

# Exploring the Transformative Likelihood of Mine Community Development Programmes

*Pulane Mafoea-Nkalai, Researcher, Sam Tambani Research Institute, Johannesburg South Africa.*

## **Abstract**

*The South African Mining Charter requires that mining houses include community development projects as part of their social labour plans. These community development projects are aimed at uplifting communities in and around the mines. However, very often mine communities do not benefit from mining developments. This article outlines the community development approach and framework as a conceptual and methodological tool for understanding what constitutes community development, especially in the context of mining. It argues that the principles of active participation, empowerment, and life-long learning are central to understanding community practices; these principles should inform any developmental interventions. If mine community development projects are to significantly benefit the local people, community projects should be well defined and distinguished from company-oriented projects (CSR). Local people should participate in the designing and monitoring of the success and impact of community development projects.*

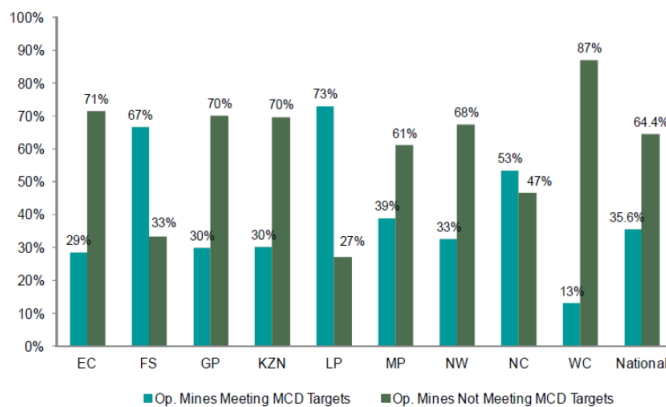
## **Background**

Mining in South Africa dates as far back as the 1800s, and for a very long time the mining industry was the driving force behind South Africa's economy and development. In fact, the South African mining industry played a vital role in the neighbouring labour sending countries' economies as well. Although the industry continues to play a significant role in the economy, many of the communities around mine operations remain poor. This is because the activities in the mining industry in South Africa have for a long time remained sculpted on capitalist and neo-liberal paradigms. The industry was driven by apartheid laws which focused on enriching the white elite at the expense of the majority black workers. As a result, even the resolve of the mine companies to eradicate extreme poverty in their host communities usually translates into policy and provision of community development projects based on purely economic concerns. However, in reality community development occurs as part of other social issues.

The United Nations 2030 Sustainable Development Goal to 'eradicate extreme poverty and hunger' largely requires the mining industry to place communities as well as the environments in which they operate as key in their businesses. Indeed, the South Africa mining industry social responsibilities are also aligning themselves with the UN SDGs, as well as striving towards government commitment to transform the industry. The establishment of the Mining Charter in 2004 signified the government's - and to some degree the industry's - commitment to transformation of both the industry as well as host communities. As an example, the Charter is meant to play a transformative role, and one of the ways to achieve this is by 'contributing to the eradication of enclave development through developing programmes dedicated towards host communities and major labour sending areas' (MPRDA). Through the Social Labour Plans, government is able to ensure that mining companies take into consideration the needs of the host communities as well as assist in developing the communities.

Ott (2017) has argued that often the location of valuable mineral resources coincides with sensitive natural areas, placing developmental goals in direct opposition to the conservation of bio-diversity. Also, people are sometimes relocated, or their access to natural resources gets limited; hence the mining industry has social and economic obligations to assist the host communities improve their livelihoods. The aim of the Charter is to ensure that workers and host communities get fair treatment and a fair share from the benefits of mining.

However, to date there has been very little transformation despite several reviews and amendments of the Charter. The 2015 Mining Charter assessment report showed that nationally only 36% of mining right holders have achieved their set target on mine community development (as per the figure below), yet the Chamber of Mines reports showed that the industry had spent about R961 million in 2010 only for community development (Chamber of Mines SA, 2011). The industry had supposedly spent more than any industry on community development.



According to the Chamber of Mines, although the 2010 Charter assessment does not set general spending targets in respect of mining community development, the spending budgets were set through engagement with the Department of Mineral Resources (DMR), and it was agreed that outcomes should be measured against impact. However, the Chamber of Mines regards a 1% of net profit after tax (NPAT) target as a realistic target for Corporate Social Investment. As a result, the Chamber reported that of the 28 companies surveyed in 2016, 25 spent more than 1% of NPAT. All in all, their spending was R1.14 billion. The entire industry’s NPAT for the period amounted to R34 billion, of which 1% is R339 million. So, the 25 companies alone spent triple the total 1% of NPAT standard (Chamber of Mines, 2017).

While the benefits stated above are acknowledged, the activities of the mining industry have negative impacts on the environment and on the lives of local people. As a result, mine community development projects should not only be assessed in monetary terms. It is vital to recognise that host communities endure unreasonably high levels of the cost (socially, economically and environmentally) of the operations of the mining companies while the social investments provided by the corporation through CSR initiatives are inadequate to address the negative impacts, and do not result in improvement in the welfare of community members.

A research conducted by the Centre for Applied Legal Studies titled '*The Social and Labour Plan Series Phase 2: Implementation Operation Analysis Report*' (2017), concluded that host communities have, for a long time, been saying that they have not seen any tangible improvements in their lives under the MPRDA. The report further states that there has been growing recognition of these challenges in recent years, not only on the part of DMR and parliament, but also of private sector economists. Ott (2017) also argues that through the SLPs, mines are frequently expected to take the place of local government through the provision of water, health care, infrastructure and other key social services. He states that Marias and Cloete (2015) warn that this increases dependency of host communities on mines.

It is within this context of unclear roles and expectations as well as undefined processes that both government and mining companies treat mine community development initiatives as CSR projects.

### **Community Development Framework**

The concept of community development once had the attention of academics, politicians, policy makers, as well as the private sector. The concept gained popularity, as theorists sought to clarify the notable degree to which development initiatives and efforts, especially in poor communities, were not reaching intended outcomes. Smith (2013) argues that the interest came due to the growing concern of the British Colonial Office after the Second World War. He argues that the concern was, in part, a response to the growth of nationalism and in part an outcome of a desire to increase the rate of industrial and economic development. It was then that the concept started to appear strongly in United Nations documents during the 1950s.

According to the UN (1995: 2014) community development is '*a process where community members come together to take collective action and generate solutions to common problems*'. The key principles to draw from the UN definition is that community development is a process where local people take charge of their own development. According to Midgley et al. (1986:18) in Smith (2013), the definition drew extensively on British literature and experiences in Africa and India, in which three important elements were identified:

- a concern with social and economic development;
- fostering and capacity of local co-operation and self-help;
- the use of expertise and methods drawn from outside the local community.

Community development as a framework is focused on active participation, empowerment and capacity development, hence it is transformative in nature. It renders local people as key in their own development, where people decide their developmental direction and find ways and strategies to attain their future. As a result, community development initiatives are expected to be aligned with the livelihood strategies of local people. Such initiatives have a greater chance of being supported by the people because local people see the projects as their own, and not imposed on them from outside. Satge et al. (2002) in Von Kotze (2010) points out that good

livelihoods planning is based on a collaborative enquiry to discover how people live, what resources they have access to, what works, and what has potential to work. They argue that such planning identifies how different people in different households are able to transform their assets and capabilities into livelihood strategies. It explores what people see as desirable livelihood outcomes. Often these opportunities are never explored in mine community development projects.

Despite the obvious benefits of community development approaches, it has been quite clear that it is not an easy process to follow. As an example, Africa has been a recipient of foreign developmental aid for a long time, aimed at uplifting communities; yet little has been achieved. This is the same case with mine community development projects.

At the Mining Indaba 2018 a well-known mining company in South Africa (Lonmin), government, labour and civil society engaged in a panel discussion around the theme ‘closing the deficit between government, industry and communities in mining’. The mining company reported on all the initiatives that they are involved in, in an attempt to address social and economic issues in their host communities. Such initiatives include establishment of Community Trusts, in which the community holds shares and are entitled to dividend payments which may be used for up-liftment projects in the respective communities. Civil society organizations that are working in the same host communities complained about the poverty levels, unemployment and lack of access to basic services in the same areas. Government highlighted the challenges of working with communities; they pointed out that the needs of the communities are not static, but rather change with time and circumstances.

During the panel discussions, people asked questions such as: *has the community become dependent on mines to deliver social services? Has the local government relinquished its responsibilities of service delivery to mining communities? As the mining industry, have we taken on too much responsibility for local problems?* These questions signify the confusion regarding how mine community development is to take place so that tangible results are achieved.

One of the challenges with these development initiatives reported by the mining houses is that although they are called ‘mine community development’, they are not community development initiatives as such, but rather Corporate Social Responsibility projects. Ismail (2009) defines CSR strategies as how corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to communities in terms of development. These projects can play a role in community development but in themselves are not community development, as they are not transformative in nature. For example, CSR projects do involve the community but may not necessarily require the community’s participation. In other words, the community may be a beneficiary, but may not partake in conceptualizing and designing the projects.

The Mining Charter presents one key principle with regards to mine community targets, which is that of community consultation. The understanding is that the process of consultation would afford the community an opportunity to partake in decision making around the project. This is

also one of the key principles of the community development framework. Yet, the Charter does not clearly define how this process should happen. Often, very little or no consultation and participation happens. A research conducted by CALs concluded that the regulatory system is not capable of producing SLPs that can effectively contribute towards the transformative objectives, one reason being that the legal framework does not sufficiently regulate how SLPs are drawn up; especially because it does not set clear requirements for the public participation of communities in the development of SLPs.

Chenga et al. (2006) warns that over the last decades the relationship between mine corporations, government, and communities has changed in such a manner that corporate organizations, especially transnational corporations, are able to wield more power than most developing countries' governments because of their financial and global clout. They argue that the result of this is that communities, especially those associated with the extraction industry, have found themselves in a more vulnerable position because their closest ally (the government) may not be in a position to support them because of international pressures.

Development initiatives that are not conceptualized, designed and driven by local people tend to disempower the local people. In many cases, local people do not even recognize them. As a result, when the industry reports on the money spent on these initiatives and the challenges of working with local people, one cannot help but wonder whether communities are not being asked to participate in a game that they did not design.

But this challenge is also not surprising. Mining companies are not experienced in community development. They are businesses, they are meant to make profits by maximizing business. Hence the majority of the people responsible for community development are technical people, either experts in business or engineers. In such cases, mine community development projects are defined in terms of production and are not valued as much as the projects that generate profits. The social context in South Africa demands the need for mine community development, as both a commercial and social investment. Thus companies opt for community development as CSR without even being aware of that decision. Mine community development projects should build on local livelihood activities. This means knowing how local hierarchies are tied up in larger socio-political structures, how people's living arrangements change as result of mine operations, how local people define their own problems, and how communal resources are managed for the benefit of the people. Yet, this remains a challenge for mine houses. Could it be that mining houses are being expected to champion community development yet they are not designed for that?

The application of the community development framework highlights issues of genuine stakeholder participation, power relations (particularly power imbalance), and partnerships in decision making as critical in ensuring that local communities take part in deciding what happens to their environment and to their lives.

## **Conclusion**

This paper has argued that there are aspects of community development that affect and influence the success of development initiatives in mine host communities. These aspects of the community development framework can prevent local people from engaging with mine houses. In addition, mine community development as stated in the Charter should ensure genuine participation of local people. Mine community development projects are likely to gain support when power relations between mines, government and local people are shifted in a manner that guarantees that all stakeholders benefit from the mining activities.

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