibility of an established BEE company taking over management and responsibility for the project. However, the company will stay involved until it is comfortable that participants have developed a sufficient depth and range of skills to manage the project independently. Sishen, in partnership with the Department of Social Welfare, started a curio shop next to the highway. This shop buys items produced by poor people. Efforts are being made to market the goods on international markets, and locally the products are sold at curio shops, hotel chains, and local fairs and as corporate gifts.

Currently the company initiates most of the projects. It is the company’s view, based on experience, that the community, which is very underdeveloped, lacks the experience and expertise to identify its needs, set priorities for them, and find a solution in a particular development project. The project has experienced a few problems, such as a monopoly in the trade in animal hides in the region, internal squabbling, demands for better wages, and the establishment of markets for the manufactured goods.

Lessons learned:

1. Thorough preparation, including stakeholder engagement and a needs analysis, increase the chances of success of a project. Skills and practical abilities in the community were identified before training commenced. Training was undertaken by the Institute for Leatherworks of Rhodes University.

2. The articles produced are traditional objects and encourage a sense of cultural pride in the community. While the project provides employment, it also nurtures the culture of the participants.

3. The empowerment of women in a particularly disempowered community increases the chances of a wide spread of the benefits. In many mining communities, women have been identified as a strong but undertapped resource. There is only one man involved with this project, which is the most advanced of the Sishen community development projects.

4. The use of mainly local materials increases the financial viability of the project. Hides are donated by game farms and farmers, and the project also buys from the abattoir at De Aar.

5. Where the participants have a low skills base, it is important to allow plenty of time for the development of the project and the people involved in it. Project funders and
initiators must be prepared to wait. Skills in this project have been developed to the level of floor management, but financial and business skills are still lacking. In particular, marketing skills need to be developed.

6. The project is closely aligned with the Regional Development Programme and, as a result of the consultative process used to design the RDP, the project directly addresses key issues – in this case poverty and unemployment – as well as marginalized sectors (women and handicapped individuals) that are raised in the RDP.

7. Sishen trained more people than were originally needed on the project. This was to allow for possible expansion and also because certain aspects of production could be done from home. Some people working from home have started their own small production lines.

8. Where unfamiliar economic concepts are introduced, such as profit-sharing and commission-based sales, care should be taken to ensure that the community has a sound understanding of the way these structures function. A failure to do so can severely disrupt a project as participants demand wages related to the formal employment sector.

Kumba Resources uses the following criteria to assess and value potential projects for funding. Sustainable development is a cross-cutting requirement of all projects that operations become involved in.

**Funding of the project – Value 10**
If the project is already fully funded then Kumba will not consider it, unless technical assistance is required. If a project receives a 0 under this specific criterion, then it must receive a 0 under the remaining criteria, except the criteria for technical assistance.

- 0- Project is fully funded. (Only value the criteria for technical assistance. The remaining criteria must receive a 0.)
- 5- The project is partially funded.
- 10- The project is not funded at all.

**Technical assistance – Value 10**
Since assistance can also be in terms of technical skills and know-how, it is important to rate each project possibility according to the technical capacity of the municipalities to implement that particular project.

- 0- No technical assistance required, the municipality will be able to implement the project on its own.
- 5- Technical capacity does exist but is limited and assistance is required.
- 10- No technical skills available.

**Ease of implementation – Value 10**
This criterion was developed to try and limit the risk of implementation failure. Considering all aspects like funding, technical difficulties, available skills, time period, resources, level of difficulty, and so on, can this identified project be implemented or not?

- 0- There is almost no possibility that this project would ever be implemented.
- 10- This project could easily be implemented.
Previously disadvantaged areas or communities – Value 10
The project must either be located in a previously disadvantaged area or must target communities or individuals in the previously disadvantaged groups.

0 - Is not at all located in a disadvantaged area or does not target the lives of previously disadvantaged communities.

10 - Is located in a disadvantaged area and targets the lives of previously disadvantaged communities.

Poverty alleviation – Value 15
Poverty alleviation in the communities is one the critical aspects for the mine and the municipality. Its value is relatively high compared to other criteria.

0- Project will not contribute to poverty reduction at all.
7- Although not developed as a poverty alleviation project, it will still contribute in one way or another.
15- The project was initiated as a poverty reduction project, implying that its objective is poverty reduction.

Gender equity – Value 5
Will the project enhance gender equity?

0- The project will not contribute to gender equity.
5- The project was initiated as a gender equity project, implying that its objective is to promote gender equity.

HIV/AIDS – Value 5
This criterion measures the impact of the project on the HIV/AIDS issue.

0- The project does not deal with the HIV/AIDS issue at all.
5- The project was initiated as a HIV/AIDS project, implying that its objective is to reduce the number of HIV/AIDS cases.

LED (local economic development) – Value 10
Will this project enhance local economic development?

0- LED is in no way considered or affected by this project.
10- This project was designed as an LED-project, implying that its objective is to contribute specifically to LED.

Job creation – Value 20
This criterion is about the number of sustainable jobs created. Since this is crucial in terms of Kumba’s social plan, a very high value was given.

0- No permanent jobs created.
10- Reasonable amount of jobs are created.
20- The impact of the project on job creation is very satisfactory.

Impact on the environment – Value 10
Although any development will have an effect on the environment, it is important to also protect and look after the environment. This will ensure that our natural resources will still be available for future generations.

0- The project’s potential impact on the environment is very severe and no alternatives exist to limit its effect on the environment.
10- The project was identified as an environmental project, with a clear objective of contributing to environmental management.

Although the total value is the best indicator, individual criteria must be considered as well. A project might have received a high total value but its ease of implementation might be low, for instance.
Appendix G  The Palabora Foundation

(The Palabora Mining Company was selected from companies all over South Africa as one of the three finalists in the Corporate Category of the South African Community Builder of the Year, 2003.)

PROCEDURES FOR THE FACILITATION AND SELECTION OF NEW COMMUNITY PROJECTS (JULY 2002)

1. Three to four times a year the Palabora Foundation (the Foundation) and the local communities, represented by Community Development Committee members (CDCs), from the townships and Traditional Authority Areas meet at a Community Development Forum. Invited stakeholders include CDCs, Traditional Authority Leaders, Local Government Ward Councillors and Government Departments.

   - The Foundation reports to the communities on its activities and the progress of current projects
   - Community members involved in projects report on progress to the Palabora Foundation and to other communities.

2. The Foundation evaluates new community project proposals once a year on the basis of viability and alignment with the Foundation’s purpose and budget.

3. The Foundation facilitates the provision of skills to Community Development Committees (CDCs) to prioritize new projects based on criteria linked to the Foundation purpose. This is done in workshops to establish what skills are needed by the CDCs, and also to enable the Foundation to monitor what capacity it has built up.

4. In the third quarter of the year, before budgets are drawn up, new community projects are presented at the Community Development Forum. At the final Community Development Forum Meeting of the year explanations are given as to why certain projects were not accepted.

5. Communities identify development projects that fit the Foundation’s purpose, which is to assist local communities to become self-reliant. At the same time communities are capacitated to understand the Foundation's purpose.

6. Transparent ranking of projects, by communities and the Foundation, is based on needs analysis. The Palabora Foundation uses some of the criteria below to identify the best new projects.
   - Wealth creation
   - Job creation
   - Community self-reliance
   - Community involvement and ownership
   - Sustainability
7. New projects are presented to the Foundation Board of Trustees for approval. Currently the trustees represent Palabora Mining Company, the community and the Foundation Director ex officio.

8. Approval of Projects by the Foundation Trustees.

9. Base-line studies of projects are conducted with the community. These status quo reports assist with monitoring the project, establishing what benefits accrue from them and ensure transparency.

10. Projects are scoped and specifications clearly established with communities.

11. Project partners are identified. Partners could include other donors, the community who will implement, and government, so that, when the Foundation withdraws, there is support and mentoring from government.

12. Community involvement in implementation:-
   - Memorandum of Agreement - this states clearly the scope of the project, the lines of accountability, the budget and administration, and is drawn up between the Foundation, the CDC representatives and the implementer.
   - Budgeting – draw up budget, information is provided to the community about the budget, and the implementation.
   - Tendering, construction and commissioning.
   - Training – skills identified on an ongoing basis and expanded as necessary.

13. Mentoring of projects by Palabora Foundation staff.

14. Evaluation/monitoring of projects at Community Development Fora and by partners in the project.

15. Hand-over to an established community structure

16. On-going availability of the Foundation for advice and mentoring, but a cessation of funding.

Lessons:

- Experiential transfer of skills: The majority of interviewees indicated that this was the most effective way of building capacity.
- Transparency of the process: The community is fully informed, and the chances of conflicts and disputes are decreased.
- Involvement of community and other partners: This ensures that the projects are aligned with the needs of the community and government and will have support from the community and the other partners. Resources other than those of the Foundation become available for the project.
- Clearly stated exit date: The likelihood of dependency is decreased and the community and implementer have to administer the budget in accordance with the date of exit.
- Availability of advice and mentoring after the exit date, which promotes the sustainability of the project: Projects that succeed may draw further support from the Foundation or other donors.
Appendix H  Titirheleni Community Gardens ("Work for Yourself")

Vegetable farming is very difficult in the Phalaborwa area of South Africa due to the intense heat in summer, to low, thunder-storm type rainfall, and to poor soil quality. During the summer season, only maize can be grown.

The women involved in the Titirheleni Community Gardens presented the project to the Palabora Foundation through their Community Development Committee. The project initially had been surviving on its own for about two years, but had serious problems and was faced with collapse. At that stage it was a subsistence-level activity. The women had few implements, no infrastructure, such as pipes or boreholes, and no financial, technical, or marketing skills.

The Foundation met with the women to establish what skills and infrastructure were needed and what funding would be required. A decision was made to support the project, and the Palabora Foundation sourced R150,000 from an external donor for pumps, pipes, and other infrastructure. Skills training, in particular financial management and technical skills, was provided. The Foundation provided advice and mentoring with the local Department of Agriculture. During the initial phase, its involvement with the project was intense, and then it was scaled down to mentoring and site visits. Funding was provided on a graded system.

Idah Mabasa, who is in charge of this project, said that she earned about R500 from the project and that women on the project also used their produce to feed their families. The women showed an awareness of business management – a bank account has been opened, and members of the group pay R50 a month to cover electricity, pesticides, equipment, and fertilizer.

Women are each given plots within the garden to cultivate. As well as vegetables, seedlings are sold to local residents. Conflicts, such as members of the group not working during the slow season, are managed equitably. Their plots are given to other women to cultivate, and they have to wait until the crops have been harvested before getting access to the land again.

They would like to diversify into making preserves from their produce, but they need training from the Department of Agriculture. They are also looking at expanding their market, and the adjacent Namakgale township is a possible market for fresh vegetables.

In September 2003 the Foundation ceased funding the project and handed it over to the community. The Foundation will still be available for advice and mentoring. An agricultural extension officer visits the garden every two weeks.

This project was so successful in the community that a second vegetable gardening project of an equivalent size was started about 12 months later on adjacent land. A group had watched the progress of the garden and the benefits it brought to the gardeners. The Foundation expected the second group to approach it for assistance but, to its surprise, the 'learn-by-watching' process made the second group self-reliant.
In November 2003 the Titirheleni Community Gardens won the prize for the best garden in the Municipal Area and has gone through to the next round at District Level. The Member of the Executive Committee for Agriculture has approached the Foundation to explore opportunities for further cooperation.

Lessons:

- Interviewees without fail identified women as valuable but underused community resources. The project empowered the women in that they were provided with the skills to be decision-makers and income-earners and to ensure food security for their families.
- Teaching/learning by example is a successful way of transferring skills and knowledge, especially in communities where illiteracy can pose problems for capacity building.
- Small projects that provide quick benefits to poor communities are valuable to get community buy-in and support for more medium- and long-term projects.
- Projects that promote self-reliance free up resources (in this case, the Foundation) for other projects.
Appendix I  Using Community Resources to Bridge the Gap Between Dependence and Self-Reliance

Rietspruit Mining Services is one of the coal mining operations of Ingwe Coal, which is part of the BHP Billiton Group. The operation is situated near Witbank, Mpumalanga Province, South Africa. The Rietspruit village was established to house the employees of the mine and their families. At peak production, the mine employed approximately 1,500 people from the village, which was completely mine-dependent. The mine stopped production on 22 May 2002.

The main partners in the closure of the mine and the integrated plan to develop a self-reliant community are the Rietspruit community, represented by the Rietspruit Community Development Forum, Rietspruit Mining Services, and Sustainable Villages Africa (SVA).

In 2002 SVA was contracted by the mine, on a turnkey basis, to execute and coordinate the socio-economic plans for closure. One of the first tasks was comprehensive scans of the village and the establishment of databases that showed the resource and skills capacity in the village.

In spite of early advice to the community about closure, people were despondent and disillusioned. For many years the mine had been the provider of food security, security of tenure, employment, and a vision of a secure future. The partnerships around the closure reacted swiftly to the community’s manifest unhappiness, which took the form of alcohol abuse, crime, vandalism, and theft. A number of “quick-win” projects were put in place. These were designed specifically to motivate and mobilize the community, to get their buy-in to medium-and long-term projects, and to assist with the immediate problems of decreased spending power.

The nature of these projects meant that they had to draw largely on existing skills within the community, both those acquired in the mines and indigenous skills. Where skills were lacking, projects were selected where skills could be acquired quickly. More sophisticated skills are supplied by SVA, which uses the experiential method of teaching to transfer these skills to community members. The projects demand and get active involvement from the community.

Hydroponics mini-tunnels for growing spinach, which fit into a township backyard, can generate up to R2,500 per month income for the operators. Basic technical skills and some financial management training were provided. The tunnels were designed for a dense urban environment, with each tunnel able to viably supply about 300 hundred surrounding households, hence only three tunnels were equipped at Rietspruit (total of 790 households). At Rietspruit, one of the unexpected developments was that the tunnels heightened the awareness in the village of the value of home gardens, and within six months there was so much spinach being grown in other homes that the tunnels were struggling to find clients. The one tunnel that failed did so because of unrelated social reasons. There is a current proposal that the tunnel should be moved to the pre-school, where it can generate income to help subsidize school costs.
Meat processing is an import-replacement project designed for community self-sufficiency. Technical skills were provided during a short course of two weeks, consisting of a module of business and personal finance training, as well as the technical skills needed to make the meat products. The course was attended by 11 people, who are now employed in the meat processing business. Financial management is facilitated by SVA, who is passing on bookkeeping and computer skills to participants. The operation is low-tech, and with minimal equipment, the 11 workers produce a variety of processed meats for the local market. The factory, and its shop, is housed in what used to be the recreation club. This building still serves as a community centre and is used for large meetings.

There are indications that vested interests and political agendas within the community are hampering the progress of this and other projects. However, promotional activities to sell meat products outside the village are already yielding good results. A future project, to produce dehydrated vegetables within the same facility, has already been approved and awaits funding. It will employ an additional 30 people.

A number of municipal services, such as blocked drains, will be outsourced to community members. The community has the necessary technical skills, but they will need financial and business management skills to run a sound business, and the acquisition of these additional skills is expected to take some time.

A small-farming agricultural project, which provides livelihoods for 30 entrepreneurs, was established and is thriving. A two-month theoretical course was provided. After that, the “learning by doing” method has proved very productive. A service provider, a Bulgarian agronomist, manages the day-to-day operations and further training. Markets in neighbouring towns demand more than the garden can supply, and extensions to the garden are under way.

This project has resulted in a very successful skills transfer. Participants and their families now cultivate crops in their own back gardens, using the skills learned on the project. This saves them money, as they do not have to buy the produce from the village garden, and it also frees up that produce for the market.

Two crafts projects were initiated. The first was the production of a range of textile products, such as cushions and bedspreads. The project has suffered from a lack of experience of financial management and entrepreneurial awareness. Trainees are demanding a fixed wage, even though the project is not yet profitable. Almost all the working capital of the project has been paid out over four months in the form of wage demands. Currently solutions are being sought to moving approximately R100,000 of dead stock.

The second craft project – beads and telephone-wire baskets – is being managed by an experienced service provider. Crafters produce goods against orders already obtained. These are mostly for export. The project also went through a troubled period of wage demands, but a compromise has been reached. The training period of 12 months is almost over, and the group of nearly 40 crafters is able to produce top-quality products. The technical skills are mainly indigenous and were available. Some technical skills training was done, as well as basic training in marketing and project and financial management.
The projects have achieved their aim of generating community involvement. Although designed as quick-return projects, they will all become long-term sustainable initiatives and will provide much of the skills and experience needed for the bigger projects envisaged by the Development Forum. However, more sophisticated skills will have to be acquired. These include financial management, the full range of business management skills, and particularly, given the overall aims of the integrated plan, marketing.

The profits from projects will be put into a fund for further job creation and project development. The fund will be under the control of a Trust currently being formed. There will be a minimum of 7 and a maximum of 11 trustees – 4 from the community, 2 from the donor (Billiton), 1 from the local Council, 1 from SVA, and 2 or more from important outside stakeholder groups, at the discretion of the main trustees.

All of these projects have been ‘curtain raisers’. The last phase of the project is now under way, and five large turnkey projects (R1 million and more) are ready to start as soon as funding has been secured. These will provide 200 jobs in the formal sector, and estimates of profits for the community are R200 000 monthly.

**Partnerships**

The Rietspruit Community Development Forum functions as a steering and consultative body and liaises with stakeholders in the community. It is an inclusive body that has been in place for two years and that includes representatives from 12 identified stakeholder groups in the community. Through its job creation portfolio it approves projects and presents these to the company for possible funding. Its composition is fluid, as new stakeholders present themselves and others leave the process.

Sustainable Villages Africa was contracted in 2001 to manage the integrated development plan for the village. It has established sound relationships with the community – the philosophy is that SVA has no exit strategy, only an engagement one. The fact that it has remained on site, and is the most frequent contact point with community members, has generated trust in Rietspruit Mine Services, the Development Fund, and SVA itself.

Rietspruit Mine Services in the area will remain until closure and rehabilitation are complete, due to be within two or three years. The mine’s initial social plan was visionary, and it was one of the first to provide family housing units for its workers. Its retrenchment strategy was ahead of its time. The advantage of this progressive attitude was that the community was not left in dire poverty and has a high literacy rate and a substantial skills base. The mine provides funding, resources, advice, and counselling to the community. It is an active partner in the socio-economic transition of the community and is undertaking the rehabilitation of the land, which it is envisaged will be ready for use as prime pasturage by 2008.

**Lessons Learned**

- A comprehensive knowledge of the resources and skills available in the community means that communities can participate, instead of being passive recipients of development initiatives. This promotes sustainability.
• Proactive and progressive socio-economic planning by a mining company gives the community a breathing space between closure or downscaling and the establishment of alternative economic activities.
• A quick response to critical or potentially critical situations can prevent these from developing into entrenched attitudes and practices.
• Strong and visionary partnerships motivate the community and build trust. Consultation with the community avoids the perception of a ‘top-down’ approach and ensures that projects set priorities for community concerns and aspirations.
• Quick-win projects are invaluable in previously dependent and very poor communities. They lessen the risk of passivity and of survival strategies such as theft, violent crime, and prostitution, which can polarize and impoverish communities and lead to disintegration of community structures. In addition, they increase the skills pool that larger projects can draw on.
• Entrepreneurship is a difficult concept for people who have no experience of sophisticated economic systems. It will take a long time for a culture of entrepreneurship to emerge, and compromises may have to be made initially in projects run on this basis.
• Critical skills and knowledge shortages, which have also been identified in other initiatives, are financial awareness and management, entrepreneurship, and personal commitment for long-term gains. This makes project participants vulnerable to external agendas, which frequently promise a quick return that is not sustainable. Project coordinators need to be aware of this vulnerability and to understand the development backlog that gives rise to it.
Appendix J  The Chambishi Bakabomba Trust

The Chambishi Bakabomba Trust is facilitated by Chambishi Metals Plc, which also provided start-up funding. The Trust was established to facilitate external funding of community development projects in Chambishi, Zambia. Control and management lies with the Board of Trustees, a multistakeholder body with representatives of Chambishi Metals Plc, the central government, the Mine Workers Union, local government, and the Chambishi community. This Board is tasked to:

- manage and administer the Trust,
- accept full accountability for the activities of the Trust,
- monitor the achievement of its objectives,
- report to the sponsors on a quarterly basis,
- channel funds to development projects, based on a needs analysis and a criteria-rating evaluating the project’s impact on the community, and
- review the policy annually and set the parameters for the next year.

A Steering Committee includes community leaders of various community groups – youth, women, church, civil society – the Mine Workers’ Union and staff from Chambishi Metals. It assists the Board of Trustees by:

- calling for project proposals from the community annually,
- setting priorities for the projects through an objective selection process, and
- sourcing project funding.

The objectives of the Trust are to promote development in the Chambishi Township that is in line with the principles of sustainable development – that is, social, economic, and environmental progress. Through its promotion of small-scale industries, it hopes to create employment and improve living conditions for the residents of the township.

The projects funded by the Trust have had a low success rate. Only 2 of 14 projects are regarded as successful. The Fund ascribes the high failure rate to a lack of business skills, particularly planning and financial skills. One example is a project that proposed to rear broiler chickens. The project manager bought a large number of chickens, and did not have enough funds to buy feed for them. The result was starving and underdeveloped birds that were not acceptable to the market.

Another problem is poor accountability and misuse of project funds.

The Trust found that the Steering Committee tended to focus on projects that were going well and neglected to monitor the others closely or to give advice. A spokesperson for the Trust noted that if failed projects had been given the necessary assistance as soon as problems started, many of them would have succeeded.

In a proposal to “Establish a Training/Display Centre where all members of the Community can visit to receive ideas, knowledge, skills, business training and hope in their journey to establish a better quality of life for themselves,” the Steering Committee of the Trust identified the lessons learned from a large number of failed projects:
Before funds are awarded, there need to be more detailed feasibility studies and consultation with the Project Coordinators in order to ensure a higher success.

At community level, the concept of a business institution or NGO lending money and the project having to repay that money within a given time frame is not well established. The culture of giving grants is a preferred development philosophy. In support of the Zambian Government’s policy to privatize and liberalize the economy, the philosophy of lending and creating the understanding of “nothing is for nothing” are important values to establish at community level.

Limited success was achieved in making a significant impact with business development projects. For this reason, a facility needs to be established where people can attend and be exposed to fundamental principles in micro-manufacturing without risking or losing their investment before they have experimented with the basic business principles.

A large component of the population are marginalized by the HIV/AIDS pandemic, unemployment, poverty, and so on. The new facility will give all members of the community a chance to experience the logical business start-up procedures from the idea generation stage through to meeting market and customer requirements.

The Trust gives preference to communities adjacent to the operations of Chambishi Metals Plc and supports projects that are the initiative of community members and that

- will benefit a large section of the community,
- are sustainable,
- make clear provision for accountability, and
- are cost-effective.

The Trust has developed a straightforward Project Priority Rating for proposed projects.

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<td>Number of people to benefit from the projects</td>
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<td>100% of community</td>
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<td>50% of community</td>
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<td>30% of community</td>
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<td>Less than 100 people</td>
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<td>Sustainability</td>
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<td>75-100</td>
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</tr>
<tr>
<td>6</td>
<td>Repayment undertaking</td>
</tr>
<tr>
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<td>Yes</td>
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<tr>
<td></td>
<td>Repayment through service</td>
</tr>
<tr>
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<td>No undertaking</td>
</tr>
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<td>7</td>
<td>Duplication</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td>8</td>
<td>Geographical area covered</td>
</tr>
<tr>
<td></td>
<td>Chambishi community</td>
</tr>
<tr>
<td></td>
<td>One compound only</td>
</tr>
<tr>
<td></td>
<td>Both communities</td>
</tr>
<tr>
<td>9</td>
<td>Real impact on better life for the community</td>
</tr>
<tr>
<td></td>
<td>Major impact</td>
</tr>
<tr>
<td></td>
<td>Substantial impact</td>
</tr>
<tr>
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<td>Little impact</td>
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