



PO Box 37357  
Birnam Park  
2015  
South Africa  
Tel & Fax: +27 11 646 4962  
E-mail: [paul@aiccafrica.com](mailto:paul@aiccafrica.com)

---

**Mining Minerals Sustainable Development  
Southern Africa**

---

Research Topic 3: Mining and Society  
LOCAL DEVELOPMENT

---

Input to:  
MMSDSA Regional Research

Compiled by:  
Sam Choshi  
For:  
African Institute of Corporate Citizenship  
July 2001

## EXECUTIVE SUMMARY

The contribution of mining and mineral resources towards national economies of SADC member countries is undoubted. There are positive prospects for the growth and expansion of the mining industry in the region. What is worrying is the prevalence of negative incidents such as civil wars, corruption and political instability. Despite this significance of the mining industry to national economies, the extent to which this industry contributes to local economic development is unknown. Even most SADC member countries' policy reforms concerning the mining industry are not explicit in terms of the relationship between mining projects and communities located adjacent to mine project sites. From a policy reform point of view South African seems to be ahead in terms providing policy frameworks relating to mining and community development.

Many South African policies and legislations are sensitive to issues of community participation and development. This is in line with the quest to accompany political decentralisation with the transfer of economic development responsibility to municipalities. The South African Local Economic Development Policy is intended to give guidance concerning how municipalities can plan, implement, monitor and evaluate local economic development initiatives in their areas of jurisdiction. Municipalities are also encouraged to formulate strategic integrated development plans. Despite these local initiatives, the mining sector is still not reflected as core to the development agenda of most municipalities. This is partly due to the historical dominance of the national government in controlling the mining industry. At the level of policy and legislation, the South African government has made a lot of progress. The implementation of the policy and legislative is likely to encounter obstacles at the local level, and these include, *inter alia*, the existence of undemocratic local structures, lack of capacity at local level and the continuing control of local structures by national parent organisations.

The concept of local economic development is slippery, as it means different things to different people. In general, the market-led and market-critical approaches are the two main divergent paths of local economic development. With regard to the market-led approach local economic usually have a strong link with the external environment rather than the local economy. For example, market of market-led enterprises is predominantly outside the local area, and the enterprises are vulnerable to the macro-economic forces. Under the market-critical approach local economic initiatives are usually geared to address local problems of poverty and unemployment, these initiatives have a weak link with the macro-economic environment. Most of the interactions between mining projects and communities are centred on market-critical economic interventions. Mining projects are usually found in impoverished localities, and it this poverty that influences the direction of most development initiatives.

Mine projects have the potential to serve as catalysts for local economic development. The application of the project life cycle on mine projects shows that there are opportunities associated with each stage of the mine project's life cycle, namely planning, construction, operation and closure. These opportunities range from employment, human resource, small business and infrastructure development to service delivery and the generation of revenue. These opportunities fall into two main categories, namely demand- and supply-oriented. These orientations are found in both the mine project and communities. The organisation of opportunities in the mine project and communities is complex. This is particularly the case in communities, as there many stakeholders with varied interests. It is only those opportunities with high level of sustainability and couched within the resource capacity of participating stakeholders that should be at the core of interactions between mining companies and communities.

The planning stage of a mine project is critical. It is at this stage that frameworks for activities in subsequent stages are formulated. Key features of this stage include organising effort, designing and integrating the different

plans, including the mine project operation, community development, environmental management and social plans. This stage presents an opportunity for the participating stakeholders to tap into each other's resources. Opportunities associated with the construction stage are temporary, and it is important for participating stakeholders, communities in particular, to be aware of this. The social plan can be adopted as a useful instrument to reduce the negative impacts of job losses and decline in lifestyles among community members resulting from opportunities lost on completion of construction activities. Paralleling the operation of the mine project should be a process of implementing the plans designed during the planning stage. New plans/ strategies, such as local economic regeneration, can be formulated during this stage if they were not tackled during planning. In line with the policy governing access to opportunities, which should be the outcome of planning stage, it is important to monitor the extent to which multiplier effects of the mine project trickle down to communities during this stage. Decommissioning and closure represent loss of benefits to communities. The exit of the mining sector from the local economy may lead to the collapse of the local economy. This requires a proactive approach based on some form of "early warning systems" and the design of a strategy on post-closure local economic development.

The interactions between mining companies and communities are centred on the nature of partnerships that participating stakeholders forge. Though partnerships present an opportunity to bring together different resources and consolidate effort, they are not immune to problems, such as tensions, legitimacy, capacity and lack of common goal. Local development is multidimensional, and, hence, it requires a multifaceted response, making the participation of different parties in development indispensable.

Some of the opportunities and associated dynamics are illustrated through the case studies. The Tshikondeni case study highlights the problems associated with investment in community development. While it is important to invest in communities, companies should guard against becoming the victims of "an

investment trap". The company's initial investment in a community should be able to leverage support from other stakeholders. If this does not happen, private sector investments in communities are likely to become unsustainable. Mine projects are an important source of community services and infrastructure. In a situation whereby the services and infrastructure are owned and managed by the mine during its operation stage, the situation becomes unpleasant with regard to the management of services and infrastructure in post-operation phase of the mine project. Illustrative to this is the case of the **Zambian Consolidated Copper Mines**. The **Anglogold** case study demonstrates the significance of accompanying the promotion of local enterprises through opportunities indirectly related to the mine project by a support package, which can include training, loan-scheme, counselling and mentoring. Dealing with retrenched people requires a major financial investment. In addition to allocating a budget to cater for the support to retrenched people, **Placer Dome** showed its commitment to the process by appointing a senior person to act as coordinator of the **Care Project**, which was established for the purpose of addressing the social and economic needs of retrenched people. The significance of proactive planning was evident in dealing with issues of the pending closure at the **Rietspruit** coal mine. The highlight of the **Anglogold** case study on dealing with mine closures was the importance of research on the economic opportunities that can be pursued in the post-closure stage of the mine project.

Adopting a proactive approach in the process of interactions between mining companies and communities is the key ingredient of sustainable community development. It is through this proactive approach that frameworks for interactions during and after the lifespan of the mine project can be formulated. Underpinning these interactions should be an understanding of the fact that problems associated with community development are multidimensional, requiring a multi-faceted response in the form of partnerships.

**GLOSSARY**

SADC	Southern African Development Community
DRC	Democratic Republic of Congo
ESOPS	Employee Share Ownership Participation Schemes
LED	Local Economic Development
LEDF	Local Economic Development Fund
RDF	Rural Development Framework
UDS	Urban Development Strategy
SIRDS	Sustainable Integrated Rural Development Strategy
URS	Urban Renewal Strategy
ZCCM	Zambian Consolidated Copper Mines

## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>1</b>
1.1	BACKGROUND AND TERMS OF REFERENCE .....	2
<b>2</b>	<b>CONTEXT: MINING, MINERAL RESOURCES AND LOCAL COMMUNITY DEVELOPMENT .....</b>	<b>3</b>
2.1	MINING, MINERAL RESOURCES AND NATIONAL ECONOMIES .....	3
2.2	MINING, MINERAL RESOURCES AND LOCAL COMMUNITY DEVELOPMENT .....	6
2.2.1	<i>Mining, Mineral Resources and Local Community Development in South Africa .....</i>	<i>7</i>
<b>3</b>	<b>LOCAL ECONOMIC DEVELOPMENT: A REVIEW OF THEORETICAL DEVELOPMENT .....</b>	<b>12</b>
3.1	DEFINITION OF LOCAL ECONOMIC DEVELOPMENT (LED) .....	12
3.2	EVOLUTION OF LED .....	13
<b>4</b>	<b>MINING, MINERAL RESOURCES AND LOCAL ECONOMIC DEVELOPMENT .....</b>	<b>15</b>
4.1	ORGANISING FRAMEWORK .....	15
4.1.1	<i>Mine Project's Life Cycle .....</i>	<i>16</i>
4.1.2	<i>Nature of Opportunities .....</i>	<i>17</i>
4.1.3	<i>Organisation of Opportunities .....</i>	<i>19</i>
4.2	FORGING RELATIONSHIPS AND MECHANISMS FOR THE DELIVERY OF SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT .....	21
4.2.1	<i>Planning/ Policy Development/ Exploration .....</i>	<i>21</i>
4.2.2	<i>Construction .....</i>	<i>23</i>
4.2.3	<i>Operations/ Maintenance .....</i>	<i>25</i>
4.2.4	<i>Decommissioning, Closure and Post-Closure .....</i>	<i>27</i>
4.3	PARTNERSHIPS .....	30
4.4	CASE STUDIES .....	32
4.4.1	<i>Investment in Community Development Projects .....</i>	<i>32</i>
4.4.2	<i>Investment in Infrastructure .....</i>	<i>37</i>
4.4.3	<i>Promoting Small Business Development .....</i>	<i>38</i>
4.4.4	<i>Decommissioning/ Mine Closure and Community Development .....</i>	<i>40</i>
<b>5</b>	<b>KEY LESSONS FOR MINING COMPANIES' INITIATIVES ON COMMUNITY DEVELOPMENT .....</b>	<b>43</b>
<b>6</b>	<b>CHALLENGES FACING MINING COMPANIES' INITIATIVES ON COMMUNITY DEVELOPMENT .....</b>	<b>44</b>
<b>7</b>	<b>CONCLUSIONS .....</b>	<b>45</b>
<b>8</b>	<b>REFERENCES .....</b>	<b>46</b>

## LIST OF TABLES

Table 1- Evolution of LED .....	13
Table 2- Local development opportunities in the mine life cycle .....	16
Table 3- Partnership Opportunities .....	31
Table 4- Services and Activities .....	33
Table 5- Partnerships at Tshikondeni Mine.....	36

## 1 INTRODUCTION

This section deals with local development through the mine life cycle. The section provides an analysis of forms of economic interactions between the mining projects and communities. The scale of analysis is the locality, which, in this context, embraces a geographical political/ government boundary, which takes the form of municipality, and/or a development boundary in the form a demarcated area which covers a certain distance away from the mine project site. The development boundary is usually the outcome of an agreement reached between the mining company and a community or a group of communities located adjacent to the mine project site. This development area is usually earmarked to benefit from the social responsibility inputs from the mine project.

The significant contribution of mining and mineral sector towards the development of national economies of southern African countries is undoubted. What is not clear is the extent to which the sector is an effective driver of sustainable social and economic development at the local level. Notwithstanding the fact that mining companies have been providing key development inputs into communities located adjacent to mine project sites. Examples of inputs include social services and infrastructure. The mining companies have also been significant platforms for demand of a variety of goods and services from local enterprises. This further raises the question as to what extent these different inputs and outputs at the core of the interaction between mining companies and communities contribute to the transition towards sustainable local community development. Some scholars argue that mining is inherently a non-sustainable activity, as it leaves a mineral resource depleted and often nothing in its place (Khanna, 1999). As a result, development associated with mining is regarded as unsustainable. This contention is based on time horizon of the operation of the mine, establishing no link between mining operation and post-operation development.

Substantial opportunities exist for mining to contribute to sustainable development at the local level. In addressing this contention, the discussion is organised into seven main sub-sections:

- Introduction
- Context: Mining, Mineral Resources and National Economies
- Local Community Development: A Review of Theoretical Developments
- Mining, Mineral Resources and Local Community Development
- Key Lessons for Mining Companies' Initiatives on Local Community Development
- Challenges Facing Mining Companies' Initiatives on Local Community Development
- Conclusions

### **1.1 Background and Terms of Reference**

As indicated in the introductory section, the focus of attention of the local development study is on how mining and the mineral sector can contribute to the transition towards sustainable economic development at local level. Specific tasks associated with this study include:

- Locating the relationship between the mining and mineral sector and community development in a regional policy context.
- Adopting a life-cycle approach in describing and analysing the economic development aspects around which the mining projects and communities interact.
- Examining both at operational and strategic level the impact of these economic development aspects towards sustainable community development.

## **2 CONTEXT: MINING, MINERAL RESOURCES AND LOCAL COMMUNITY DEVELOPMENT**

### **2.1 Mining, Mineral Resources and National Economies**

Despite the prevalence of unfavourable conditions pertaining to mining development internationally, mining continues to be the backbone of most SADC economies. Among elements of the international unfavourable mining conditions are plummeting world mineral prices and increasing production and labour costs (The Official SADC Trade Industry and Investment Review, 2000). At regional level, most countries made efforts to reform their policies and regulatory environment, aimed at encouraging private sector participation in the mining industry. However, this exercise led to mining closures in several SADC countries (SADC-Mining Sector Annual Report, 2001-2003; Peberdy and Oucho, 2000; The Official SADC Trade Industry and Investment Review, 2000; 2001).

Policy reforms concerning the mining industry in the SADC region place more emphasis upon privatisation. These are preceded by a policy context consisting of nationalisation of countries' resources. A common theme among these recent policy reforms in the SADC region is the opening up of national economies in the form of promoting foreign direct investment. For example, the legal and institutional reforms in Angola led to the re-establishment of private and foreign investor sector's trust, which, according to the SADC-Mining Sector Annual Report, 2001-2003, made the country an attractive and prospective place for investment, particularly in the mining sector. In the Democratic Republic of Congo (DRC), it was in February 2000 that the Minister of Mines declared the commitment of the DRC government to reform its mining policy and to adopt an attractive set of mining regulations to encourage foreign investment. As with other SADC countries, the Lesotho government is currently working on a new minerals Act, which is expected to be consistent with changing circumstances and emerging opportunities with the desire to promote private investment in the sector. A typical example is

Zambia (see privatisation report), which has developed a mining policy which is aiming at encouraging private investment in exploration and mining (SADC-Mining Sector Annual Report, 2001-2003).

These policy reforms present an optimistic picture in terms of investment in the mineral industry of SADC countries. Mining investment was the largest contributor to foreign direct investment in Zimbabwe in 1998, while the foreign direct investment of \$800 million in Zambia's copper mines has initiated the revival of a stagnant mining sector and economy (Mining Weekly, September 2000). Some commentators believe that South African mining companies can lead the process of developing and regenerating the mining activities in SADC region. This stems from the observation that South African mining companies and associated upstream and downstream enterprises are competitively strong in the areas of technology provision, the provision of knowledge-based mining services and in specialist mining contracting (Mining Weekly, October 2000).

Mining is the major foreign exchange earner in most of the economies of the SADC region. Illustrative to this is its contribution of approximately 10% of the gross domestic product and 60% of foreign exchange earnings in 2000 (SADC-Mining Sector Annual Report, 1999-2000). According to the SADC-Mining Sector Annual Report (2001-2003), the total labour force in the SADC mining industry increased from 1 532 265 in 1999 to 1 955 845 in 2001, experiencing a 27.6% increase. The employees in the mining companies and associated upstream and downstream businesses provide a revenue base for national governments in the form of income tax. Other sources of revenue include tax contribution of mining companies, value-added tax, domestic rates and taxes, corporate and personal taxes of suppliers of goods and services to the mines (Solomon, 1998).

The mining industry demonstrated its historical indispensability in the form of infrastructure development and the founding of many cities of the SADC region. Accompanying mining projects has been infrastructure development, which opened most of the remote areas of the region (Mining Weekly,

September 2000). Furthermore, mining projects provided supporting infrastructure for the emergence of both upstream and downstream businesses. Other business multiplier effects associated with mining projects' infrastructure comprise commerce, trade and light industries. Research highlights that most cities in the region were founded on the bases of mining projects' infrastructure (Solomon, 1998). Examples include cities such as Kimberly and Johannesburg in South Africa, and the towns of Nchanga and Kitwe in Zambia. The participation of the mining industry in the provision of social services (e.g. schools and health facilities) releases a portion of the government budgets for social services to be invested in economic projects.

This optimistic picture of the mining industry in SADC region is not immune to threats. The economic development of SADC and other African regions is vulnerable to the threat of civil wars. Despite its rich mineral resources, the persistent civil war in Angola undermined the growth and expansion of the mining industry. Due to the civil war, the Democratic Republic of Congo missed the opportunity to revitalise the national economy through mineral development promotion (Mining Weekly, September 2000; SADC-Mining Sector Annual Report 2001-2003). In the Mining Weekly, December 2000, James Maposa, the of Zimbabwe Chamber of Mines, alluded to the fact that as many as 90% of Zimbabwe's mines were facing the threat of closure as a result of serious political instability in that country. Closely allied to political instability is corruption in terms of the negative impacts it has on the mineral development in SADC (Solomon, 1999). Other impediments to mining investment include lack or poor infrastructure, regional conflicts, lack of supporting secondary and tertiary industries and complicated cultural dynamics.

Underlying the preceding discussion is the notion that the mining industry is indispensable to the national economies of the SADC member countries. Most of the contributions made by the mining industry, ranging from financial, economic, infrastructural and social, are manifested around operations of the mining companies. These operations are situated in certain localities, with different levels of social and economic development. From a SADC policy

perspective, the key feature of most localities is poverty. SADC member countries have collectively taken upon themselves the challenge of bringing accelerated growth, creating jobs and reducing poverty so that its people can lead a higher quality life. The majority of the population in SADC is poverty-stricken with 40% of them living in conditions of abject poverty (SADC-Mining Sector Annual Report, 1999-2000). These people suffer from what Conway and Konvitz (2000) regard as social exclusion, which is described as cumulative marginalisation from production (unemployment), from consumption (income poverty), from social networks (community and family neighbours), from decision-making and from an adequate quality of life. It is at this juncture that a sharp turn towards issues of mining, mineral resources and sustainable community development is made.

## **2.2 Mining, Mineral Resources and Local Community Development**

Though current mining policy reforms in the SADC region lay more emphasis of encouraging direct investment, provisions are made for mining companies to adopt effective environmental management measures. These policy reforms however do not adequately address the notion of mining and sustainable community development. In the last two decades most SADC member countries went through a process of “democratic” political decentralisation, with the intention of ‘bring government closer to the people’ and to tap the creativity and resources of local communities by giving them the chance to participate in development. In most instances the decentralisation of powers to local level was not accompanied by democracy. The local level institutional ingredients had varied levels of legitimacy, accountability and transparency, which are the basic principles of democracy (Crook and Manor, 1998). In addition to the fact that most national governments in SADC countries maintained some form of control and power over local governments, other forces such as civil wars, lack of capacity and corruption undermined the effective operations of local level institutions.

### 2.2.1 Mining, Mineral Resources and Local Community Development in South Africa

In order to demonstrate the extent to which mining policy reform processes do not adequately address issues of community development, a review of South African mining policy environment is provided. Since mining policy reforms proceeded within a transitional context, whereby most other sectors are also undergoing through a process of policy reform, it is vital to interrogate the community development dimension from a point of view of what the mining industry says about community, and what other sectors perceive to be the role of mining in community development. In the preceding discussion on the regional policy reforms the leading role that South African mining companies could play in development and regenerating the mining activities in the SADC region was highlighted. Furthermore, the new democracy in South Africa triggered a process of national policy and regulatory review pertaining to social and economic development. It is, therefore, in light of this that the case of South Africa is used to illustrate the prevalence of the inadequacy associated with policy reform processes in addressing community development issues in the context of mining development in the SADC region.

In South Africa, as with the rest of southern Africa, mineral affairs are allocated to the national government. The government appointed the national Department of Environmental Affairs and Tourism as the lead agent in ensuring compliance with a single environmental policy, namely the National Environmental Management Act of 1998. However, the responsibility rests with the national Department of Minerals and Energy to develop and apply policies and measures to ensure that the mining industry's compliance with the national policy on environment management and other relevant policies such as the national water policy (Department of Minerals and Energy, 1998). The commitment of government to sustainable development is captured in the statement that the development of mineral resources will take place within the framework of "sustainable development and environmental management (Department of Minerals and Energy, 2000, p. 76)".

The Department of Minerals and Energy (1998) stresses that mining companies will be required to comply with local development objectives, spatial development framework and integrated development planning of municipalities within which they operate. They will also be encouraged to promote social participation by conducting their businesses in such a manner that the needs of local communities are taken into consideration. Compliance is also with the provincial legislations. The process of effective planning is uneven among municipalities, mainly due to issues pertaining to institutional capacity. In the context where there is lack of development objectives, frameworks and plans of municipalities, community development initiatives of mining projects are likely to face the threat of becoming unsustainable. As a result, mining companies, in partnership with other stakeholders, will be required to provide some form of assistance, be technical or financial, to municipalities in order to formulate these objectives, frameworks and plans.

Also central to the mining policy reforms in South Africa is to facilitate the restructuring of the patterns of ownership and associated uneven distribution of wealth. The government is explicit in terms of facilitating steps to decentralise business ownership and control by means of focused policies on black economic empowerment. The basic tenet of the black economic empowerment in the mining industry is to encourage private sector investment in new and existing mining ventures in partnership with black companies (Department of Minerals and Energy, 1998). Another key redistribution measure applies at mining companies level, whereby Employee Share Ownership Participation Schemes (ESOPS) are seen as important vehicles for the participation of blacks in the management of existing mining companies. It was the third Interim Report of the Katz Commission that recommended this scheme, which its main objective is to promote greater employee share ownership in South Africa (Department of Minerals and Energy, 1998).

The South African Constitution (1996) provides for the equitable division of revenue raised nationally among national and provincial governments and municipalities. Sight should not be lost of the fact that the sharing of a national

pool of revenue, including revenue from the mining taxation, is matter of a complex national government financial disbursement mechanism. The provision in the Public Finance Management Act, 1999 (Act 29 of 1999) governs the disbursement of funds to municipalities. The Act states that the Minister of the Department of Minerals and Energy may with the concurrence of the Minister of Finance and after the consultation with the Minister of Provincial and Local Government, out of the royalties payable determine that consideration be paid for the benefit of any community or local government by mining, for the purpose of rural and local economic development and social upliftment. The funds disbursed to municipalities will be paid into a Local Economic Development Fund (LEDF) administered by the national Department of Provincial and Local Government (Department of Minerals and Energy, 1998; 2000). Implicit in this disbursement system and enshrined into this institutional arrangement is bureaucracy. Local communities located adjacent to the mine are likely to encounter bureaucratic difficulties in accessing funding from the national Local Economic Development Fund. This is partly what O'Faircheallaigh (1998) highlights in the address of the issue of indigenous people and mineral taxation regimes. He alludes to the fact that government may seek to specify the manner in which royalties are spent, and its priorities may not be consistent with those of indigenous people.

The Department of Minerals and Energy (2000) commits the mining industry towards promoting rural and local economic development and social upliftment. This commitment is now located within the perspectives of other sectors concerning the mining industry. The Rural Development Framework (RDF) does not make reference to the contribution the mining industry can make to rural development. The basis of rural local economic development is the large and small-scale farm sector, agro-industries, tourism, forestry and small, medium and micro enterprises. Even in terms of private sector partnerships, it contends that the private sector in rural areas consists mainly of white commercial farmers (Land Affairs, 1997). Similarly the Urban Development Strategy (UDS) does not address issues pertaining to mining development in urban areas (South Africa, 1995). Super-ceding the Rural Development Framework and Urban Development Strategy from an

implementation perspective are the Sustainable Integrated Rural Development Strategy (SIRDS) and the Urban Renewal Strategy (URS) respectively. As with the preceding rural and urban policies, these new strategies are also silent about mining and development in rural and urban areas. It is expected that specific sectoral issues will come to the fore during the implementation phase. An element of optimism develops as one establishes that the principles of participation and integration underpin these strategies.

In line with the decentralisation of political power, the South African government decentralised the economic development function to municipalities. The Department of Constitutional Development (1998) proposes the concept of *developmental local government*. The key provisions of the developmental local government include maximising municipal impact on socio-economic development; integrating and coordinating public and private investment; democratising development; building social capital; and promoting socially just and equitable metropolitan governance. This paper drew its mandate from the South African Constitution (1996) which places specific developmental duties on local government concerning giving priority to meeting the basic needs of communities and promoting social and economic development. In addition to stressing community participation the Municipal Structures Act (South Africa, 1998) obliges municipalities to annually review overall performance in achieving its developmental mandate. This suggests that municipalities should have performance monitoring systems, including systems for monitoring economic development. Monitoring local economies and mining development will be tackled in detail in the address on mining closures.

In South Africa the operationalisation of the developmental mandate of municipalities is made through a process of formulating a local economic development (LED) policy. The Draft White Paper on Local Economic Development (Department of Provincial and Local Government, 2000a) crafts a course of action for municipalities to embark of local economic development interventions. The draft paper seeks to clarify the problems, visions and

objectives, interventions and institutional requirements that government at all levels will address and make LED a reality in municipalities. It identifies as the major economic challenge for municipalities the fact that local economic strategies should be balanced so that they can achieve both increased competitiveness, sometimes through economic transformation, and poverty eradication and job creation. The quest for this balance derives from the understanding that economic growth does not always translate into poverty alleviation and job creation. Much of the developmental initiatives among municipalities have been injected by the legislative requirement of formulating integrated development plans (Department of Provincial and Local Government, 2000b; South Africa, 2000). The integrated development plans will provide municipalities with a strategic framework within which, in addition to the provisions of the constitution, they will be able to:

- Manage, budget and deliver services.
- Become politically accountable, and achieve political continuity.
- Establish interactions, engagements and communications and alliances.
- Design holistic strategies for poverty alleviation and the creation of livelihoods.

All South African municipalities shall formulate five-year integrated development plans. The participatory process of formulating the integrated development plan shall comprise analysis, formulation of strategies, project design and implementation. The legislative provisions are explicit in terms of stakeholder participation in development and development planning, providing an opportunity for mining companies to input into local development issues (South Africa, 1998; 2000).

From this review of South African policy reforms, it can be seen that the advent of democracy, from which other SADC member countries are party to, led to the devolution of political and developmental power to the local level. Concepts, such as participation, integration, partnerships and accountability, cut across the different enactments and policies. These concepts will be

revisited in the discussion of practical experiences on mining and community development. Analysing the economic interactions and engagements between communities and mining companies should be located with a theoretical framework on local economic development.

### **3 LOCAL ECONOMIC DEVELOPMENT: A REVIEW OF THEORETICAL DEVELOPMENT**

#### **3.1 Definition of Local Economic Development (LED)**

There are varied definitions of LED, and the concept of LED means different things to different individuals and organisations. These differences oscillate between stressing the objectives of economic growth and highlighting the challenges of unemployment and poverty alleviation. The concept of local development, as used in this address of mining and community development, is intended at avoiding to be trapped in the definition but recognising the varied interpretations of the concept of LED. LED is a broad term which covers a range of strategies and activities that improve and increase economic growth and development within a locally defined area in a sustainable manner (Pycroft, *et al*, 2001).

Internationally, the divergent paths of organised LED embody a market-led approach of business development and a market-critical approach of community development. With the former approach, much emphasis is placed upon, *inter alia*, achieving the goals of promoting individual self-reliance, entrepreneurship, expansion of the market, competitiveness, reduction of unemployment and sustainable growth. The objectives of a market-critical approach centre upon achieving local self-reliance, empowerment, participation, local cooperation, redefinition of work and sustainability (Department of Constitution Development, 1999a). Most mining community development initiatives are largely within the market-critical approach. However, there are opportunities for the initiatives of mining companies to act

as catalyst for local development underpinned by market-led approach. As a result, local economic development, as used in this report, represents a mixture of market-led and market-critical forms of opportunities emanating from the process of interaction between mining companies and communities.

### 3.2 Evolution of LED

Insights concerning the practice of LED can be drawn from an understanding how LED evolved. According to the World Bank (2001), LED has passed through three broad stages of development since the 1960s. The stages and associated focus areas and tools for LED are provided in the table below.

**Table 1- Evolution of LED**

Stage	Focus Area	Tool
1960s – early 1980s	Mobile manufacturing – foreign direct investment Hard infrastructure investment	Massive grants Subsidized loans Subsidized hard infrastructure investment Expensive “low road” industrial recruitment techniques
1980s – mid 1990s	Business retention and expansion Targeted inward investment attraction	Direct payments to individual businesses Incubators/ workspace Advice and training for small and medium sized firms Technical support Business start-up support Hard and soft infrastructure investment
Late 1990s - onwards	Soft infrastructure investments Public/ private partnerships Networking and leveraging of private sector investment Highly targeted inward investment attraction, building on local area competitive advantage	Developing holistic strategy aimed at growing local firms Providing a competitive local business environment Supporting and encouraging networking and collaboration Encouraging the development business clusters Encouraging workforce development and education Supporting quality of life improvements

In the early stages of the LED evolution process the general focus was on business attraction. The subsequent stages added elements of business retention and expansion of existing individual firms, with the focus in the later

stage graduating from a firm level support towards making the entire business environment more conducive to business.

An examination of the history of LED indicates a bias towards LED focus areas and instruments of municipalities rather than private sector. This may stem from the fact that the market is likely to face constraints if it operates freely in LED. Potential constraints may include lack of sufficient economic infrastructure, insufficient human capital and market services and regulatory and administrative barriers. Developmentally, allowing the free operation of the market can reduce the scope of redistribution of wealth and the provision of social goods. Parallel to this is the challenge to governments of achieving a balance between promoting private sector investment through creating a facilitative economic environment and seeking to maximise the social advantages of economic growth and development (Pycroft, *et al*, 2001). This dilemma demonstrates the significance of the resource inputs of both public and private sectors, that is, public/ private partnerships, in LED.

The current roles of municipalities in LED are centred on promoting competitiveness and economic growth; participating in the job creation process through supporting local small businesses; supporting community enterprises; and stimulating LED through initiatives for poverty alleviation. Despite acting as a key partner in LED, private businesses have been assisting in the formation and resourcing of LED institutions, participating in urban renewal initiatives and improvement of the business districts in cities and also promoting small enterprise development (Rogerson, 1996). With this brief background on the theoretical perspective of LED, a shift is now to issues pertaining to mining and local economic development.

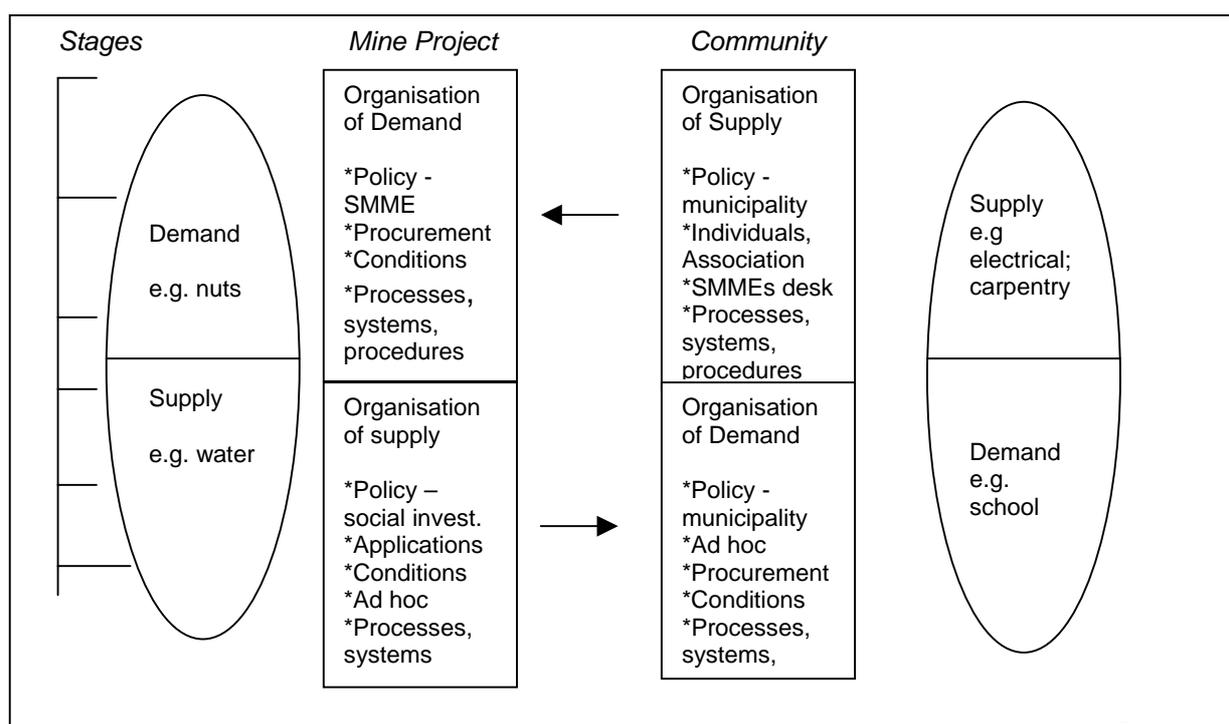
## 4 MINING, MINERAL RESOURCES AND LOCAL ECONOMIC DEVELOPMENT

In the review of the theoretical evolution of local economic development it was highlighted that economic interactions between the mining companies and communities are largely concentrated in the market-critical approach. The focus of attention of this approach is on achieving the objectives of local self-reliance, empowerment, participation and local cooperation. In an attempt to understand how mining companies adopted the market-critical, and a limited extent the market-led approach towards community development, the subsequent discussion describes and analyses the nature of economic interactions between mining projects and communities.

### 4.1 Organising Framework

The discussion on mining and community development will proceed within a framework consisting of the following main components: mine project's life cycle; the nature of economic opportunities; and organisation of opportunities. The relationship between these different components is diagrammatically illustrated below.

**Table 1- Mining and Community**



#### 4.1.1 Mine Project's Life Cycle

This component maintains that each stage of the mine project's life cycle consists of economic opportunities. As a result, the opportunities can be organised into different stages of the mine project's life cycle, including planning/ policy development/ exploration, construction, operation/ maintenance and decommissioning/ closure. The way in which the life cycle facilitates organising opportunities is illustrated in the table below.

**Table 2- Local development opportunities in the mine life cycle**

Project Stage	Opportunity
Planning/ Policy Development/ Exploration	<ul style="list-style-type: none"> <li>• Participation of local stakeholders in planning</li> <li>• Stakeholder empowerment through information</li> <li>• The start of the process of building social cohesion around project</li> <li>• Support for local infrastructure, such as water supply in the form of water boreholes</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• Clearing land; building access roads; developing utilities</li> <li>• Displacement and relocation of communities with the potential for a new generation of weak or viable economic activities</li> <li>• Short-term job opportunities</li> <li>• Skills development</li> </ul>
Operation/ Maintenance	<ul style="list-style-type: none"> <li>• Local enterprises supplying inputs in the form of goods and services to the mine operations</li> <li>• Local human resource development</li> <li>• Local enterprises providing maintenance services</li> <li>• Mining operation serving as a catalyst in the local economic boom</li> <li>• Social infrastructure, such as schools, clinics?</li> </ul>
Decommissioning, closure and post-closure	<ul style="list-style-type: none"> <li>• Diversification of the local economy</li> <li>• Strong asset and infrastructural base for post-closure economic activities</li> </ul>

#### 4.1.2 Nature of Opportunities

The economic opportunities relating to the mine project differ in scale, life span and impact to community development. Despite the differences, these opportunities fall into two main categories, namely supply and demand. The supply-oriented opportunities are located within both the mine and community. The mine can become a supplier of primary and secondary community services. The primary services will relate to those affecting the mine's employees and families, whereas secondary services are linked to the broader community around the mine. Examples of primary community services include hostels and mine villages and associated infrastructure and services. The secondary community services are largely part of the social investment responsibility of the mining companies, and they include services such as schools and clinics. The community can assume the status of being a supplier through local labour and enterprises. The basis of the supply-related opportunities is the demand, which both the mine and community should exhibit. For the mine to deliver services, such as schools and clinics, there must be demand of these services in the community. Likewise, local enterprises can only provide goods and services to the mine if there is demand in the mine.

The demand-led opportunities in mining companies can further be divided into primary and secondary. The primary opportunities are directly concerned with the creation or delivery of a product or service, ranging from inbound logistics (receiving, storing and distributing inputs), operations transform, outbound logistics (collect, store and distribute outputs), marketing and sales, and services, which enhance and maintain the value of the product (e.g. repair). The secondary opportunities are indirectly concerned with the creation and delivery of a product, and may include services such as cleaning, landscaping, catering and security services. The core provision underlying the economic and social interaction between the mine and community should be demand.

Business Partners for Development (1998) shed more light to the key opportunities, called business multipliers, which can add value to both companies and societies. These include:

- Firstly, as indicated in the section on mining, mineral resources and national economies, mining companies generate investment and income in countries where they operate. The investment and income opportunities relate to taxes, wages, share ownership, forward and backward linkages, induced impacts of disposable income and social investment.
- Secondly, resulting from the demand located in the mining companies and suppliers of services or goods to these mining companies is the labour supply. From this demand there are direct and indirect jobs.
- Thirdly, the human resource support demand of mining companies, upstream and downstream business activities and local communities will require interventions geared at skills development and quality of life in the workplace and building human capital along the value chain and in local communities.
- The fourth business multiplier involves providing appropriate products and services.
- Fifthly, building local business systems was identified as one of the key business multipliers. This multiplier takes the form of local joint venture partners, backward linkages and forward linkages.
- Constituting the sixth multiplier is the sharing of international standards and world class business practices centred, *inter alia*, on ethical business practices and quality standards and management practices.
- Supporting technology development and transfer and establishing physical and institutional infrastructure represent the seventh and eighth multipliers respectively.

### 4.1.3 Organisation of Opportunities

In most mining companies, the supply-oriented opportunities are organised differently from the ones that are demand-led. It is usually the social investment body located in the human resources or public relations divisions of mining companies that addresses issues of investment in social services, such as schools and clinics. Often the delivery of social investment services pays little attention to the organisation of the demand of services in communities. The organisation of demand in communities, such as the need for a clinic, is situated within complex web of institutional relationships. The mining companies demand-led opportunities, for example, provision of nuts, are usually managed within the procurement division of the mining companies. The secondary opportunities, such as cleaning and security services, often do not find a suitable home in companies, and they become the object of deliberations about outsourcing, black economic empowerment and small business development. These secondary opportunities are usually at the core of the development of local economies under the market-critical approach.

The organisation of opportunities in communities is often a contested terrain. Understanding and reconciling the differences among internal interest groups and managing the influence of forces external to the community environment are both costly in terms of time and money and often impossible to achieve. The democratisation of local institutions in most SADC countries is still new, with most of the local institutions lacking the necessary capacity to address development issues. The empowering of municipalities, through the legislative and policy reform processes as discussed in section on mining, mineral resources and community development, may lead to the evolution of a new set of institutions and processes pertinent to sustainable development. Another feature of community opportunities is that they are sectorally and vertically organised. For example, provision of water supply services in communities commences with the local water committee and the division of water services in the municipality right through to the provincial and national

water departments. Similarly, interactions with local enterprises can trigger a sectoral institutional setup consisting of national, provincial and local small business organisations, providing financial and non-financial services. This complicated sectoral institutional mix poses a challenge to the integration of inputs, as most inputs into community development are multi-sectoral in nature. For example, to provide a clinic, the interactions are not limited to the health sector and its different organisation systems at local provincial and national levels, as inputs such as water, electricity and associated organisation systems become critical.

The flow of inputs either from the mine project or the community to either the community or mine project at the different stages of the project life cycle is not smooth. The basis of interactions between mine projects and communities is the existence of demand. Therefore, the challenge is for suppliers to understand the scale and organisation of demand of opportunities located in mines and communities. Associated with organisation of demand are conditions, processes, systems and procedures. Similarly supply has its forms of organisation. Understanding the organisation of demand and supply may also not be sufficient to bring demand and supply together, as other forces such as lack of capacity by local entrepreneurs and leadership, lack of democratic institutions, tensions, bureaucracy and corruption may prevent the flow of inputs from taking place or destabilise the smooth flow of inputs. It is a complex combination of forces internal and external to the organisation of supply and demand between the mine project and communities. The question is how to align the internal organisation of demand and supply and also to make the right choices from an analysis of the internal and external forces influencing the organisation of demand and supply in order to attain sustainable community development. This leads to the subsequent discussion on relationships and mechanisms for the delivery of sustainable local economic development.

## 4.2 Forging Relationships and Mechanisms for the Delivery of Sustainable Local Economic Development

The challenge for achieving sustainable local economic development rests in obtaining the right combination of relationships between stakeholders and activities at each stage of the mine project's life cycle. Only activities with a high level of sustainability and couched within the resource capacity of participating stakeholders should be at the core of interactions between mining companies and communities. The potential relationships and activities, organised according to each of stage of the mine project life cycle, are discussed below.

### 4.2.1 Planning/ Policy Development/ Exploration

Starting with the introduction of the project to a community or municipality, this stage provides a springboard for relationships and activities in subsequent stages. It involves the **identification and selection of relevant stakeholders**, ranging from national, provincial to local. The exercise of identification and selection can transcend into the establishment of representative structures, such as the project forum or steering committee. However, cognisance should be taken of the varied interests that the different stakeholders bring to the project. From the perspective of the mine, it is usually part of the corporate strategy, for example, expansion of operations, product diversification or internationalisation, to embark on mine projects. In the exploration/ planning stage of the mine project, representatives of mining companies usually consist of corporate personnel, with limited participation of the potential operations managers. With the later withdrawal of corporate personnel, particularly during operation/ maintenance stage, the operations of the project structure can be undermined by the lack of continuity. Since participation in the project activities will be based on the principle of representation, varied communities structures can claim to be the legitimate custodians of community interests. Understandably, the project will raise hopes and hostilities among local communities. However, the project presents an opportunity for all participants in the project structures to be empowered,

despite the difference in the level of technical skills. From the community side technical support is likely to be obtained from the extra-local organisations including government at national and provincial and non-government organisations, not excluding the potential contribution the private can make in this regard. The challenge with organising the effort around the project will be to create structures with the right mix of stakeholders, which are committed to a common course of action despite their different interests.

Beyond successfully organising the effort comes the process of developing strategies and plans. Preceding the exercises of planning and also organising effort should be a process of gathering baseline information, including the competitive analysis of the local economic development environment. Methodologically, collecting baseline information will need to be participatory, and, among other approaches, employ Sustainable Livelihoods Approach in order to adequately map existing local resources and assets. Detailed baseline information will facilitate effective design of different strategies/ plans for sustainable community development. This data collection exercise can be an integral part of the Environmental Impact Assessment process.

On the corporate side, the decision to open an operation will have been based on the feasibility and ultimately the business plan for the mine project operation. The major task facing the project structures will be to link the project operation business plan with the community environment. This can take the form of designing and integrating environmental management plans, community development plans, social plans and closure strategies. The focus of environmental management plans will be based on dealing with the negative and positive effects of the mine project on people and the natural resources, and some of the management strategies can be part of the community development plans. These community development plans will be based on the quest to enhance the resource strengths of communities. As with any strategy design process, it will involve formulating the community development vision, determining the goals and objectives, designing programmes and projects, crafting implementation plans, developing funding mechanisms for community development projects and evaluating the impact

of community development interventions. If mining companies are a key stakeholder in the process of strategy formulation, it will become easier to align the mine project business plan with community development processes.

The social plan can serve as vehicle to deal with the downswings in the operations of the mine project. Most importantly, it can provide a safety net for people retrenched at the end of the construction phase, and during and post-operation. Integrating the social plan with the community development plan will be essential in order to link issues specific to retrenched people with broader community development issues. The closure strategies can comprise elements of the social plan, community development and diversification of the economy. It is at this stage that the commitment of all stakeholders towards post-operation development should be sought. The process of implementing the mine project's operation plan can be paralleled or interwoven with the implementation of other plans or strategies, such as the social plan and community development strategies, all with unique and/ or universal sets of institutions and activities.

#### 4.2.2 Construction

From a community development point of view, this stage offers opportunities in terms of jobs and small business development in the areas of primary and secondary activities. With regard to jobs, the notion of local versus expatriate workforce becomes critical, with likely hostilities to surface between the locals and outsiders. In most instances, the supply of labour to the mine projects is managed through recruitment agencies. The most common agency during the construction stage is labour desk. This is usually an interim structure, which conforms to the interim nature of construction related opportunities. Economically, the income generated during this stage can trigger an improved level of lifestyle among community members, with improved local business margins emanating from a rise in local purchasing power. Notwithstanding the negative aspects associated with rise in income levels such as prostitution and crime. Local businesses participating as contractors in the construction activities, either individually or in partnership arrangements, will be exposed to

a series of benefits including business management skills and associated financial rewards. The market that the construction phase will present to local enterprises can also leverage support from extra-local organisation to local enterprises. National/ regional financial and non-financial small business support institutions are likely to be attracted to the local environment, establishing subsidiary institutions such as the local business service centres.

During the construction phase a significant impact is the increase in demand of social services with the in-migration of job seekers into the local community. The delivery of social services should proceed within a framework provided by the service provision plan, which should be a component of the community development plan designed in the planning stage of the mine project's life cycle. The feasibility of the provision of services will have been conducted, appraising both the internal and external environments of each service. For example, in the process of assessing the feasibility of providing a health facility, external forces such as the supply of medicine, personnel, tariff policies, institutional arrangements and the extent of integration with other service sectors will be investigated, providing insights concerning the sustainability of such an investment.

In situations whereby the construction involves resettlement of local communities, part of the planning process will be to integrate community development in the resettlement and compensation plans. Since movement will precede a community development plan, the nature of the post-resettlement development plan will vary with a development plan of a community, which is not subjected to resettlement. Since resettlement involves a shift from existing resources and institutional arrangement, a horizontally and vertically integrated settlement development plan should be designed. With a well thought post-resettlement community development plan, the community can reap more economic development benefits, not undermining the negative impacts of resettlement on communities.

Most of the opportunities associated with the construction phase are short-term in nature. Jobs and business opportunities are temporary, with the potential to negatively impact on community development. The end of the construction phase means the loss of many jobs and business opportunities, with the erosion of most of the positive impacts that this phase had on community development. One mechanism of dealing with this sad development can be the implementation of a social plan. This plan will attempt to sustain as much jobs and business opportunities as possible within and outside the mine project, by linking with the operation phase and exploring alternative opportunities in the broader local economy.

#### 4.2.3 Operations/ Maintenance

This phase presents an opportunity to consolidate community development, as most interventions during this phase are medium to long term in lifespan. The phase opens the scope of the implementation of the different plans, including, *inter alia*, environment management and community development plans. The realisation of multiplier effects becomes more evident. The investment and income generated through the mine project (e.g. taxation and royalties) will have been planned as part of the funding strategy of the community development plan. In the process of developing the funding strategies the constraints and opportunities associated with the funding of community development projects, mechanisms for distributing the investment and income and target beneficiaries will have been identified. Part of the community development plan may be drawing some community members to be part of the ownership of the mine project operations. This can be done through internal operation processes, such as the Employee Share Ownership Participation Schemes (ESOPS), and external processes, such as joint ventures and outsourcing. The recruitment of the workforce becomes much more organised. With the organisation of the mine project operation recruitment becomes one of the task of the human resource division, linked externally with intermediary recruitment agencies. Through the long history of mining in the SADC region, an extensive network of regional and national recruitment agencies of labour for the mining industry developed. Regional

recruitment agencies are currently confronted by policy reforms governing migration.

The operation phase also provides a “solid business base” for enterprises in supply and the distribution chains and those that are directly and indirectly involved in the transformation of products and services. Quantifying the multiplier effects association with this economic interaction among enterprises is often a complex task. The question that should be raised is the extent to which these multiplier effects are localised and sustained, leading to issues on decommissioning and closure. The localisation of multiplier effects can be subjected to a policy/ legal process. Companies can adopt preferential procurement policies bias towards local suppliers and distributors. Government policies and legislation concerning foreign direct investment can make provision for elements, such as joint ventures, partnerships and outsourcing, as a way of localising multiplier effects. As an integral part of community development plans there should be a clear policy statement on how multiplier effects should be localised, and also an indication of who should benefit from the these multiplier effects. This will facilitate the distribution of benefits equitably to members of the community.

As indicated earlier, the interaction at project structure level can become an important vehicle for the transfer of knowledge and technical skills among the participants. The process of skills development can cascade to different stakeholders. Within the mining companies, empowerment of the workforce is an important ingredient for improved productivity. There are also government legislative provisions governing skills development in companies. In the post-operation phase retrenched people will constitute a significant share of the human resource capital in local communities. Furthermore, the quality and production demands of certain level of skills will persuade enterprises in the supply and distribution chain and transformation to embark on their human resource development initiatives. Operating in a cluster of local and international enterprises can also serve as a platform for sharing international standards and world class business practices and introducing and promoting the application of new technology among local enterprises. Any skills

development initiatives, though it may be based on the existing demand in the mine project and related enterprises, it should be an integral part of the community development plan. There are other sectoral factors that govern community skills development programmes. In most communities, the private sector human resource development initiatives broadened the scope beyond technical skills development of individuals and entrepreneurs, but also ventured into youth and women training programmes.

Both infrastructural and institutional development will have been addressed in the planning stage. Preceded by an authentic examination of the infrastructural and institutional environment, and the associated potential economic impacts, the activities of this phase are concerned with making sure that planned outputs are realised. At the core of each stage is the required institutional mix in order to deliver sustainable local economic development. It is in light of its centrality that this issue of the institutional dimension of local economic development is the spotlight of a separate section on partnerships.

#### 4.2.4 Decommissioning, Closure and Post-Closure

This is a critical stage in the mine project life cycle, as the different community processes and initiatives move into a different local economic environment in which the mine project is no longer in operation. The negative impacts at this stage ranges from social, economic, physical, psychological, political to the collapse of institutions. These impacts do not respect any stakeholder or political boundary, as they affect communities, business and politicians, and stretch from an individual, community, municipality, province to national and regional coverage. Only through a proactive strategy can affected stakeholders “sufficiently” deal with these negative impacts. Solomon (1998) contended that none of the governments in sub-Saharan region have the capacity and resources to plan and manage post-mining economic programmes. This requires division of responsibility between government and mining companies in the planning for post-operative economic activity in mining regions. The notion of social plan presents an opportunity for forging public-private partnership in addressing post-operation issues. The social plan

is new in the SADC region, with South Africa regarded as a pioneer in this regard.

The social plan in South Africa originated from a Presidential Job Summit held in 1998. The plan provides a set of instruments and institutional mechanisms to deal with retrenchments in all economic sectors. The instruments are further organised into three phases, namely prevention of job losses, management of job losses and regeneration of local economies. The national Department of Labour manages phases one and two, whereas the national Department of Provincial and Local Government is responsible for phase three of the social plan. Measures to prevent job losses apply mainly at enterprise level, and they include the establishment of forums to serve as a platform for affected stakeholders to deliberate on ways of preventing job losses. Sometimes this can take the form of obtaining technical assistance in the careful analysis of problems and solutions facing the enterprise of the sector from government. Failure to prevent job losses will lead to the second phase, in which all efforts will be geared at addressing the effects of job losses on individual retrenched people.

Through the management of job losses, the national Department of Labour makes available a set of information pack to workers who are facing retrenchment and to managers planning retrenchments. The contents of the information pack include how to cope with retrenchment; support from family and friends; supportive community; health rights, training; legal rights; management of personal finance; job-hunting hints; registration as job-seeker and claiming unemployment insurance; labour market opportunities, local economic development initiatives and other employment opportunities. In addition, group counselling, employment counselling, training and retraining of retrenched and placement services are other services also obtainable from the national Department of Labour (South Africa, 1999; Department of Labour, undated).

The phase three of the social plan entails conducting local economic regeneration studies in municipalities affected by large-scale retrenchments. The studies are selective and sectoral in approach, concentrating on important local industries under threat, and looking for industries with growth potential (Houghton and Thomas, 1992). Through the studies affected municipalities will be able identify economic development opportunities, through which the affected local economy will be regenerated, thereby creating jobs. The outputs of studies are a set of business plans for projects that are referred to other government funding programmes for implementation. Affected municipalities make applications for support from the Department of Provincial and Local Government. Three categories of municipalities can apply for funding the Department of Provincial and Local Government, and these include those that are directly affected by large-scale retrenchments, those that are indirectly affected by retrenchments because of backward migration and municipalities experiencing economic growth but being located in the context of regional economic decline (South Africa, 1999; Department of Labour, undated).

The process of referring the project business plans to other government departments for implementation creates a complex institutional mix, in which the intended objectives of the social plan can become easily lost. These other government departments have different targets from the social plan, making it difficult to ensure that retrenched people benefit from projects implemented by these other government departments. The process of regenerating declining local economies becomes more confusing as other processes such as the integrated development and local economic development planning are brought into the picture. For example, through the integrated development planning process declining local economic sectors can be identified, leading to the formulation of strategies aimed at regenerating these declining sectors. According to Houghton and Thomas (1992), important linkages exist between regeneration studies and local economic development. The studies can be used to develop coalitions to achieve local economic development; linking local economic development with broader analytical and lobbying groups;

identifying individual businesses with development potential; and disseminating good practice and awareness of services.

The sector approach derives its strength from its rationale of coherence, consensus and analysis, which provides a more solid base for intervention in the economy. Linked to the regeneration studies is the process of implementing “early warning systems” for potential local economic problems. The systems should precede regeneration studies, as they serve as monitoring mechanisms for the performance of the local economy. Through the systems stakeholders will be able to predict future negative economic developments and associated impacts, and be able to proactively embark as early as possible on the process of designing strategies to curb identified economic problems.

The regeneration of local economies concept provides great opportunities for municipalities experiencing mine closures to steer local economies to sustainable development directions. A well organised, designed, financed and implemented local economic regeneration strategy can yield positive results. As indicated, the social plan applies across all sectors. The Department of Minerals and Energy (1998) states that urgent action towards drawing social plans is required in those mining sectors and geographical areas where large-scale restructuring is underway or imminent. It is important to stress that the process of formulating local economic regeneration strategies should happen in time before the pending mine closure or large-scale job losses. In South Africa drawing a social plan is a voluntary exercise, questioning the degree to which companies planning retrenchments will comply.

### **4.3 Partnerships**

The success of interventions pertaining to local economic development is largely dependent on the nature of relationships that stakeholders forge. These relationships are centred on partnerships, which seek to bring together a variety of resources, skills and perspectives in order to fashion and implement strategies that are well tailored to specific local needs and

opportunities (Conway and Knovitz, 2000). Partnerships can be horizontal among local actors, and vertical as they to draw representatives from national, regional and local agencies, or some combination of the two. Recent research advocates for the concept of tri-sector partnerships. In a tri-sector partnership, resources, skills and perspectives of government authorities, corporate operations and civil society are brought together. An overview of the inputs of these different partners, as summarised by Business Partners for Development, (2001) is provided in the table below.

**Table 3- Partnership Opportunities**

Government Authority	Corporate Operations	Civil Society
<ul style="list-style-type: none"> <li>• Public/ political mandate</li> <li>• Coordinated development</li> <li>• Resource rents</li> <li>• Conduit for donor funds</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership and advocacy</li> <li>• Quality performance</li> <li>• Equipment and technical skills</li> <li>• Infrastructure development</li> <li>• Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Local knowledge</li> <li>• Community mobilisation and self management</li> </ul>

According Business Partners for Development, (2001), the significance of tri-sector partnership is evident in the following areas:

- Representing a new form of strategic alliance based on core complementary competencies and resources.
- Recognising the critical role of government municipalities and regulators as partners.
- Requiring effective management of complex relationships.

Tri-sector partnerships will remain important forums of bringing sector representatives together. Cognisance should be taken that these representatives often have different styles of working. Issues of mistrust among members, lack of respect for diversity, inability to create a shared vision and maintain momentum often distabilises tri-sector partnerships. Other potential problem areas are the status of representatives, interests of their organisations, cultural, organisational and interpersonal challenges of

partnerships (Conway and Konvitz, 2000). The manifestations of partnerships and other local development issues are illustrated through the subsequent case studies.

#### **4.4 Case Studies**

The case studies further addresses key contributions of mining companies in the areas of investment in community development projects, infrastructure development, promotion of small business development and post-mine operation economic development initiatives.

##### **4.4.1 Investment in Community Development Projects**

#### **Tshikondeni Coal Mine – South Africa**

The mine is situated in northern part of South Africa approximately 300 km northeast of Pietersburg in the Messina area of the Northern Province. It is located in the Mutale Municipality. Demographically, the municipality consists of about 138 communities with a total population of 91 579 people. The majority of the people are young, with about 48% of the total population falling in the age group of less than 15 years. Male absenteeism is very high in the area, attributed to the rural-urban migration system (Mutale Municipality, 2001).

An examination of the development profile of the municipality shows major service backlogs. There is shortage of portable and agriculture water in villages and commercial farmland areas. The majority of villages rely on communal water taps and illegal stand tap connections to meet their water supply needs. In all the villages, sanitation is in the form of pit latrines only. Most villages do not have access to electricity, using wood as the main source of energy. The road infrastructure is poor in villages. With regard to governance, there is a combination of traditional and western systems. Most villages operate within the traditional system of governance. According to the

Interim Integrated Development Plan for Mutale Municipality, the key development priorities of the municipality include provision of basic services, provision of social services and economic development. An outline of services and activities associated with each priority is provided in the table below.

**Table 4- Services and Activities**

Priority	Service/ Activity
Provision of Basic Services	<ul style="list-style-type: none"> <li>• Water</li> <li>• Roads</li> <li>• Electricity</li> <li>• Sanitation</li> <li>• Housing</li> </ul>
Provision of Social Services	<ul style="list-style-type: none"> <li>• Health facilities (clinics, mobile clinics, hospital and malaria camps)</li> <li>• Health services (HIV/ AIDS awareness campaigns, primary health care, etc)</li> <li>• Education facilities (schools, creches)</li> <li>• Education services (ABET)</li> </ul>
Economic Development	<ul style="list-style-type: none"> <li>• Tourism Spatial Development Initiative support</li> <li>• Agriculture and farming</li> <li>• Mining</li> </ul>

It logically follows that the municipality should provide the basic and social services in order to support interventions relating to economic development. Though mining is seen as one of the economic sector, and that the coal mine is currently under operation, the Interim Integrated Development Plan for Mutale Municipality does not provide any indication of how the municipality intends to promote mining development (Mutale Municipality, 2001). The focus on the provision of basic and social services is also a provincial and national priority. Out of the total Northern Province budget of R15.463 billion, 79.45% was allocated to the social cluster in the financial year 2001/2002. The social cluster consists of several departments including, Sports, Arts and Culture; Education; Safety, Security and Liaison; Welfare and Health (Northern Province Budget 2001/2002, 1 March 2001). One of the key objectives of the South African government budget for 2001/2002 was to

provide for social and developmental expenditure to overcome poverty and provide safety and security. Nationally, social development, which includes education, health and welfare, obtained the largest share (about 58%) of the national budget for the financial year 20001/2002 (National Budget 2001/2002, 21 February 2001).

The demand for basic and social services is high, mainly in rural South Africa. Due to high level of service backlog, most municipalities are exploring engaging private organisations in the provision of services. National government is in process of creating a legislative framework within which partnership relationships around services can be shaped. The South African Municipal Service Partnerships Policy identifies municipal service partnerships as contractual arrangements for the delivery of municipal services. The relationship may be in the form of public-public, private-public and public-NGO/CBO partnership (Department of Constitutional Development, 1999b).

The Tshikondeni mine is one of mine project owned by the Iron and Steel Corporation (Iscor). This company immediately embraced the concept of corporate care immediately after the 1994 national government elections. The core tenets of Iscor's corporate care are the human resource development and assisting economic empowerment through entrepreneurship (Iscor Limited, undated). Some of the elements of this corporate care are part of the discussion on the investment made by Tshikondeni coal mine.

The Tshikondeni Coal Mine is involved in community development mainly in the areas of human resource and economic development. The focus of the mine's human resource intervention in communities is on the provision of educational facilities and services, ranging from infrastructure development, distribution of books and stationary, ABET training, conducting awareness programmes on science and technology and AIDS, to career guidance, security services, incentives and sponsoring winter schools. These service inputs are made to communities located within the 10km radius of the mine project site. Communities located outside the 10 km radius purport to be excluded from the mine's development initiatives. This feeling surfaced

immediately as the mine started providing funding to a local university, which is located outside the 10km radius. May be the issue should not be geographical proximity to the mine project site, but the value that any mine project's input adds to development. Investment at the university can yield strategic development results than community level input.

With regard to economic development, the contribution of the mine is concentrated in the area of community enterprises, including dress-making, car wash, community bakery and community garden. As with services, the demand for job creating interventions is significant in communities located adjacent to the mine. The challenge facing private sector is to be able to authentically understand the demand and deliver appropriately. The extent to which the private sector can measure demand is limited by the costs associated with measuring the demand, and hence reliance on community submissions. The Tshikondeni coal mine relies on the information it obtains from the communities, which is presented in the form of the project business plans to the mine. Most business plans are weak in the area of strategically assessing feasibility, with a bias on operational issues influenced by funding requirements. This situation is compounded by the sluggish involvement of the municipality in the activities relating to the mine's economic investments in local communities. The sustainability prospect of the mine's economic investment in communities, using the case of the Musunda Community, look negative.

One of the local communities in which the mine made substantial investment in community development is the Musunda community. This community, like any other community in the Mutale municipality, has a severe service and infrastructure backlog. Some of the salient features of this community include high level of unemployment and dependence on subsistence livestock farming and migrant remittances and high level of illiteracy. About 1% of the local employable people work at the Tshikondeni mine, which is situated approximately 10 km north of the village. Institutionally, the traditional authority is predominant, with the local civic organisation emerging only in the post-1994 national government elections in South Africa.

In an attempt to alleviate the problem of unemployment and poverty local people of Musunda community initiated a gardening project. What was established through interviews with some project committee members was that, though the existing gardening project involves citrus production, the original idea was to undertake a mango gardening project. The shift from this original idea to the production of citrus was linked to the so-called feasibility study, which highlighted the market infeasibility of the mango venture. The partners who owned and controlled the feasibility study were the Tshikondeni mine and the regional Department of Agriculture. Therefore, it can be argued that the production of oranges is an imported idea, as it deviated from the original idea of members of the community. The impact of this shift in idea was not thoroughly assessed. The production of citrus obtained different inputs from local stakeholders, and the partners and associated inputs are provided in the table below.

**Table 5- Partnerships at Tshikondeni Mine**

Mine	Community	Regional Dept of Agriculture
<ul style="list-style-type: none"> <li>• Funding – Engine; Irrigation system, running costs (R149 800)</li> <li>• Debushing</li> </ul>	<ul style="list-style-type: none"> <li>• 48 hectares of land</li> <li>• Mandate</li> <li>• Human resource</li> </ul>	<ul style="list-style-type: none"> <li>• Mandate</li> <li>• Fencing</li> <li>• Technical training</li> <li>• Management</li> </ul>

It is evident from the above table that the inputs of the municipality to the project are non-existent. At the time of the visit the project could not obtain water supply, as the diesel engine to pump water was broken. Mr Kone of the Tshikondeni mine indicated that the mine would ultimately come to the rescue of the project by bearing the costs of repairing or replacing the engine. He was pessimistic about the possibility of the community to obtain any assistance from the municipality. This problem of the broken diesel raised an important observation as to the nature of support that community projects should be given between the stages of business plan approval and before the project breaks even. One project committee member hinted that when the project was initiated, the ownership of the project consisted of 26 members, and at the

time of the visit there were only 12 people in the project, ushering negative signals. Among these 12 project members, there were 11 women and a man, this denotes the significant role that women can make in community development in rural areas.

From this case study key lessons can be drawn.

- That great care should be paid in promoting the implementation of imported development ideas in communities. The development idea is more likely to succeed if it is own by local people, as this can be a critical source of maintaining energy and momentum among local people.
- The active participation of municipalities in community development is critical.
- Private sectors should guard against falling in an investment trap. The trap develops as the initial private sector financial support to communities does not leverage any form of strategic support from the municipality.

#### 4.4.2 Investment in Infrastructure

##### **Zambian Consolidated Copper Mines (ZCCM) - Zambia**

It was the deepening debt burden and production losses associated with ZCCM that led to its privatisation process. Since ZCCM provided municipal infrastructure and services to its primary community, including residences of employees and their families, the privatisation process separated the commercial and social roles of the mine. The municipalities have assumed responsibility for the delivery of infrastructure and services such as drainage, roads, street lighting and business markets (see the section on privatisation).

#### 4.4.3 Promoting Small Business Development

##### **Anglogold – South Africa**

The South African Anglo American Corporation's support programme for small enterprise development emulates the Japanese organisational model of small businesses (Rogerson, 1996). The programme involves sourcing a substantial of purchases from the small firms. Outsourcing of mine opportunities is seen as an important instrument to promote local economic development. This is done on a commercial basis, with small businesses winning tenders on the basis of improved productivity/efficiency, but with no compromise on quality and delivery. According to Anglogold (1998), this basis will facilitate the emergence of a leaner, fitter, more internationally competitive small business and mining sector. Mine outsourcing represents opportunities that are demand-oriented and directly linked to production of goods. The manner in which outsourcing opportunities are organised takes the form of a separate Small Business Committee at each operation. The Small Business Committee provides a platform to receive and generate new business ideas, and it screens new business proposals.

Another component of the small business development programme is the outsourcing of non-mine opportunities to small businesses. The organisation of these opportunities is slightly different from that of mine opportunities. Small businesses intending to be involved in non-mine opportunities use the Small Medium Enterprise Development Initiative, stationed at corporate, as their first point of contact. Assessment of business proposals is as thorough as the mine opportunity. Associated with this quest to promote small business's access to non-mine and mine opportunities is a package of assistance to small businesses, which consist of services such as management and technical assistance, venture capital, loan finance, bridging finance, loan facilitation and joint ventures (Anglogold, 1998). In 1999 Anglo American spent R112 million on services provided by small and medium enterprises. These non-mine services included repairs and maintenance, transport, clearing and shipping, security, gardening, laundry, catering, brick

manufacturing, engineering and information technology (Mining News, May 2001).

The AngloGold experience shows that opportunities exist in the mine projects. These opportunities present substantial scope for local enterprises to grow. The conditions associated with the mine opportunities, based on commercial practice, can serve as a constraint to local enterprises. The AngloGold mine opportunities are market-led in local economic development terms. The non-mine opportunities represent the market-critical local economic initiatives, and large-scale participation of local enterprises can be experienced.

Most mines' small business development initiatives face the prospect of failing, as the focus in terms of the market is outside the mines projects. The environment outside the operations of the mines is dynamic, and it becomes cumbersome for mine managers to grapple with this external environment's issues of small business development. In her address of the theme of job creation through rural enterprises, Philip (undated-a) identifies lack of diversity in rural local economies as a major development impediment. Other constraints to rural economic development include lack of transport, lack of availability of raw materials for production, poor local purchasing power, dispersed markets and eroded culture of local production (Philip, undated-b). Depending on whether rural economic interventions are underpinned by market- and/or market-critical approaches, the scale of these constraints will vary. In the context of a mine closure the opportunities located external to the operation of the mine should be explored, taking into consideration constraints associated with the development of rural economies.

The following lessons can be drawn from the AngloGold case study:

- The importance of the support package required to encourage local enterprises to participate in mining opportunities.

- That it is important also to explore to what extent the small business development support package provided by mining companies can leverage support from government.
- That guarding against locking local enterprises in market-critical opportunities associated with the mine project, which have less economic returns as compared to the market led opportunities, is crucial.

#### 4.4.4 Decommissioning/ Mine Closure and Community Development

##### **Placer Dome – South Africa**

It was in April 1999, when Placer Dome Inc, a leading Canadian international mining company become the largest Canadian investor in the South African mining industry. This company bought a 50% interest in the South Deep Mine in South Africa's Witwatersrand basin, and soon afterwards it was faced with economic and financial burdens. In the context of a drop in the gold price, the company still had outlay capital expenditures, and this led to a 35% reduction in the total workforce at South Deep. A total of 2 567 workers were retrenched from July to October 1999. The company launched Care Project in order to address the social and economic needs of the retrenched workers and their communities. The key components of Care Project include registration of the retrenchees, counselling, re-training and a micro-finance strategy to provide fledging entrepreneurs with seed capital. At corporate level, the commitment to ensuring that the project succeeds is demonstrated through the delegation of a senior manager, appointment of a full-time Care Project coordinator and contribution of over R15 million for over a two-year period. The investment in the recruitment and training of 40 community field workers is also an important indicator of corporate commitment. When the Care Project was initiated, its goal was to turn 70% of the retrenched people or nominated family members into economically active individuals within a two-year period, ending in December 2001. The geographical coverage of the Care Project includes rural communities in Mozambique, Lesotho and Eastern Cape Province in South Africa, where most workers and retrenchees are residents.

Though it may be too early to assess the impact of the Care Project, the challenges facing it are not unique in a rural development context. The process enabling retrenched people or nominated family members to create their own jobs or find an alternative job is likely to be fraught with constraints such as dispersed markets or lack of markets, infrastructure and cultural barriers. Lianda Beyers found that most African men regarded farming, with the exception of cattle farming, as “women’s work” during her visit in Lesotho (Mining News, February 2001). Referring to the South African National Union of Mineworkers’s document entitled “A Vision for the Mining Industry”, Ngonini (2001) reiterated the claim that retrenched workers have limited prospects of escaping the poverty circle in their rural areas.

### **Rietspruit – South Africa**

The Rietspruit Mining Services is one of the coal mine operations of Ingwe Coal, which is part of the Billiton Group. The mine operation is situated in the Witbank area of Mpumalanga Province, South Africa. The mine embarked on a proactive closure plan. On the discovery of the pending closure, expected to take place by the end of May 2002, the Rietspruit Mining Services requested that the Siya Phambili Development Trust to design an integrated development plan for the community for the period after mine closure. Siya Phambili is one of the operational arms of the Mpumalanga Rural Development Programme (MRDP), a joint venture initiative between the Mpumalanga Provincial Government and the German Government.

The ingredients of the integrated development plan centred on privatisation of facilities and services, training, job creation and regeneration of local economy. With privatisation, the intention is to transfer the ownership of income generating activities, such as clubs and kitchens, to local entrepreneurs. However, some of the facilities, including the schools, will become public utilities. The training component embraces steering retrenched people towards either self-employment or alternative employment. Different institutions are expected to provide inputs on life skills training and job placements. The thrust of creating job jobs is on promoting the development

of local small businesses. At this stage the activities are limited to conducting competitive analysis of the local economic environment, with the intention of designing strategic interventions on small business development out of this analysis. The focus of attention of initiatives geared at regenerating the local economy is on attracting investment. Participating stakeholders are in the process of designing a place marketing strategy based on the competitive strength of the local environment (Rietspruit Mine Services, 2001).

### **Anglogold – South Africa**

In line with the national social plan guidelines, the Anglogold crafted its social plan consisting of three main elements, namely retrenchment prevention, displacement prevention and compensation measures. Insights concerning post closure economic development can be drawn from Anglogold's social plan process, particularly on issues of post closure alternative opportunities. Concerning post closure opportunities, the stress is on conducting research on alternative opportunities and investigating alternatives for the plants. The search for alternative economic opportunities starts with the corporate operations before drifting to the local and national economic environment. This is in line with the phase three of the national social plan, which focuses on designing strategies to regenerate declining local economies. Anglogold also embarked on a programme of exploring alternative uses of redundant mine plants. Important alternative uses were found, and some of the uses comprised acid plant as a sulphur burner, correctional services facility, fish farming, clean up mine dumps and water treatment facility (Anglogold, undated).

Key lessons that can be drawn from these three case studies include:

- Job losses or retrenchments and dealing with the associated negative social and economic impacts require a major financial investment.
- There is a need for senior management's commitment to company programmes geared at dealing with retrenched people.

- It is often difficult to identify alternative opportunities for/with retrenched people in rural areas.
- It is important to adopt a proactive approach in planning for post-closure local economic development.
- A key component of planning for post-closure local economic development is research.

## **5 KEY LESSONS FOR MINING COMPANIES' INITIATIVES ON COMMUNITY DEVELOPMENT**

From the preceding discussion, the following lessons can be drawn:

- There is a need for a policy and regulatory framework within which mining companies' initiatives to develop communities can be undertaken.
- The participation of mining companies in the government policy development process is crucial. This will assist government to conceptually and quantitatively understand the broader economic and social impacts of mine projects.
- Substantial opportunities exist for mining companies, in partnerships with other stakeholders, to promote local economic development either under the market-led or market-critical approach.
- Most rural communities in the SADC region are faced with high levels of poverty and social exclusion.
- In rural areas the poor social, economic and infrastructure context presents enormous challenges for sustainable development initiatives.
- The wide variety of local circumstances requires a similar diversity of policies and multidimensional initiatives.
- Positive steps should be taken to redress inequalities by promoting equal opportunities for women, ethnic minorities, disabled people and other disadvantaged groups throughout the full range of policies and initiatives.

- The basis of economic interactions between mining companies and communities should be available demand of goods and services located either in companies and communities.
- The mine project life cycle approach is an important organising framework within which the interaction between mining companies and communities can be described and analysed.
- Establishing and maintaining sustainable relationships in the form of partnerships is critical in conceptualising and implementing community development interventions.
- The context of partnerships is a complex mixture of institutions, with different roles, responsibilities and interests.
- It is important to define and scope the nature, extent and cost of post-operations interventions in the early stages of the mine project life cycle.
- There is a need for proactive planning, with the understanding that the active participation of mining companies in implementation process can be partly determined by whether these companies are making profit.
- There is also need to ensuring accountability and a commensurate return on investment where funds are used to support economic opportunity.

## **6 CHALLENGES FACING MINING COMPANIES' INITIATIVES ON COMMUNITY DEVELOPMENT**

The following challenges are critical:

- Lack of institutional capacity among municipalities, ranging from poor planning, negotiation, and leadership skills, insufficient financial resources to physical operational resources.
- There is insufficient experience concerning issues pertaining to mining companies and community development.
- Compounded by the lack of sufficient experience is the challenge of conceptualising and implementing demand-led interventions in communities.
- There is also a challenge of supporting individual retrenched workers versus supporting a cluster of retrenched people.

## 7 CONCLUSIONS

The mining industry is central to the national economies of most SADC member countries. This industry can serve as a major driver of the transition towards sustainable economic development at local level. In the SADC region the policy reforms concerning the mining industry are centred on encouraging direct private sector investment. This policy reform process does not adequately address issues of mining and community development. The mining industry is at the margins of other sectoral policy reforms. As indicated, sectoral policy initiatives such as the Rural and Urban Development Frameworks are silent about the potential contributions the mining industry can make local economies.

The municipality should be the leading stakeholder, in the context of partnership arrangements, in terms of promoting local economic development in communities affected by mine projects. There is an avalanche of opportunities associated with the mine projects. Access to these opportunities involves bridging the gap between the organisation of opportunities in the mine project and communities. These opportunities relate, *inter alia*, to jobs, small business development, human resource development, infrastructure provision, revenue generation and the delivery of social services. The post-operation stage of the mine project requires thoroughly researched local economic development strategies centred on integrating and productively using the post-operation mine project infrastructure and diversifying the local economy. The notion of the social plan, though still new in the SADC context, presents an optimistic picture concerning attempts to address social and economic issues associated with the post-operation stage of the mine project.

The case studies of Tshikondeni coal mine, AngloGold, Zambia, Placer Dome and Rietspruit Mine Services served to illustrate the key areas of interactions between mining companies and communities. Out of these specific case studies and the general discussion on local development, key lessons and challenges were drawn. Underlining the discussion was the presentation of a summary of recommendations.

## 8 REFERENCES

Anglogold, (1998): Small & medium enterprise development initiative,

Anglogold Commercial Services, Johannesburg, South Africa.

Anglogold, undated: Social plan, Anglogold, Johannesburg South Africa.

Business Partners for Development, (1998): Building competitiveness and communities: how world class companies are creating shareholder value and societal value, The Prince of Wales Business Leaders Forum, London, United Kingdom.

Business Partners for Development, (2001): Why tri-sector partnerships?, <http://www.bpd-naturalresources.org/quoseven.htm>

Conway, M. and Konvitz, J., (2000): Meeting the challenge of distressed urban areas, Urban studies, 37 (4), 749-774.

Crook, R.C. and Manor, J., (1998): Democracy and Decentralisation in South Asia and West Africa: Participation, Accountability and Performance, Cambridge University Press, Cambridge, United Kingdom.

Crowson, P., (1998): Environmental and community issues and the mining industry, Natural Resources Forum, 22 (2), pp. 127-130.

Department of Constitutional Development (DCD), (1998): White paper on local government, DCD, Pretoria, South Africa.

Department of Constitutional Development (DCD), (1999a): Research on the role of the local authority in stimulating local economic development, DCD, Pretoria, South Africa.

Department of Constitutional Development (DCD), (1999b): Municipal service partnerships policy, DCD, Pretoria, South Africa.

Department of Land Affairs (DLA), (1997): Rural Development Framework, DLA, Pretoria, South Africa.

Department of Labour (DoL), (undated): The social plan guidelines, DoL, Pretoria, South Africa.

Department of Minerals and Energy (DME), (1998): White paper on minerals development, DME, Pretoria, South Africa.

Department of Minerals and Energy (DME), (2000): Mineral development draft bill, DME, South Africa.

Department of Provincial and Local Government (DPLG), (2000a): First draft discussion policy document on local economic development, DPLG, Pretoria, South Africa.

Department of Provincial and Local Government (DPLG), (2000b): A policy paper on integrated development planning, DPLG, Pretoria, South Africa.

Houghton, G. and Thomas, K., (1992): The role of local sector studies: the development of sector studies in the UK, Local Economy, 7 (2), pp. 100-113.

Iscor Limited, (undated): Corporate Social Investment Report, Iscor, Pretoria, South Africa.

Khanna, T., (1999): Mining and the environmental agenda, Mining Magazine, 181 (3), pp. 158-163.

Mining and the Environment, Mining Journal, 322 (8280), pp. 445-447.

Mining News, February (2001).

Mining News, May (2001).

Mining Weekly, Volume 6 (31), September (2000), pp. 8-14.

Mining Weekly, Volume 6 (37), October (2000), pp. 20-26.

Mining Weekly, Volume 6 (42), December (2000), pp. 1-7.

Mutale Municipality, (2001): Interim Integrated Development Plan, Mutale

Municipality, Northern Province, South Africa.

National Budget (2001/2002), 21 February 2001.

Ngonini, X., (2001): *Waii-Waii*: the impact of retrenchment, South African Labour Bulletin, 25 (2), pp. 35-40.

Northern Province Budget (2001/2002), 1 March 2001.

O'Faircheallaigh, C., (1998): Indigenous people and mineral taxation regimes, Resource Policy, 24 (4), pp. 187-198.

The Official SADC Trade Industry and Investment Review, (2000)

The Official SADC Trade Industry and Investment Review, (2001)

Peberdy, S., and Oucho, J., (2000): Migration and Poverty in Southern Africa, Southern African Migration Project, Johannesburg, South Africa.

Philip, K., (undated –a): Job Creation Through Rural Enterprise Support: A Case Study of Mineworkers Development Agency, Mine Workers Development Agency, Johannesburg, South Africa.

Philip, K., (undated –b): Creating Jobs in Rural South Africa as Part of a Social Plan for Mining Communities affected by Mine Downscaling, Mine Workers Development Agency, Johannesburg, South Africa.

Pycroft, C., National Business Initiative, Special Places, Independent Development Trust, CRIAA-SA, Human Sciences Research Council, (2001): Feasibility study for a programme to support local economic development in the Northern Province: phase one report, commissioned by the Government of the Northern Province, Department of Provincial and Local Government, UK Department for International Development and the European Commission.

Rietspruit Mine Services, (2001): Social plan May progress report, Rietspruit Mine Services, Mpumalanga Province, South Africa.

Rogerson, (1996): The private sector and local economic development in South Africa, GeoJournal, 39 (1), pp. 97-104.

SADC-Mining Sector Annual Report, (1999-2000).

SADC-Mining Sector Annual Report, (2001-2003).

Solomon, M., (1998): Minerals-driven sustainable development, African Mining, 3 (6), pp.

Solomon, M., (1999a): Minerals-driven development: the industrial pioneer for economic renewal in Africa, African Mining, 4 (1), pp. 64-70.

Solomon, M., (1999b): Minerals-driven economic development: the role of the mining companies, African Mining, 4 (2), pp. 74-79.

South Africa, (1995): Urban Development Framework: Remaking South Africa's Cities and Towns, Government Gazette, South Africa.

South Africa, (1996): Constitution, South Africa.

South Africa, (1998): Local Government: Municipal Structures Act, Government Gazette, South Africa.

South Africa, (1999): Social Plan, Government Gazette, South Africa.

South Africa, (2000): Local Government: Municipal Systems Act, Government Gazette, South Africa.

World Bank, (2001): Local Economic Development: LED Quick Reference, Urban Development Division, Washington, DC.

## CONTACTS

Name	Organisation	Location	Type of Contact
Bardin, A.	Anglogold	Johannesburg SA	Interview.
Cooper, D.	TEBA	Johannesburg, SA	Interview.
Cronje, A.	Department of Minerals and Energy	Pretoria, SA	Interview
Kone, R.	Tshikondeni	Messina, SA	Interview.
Mafa, G.	Department of Minerals and Energy	Northern Province, SA	Interview
Makahane, N.	Musanda Community	Messina, SA	Interview

**Final Report: August 2001**

---

Masha, G.	National Union of Mine Workers	Johannesburg, SA	Interview
Meiring, A.	Iscor Limited	Pretoria, SA	Interview
Nwendamutswu, A.	Department of agriculture	Thohoyandou, SA	Interview
Tshinavhe, P.	Mutale Municipality	Mutale, SA	Interview.
Von Wielligh, P.	Placer Dome	WA Joint Venture, SA	Interview.

---