



RECOMMENDATIONS

- Companies should forge partnerships for positive change where they operate. Key partnerships are those between a mining company and the state (especially around development planning); NGOs (for conservation and community development); and other mining companies (for development of shared infrastructure).
- Strengthening NGOs can benefit mining companies by providing them with negotiation partners and project-design feedback, which may avert costly delays.
- Mining investments should be aligned with the long-term development imperatives of the national economy, and governments have a reciprocal obligation to articulate development plans clearly and work with private sector investors to align infrastructure plans, thereby maximising long-term benefits to the host country. A 'good practice' ESIA is a key tool for achieving this.
- Companies should support policy visions such as the AU's Vision 2063, including through their partnerships with local actors. Where there are disputes or competing claims to land uses, NGOs need to be pragmatic and influence projects rather than simply oppose development.

Maximising Positive Impacts of Mining Projects: Stakeholders and Partnerships

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EXECUTIVE SUMMARY

Despite the fact that mining-led growth is one of the few opportunities low-income African nations have of catching up with other countries, mining in Africa is not seen as creating local benefits. There is little co-operation among stakeholders in the minerals sector and long-term planning is poor.

To make a meaningful contribution, the mining sector must take into account the development imperatives in host communities. Infrastructural costs and benefits can be shared with other sectors, and strengthening non-governmental organisations (NGOs) can benefit companies by providing them with negotiation partners. It is also essential that every project includes a 'good practice' impact assessment.

The experiences of a company in Central Africa illustrate how some blockages may be overcome. All stakeholders are important when planning a new mine, but this project fostered particularly good relationships with the local government, NGOs and village leadership, whose input increased the potential for more sustainable outcomes.

INTRODUCTION

For development to be sustainable, the conversion of natural capital should result in the creation of equivalent social and/or economic capital. Just over a decade ago, in preparation for the Second Earth Summit in 2002, the international mining industry sponsored the Mining, Minerals and Sustainable Development project, the stated intention of which was to determine how best the industry could contribute to sustainable development. The mining industry at that time viewed itself as altruistic, but public opinion ranked it below the tobacco industry in terms of

respectability.² This dichotomy persists, and is noticeable in that International Finance Corporation (IFC)/World Bank-led programmes – intended to promote investment in Africa – are instead seen as facilitating mining investment without necessarily creating social or in-country economic capital. The conversion of natural capital has thus not proceeded according to the social development model. This policy briefing examines the importance of partnerships in improving the developmental benefits of mining in Africa.

OBSTACLES TO EFFECTIVE PARTNERSHIPS

Mining-led growth is one of the few opportunities low-income African nations have to catch up with other countries.³ Foreign direct investment (FDI) still focuses on primary sectors, but until 2000 was balanced between agriculture and mining. Since then almost three-quarters of FDI has been directed towards mining.⁴ Consequently, Africa's mineral resources are an increasingly important driver of development – a status confirmed by the African Union's (AU) Vision 2063 call for mining to support development. However, mining-led development is often constrained by a lack of effective partnerships.⁵ The most common cause of this is a perceived or real lack of capacity among regulators, especially in lower-income countries.⁶ Similarly, the dearth of capacity and organisational abilities in communities can prevent them from playing an active role in shaping extractive development plans for social development.

Mining projects are frequently located in areas where similar projects are also being planned or implemented. Pooling resources and sharing infrastructure can produce economic efficiencies and promote development. However, such co-operation often does not occur because of companies' ring-fencing mentality. A project team may focus on its work without adequately accounting for actions by third parties. This can result in multiple access roads, water pipelines and power transmission lines, and competing community development programmes in a small area. This inward focus is accentuated in times of economic downturn when developers compete for diminishing capital.

Long-term planning is often absent. Smaller projects have a lifespan of a decade or less, so planning horizons are at odds with the requirement to train a workforce or improve living conditions. Further, it is difficult to anchor project planning within a broader

development context when there is a lack or inconsistent implementation of local and national development plans. Under these conditions, the wealth generated by mines may be transferred abroad or captured by rent-seeking elites.⁷ Where governance is weak, companies can impede development by ignoring environmental and health safeguards, and imperil development prospects by creating negative mining legacies.

The UN Economic Commission for Africa's *African Review Report on Mining* identified several obstacles to effective partnerships for managing mining impacts, including the lack of effective and transparent regulatory frameworks.⁸ Such frameworks should ensure clear operating rules and administrative justice, and generate wealth and development opportunities for host countries/communities. There is too little transparency and accountability on the part of both regulators and companies, and a failure to ensure communities' broad participation. This frequently results in the misallocation of benefits. Value addition, research and development, and dissemination of technological information are limited; as a result, creating linkages remains difficult.

To contribute to social development, companies must take the long-term development imperatives of the national economy into account. Transparency and accountability can be promoted through approaches such as those advocated by the Extractive Industries Transparency Initiative Standard and the '10 Principles Social Development Framework' of the International Council on Mining and Metals.

Improvements in site-level conditions have not kept pace with the incorporation of community and environmental safeguards into policy and legislation. Consequently, governments should ensure that environmental and social impact assessments (ESIAs) are mandatory for mineral exploration and development authorisations. These should include obligatory social and environmental remediation funds, as it is often on closure that the impact on ecosystems and communities is the greatest.

Costs and benefits can be shared with other sectors through integrated infrastructural development corridors. In this way, mining infrastructure (transport/power/water) can facilitate economic activity in other sectors (eg, agriculture and manufacturing).

The impact of investors' social and environmental endeavours on the local economy depends on the quality of governance and ability of the relevant government

to channel investment benefits into development.⁹ Critics have questioned whether the mining sector has contributed to the development of host communities, leading to doubt about the efficacy of reforms in achieving development goals other than attracting FDI.¹⁰ The World Bank, through such instruments as the IFC's Performance Standards, and other lenders through the Equator Principles, are nevertheless central to the limited role mining is playing in socio-economic development.¹¹

PARTNERSHIPS FOR DEVELOPMENT

In remote locations, and sometimes even in large cities in developing countries, NGOs may play a key developmental role and be the only source of local organising capacity. Strengthening NGOs can benefit mining companies by providing them with negotiation partners and project-design feedback that may avert costly delays.

Every project should include a 'good practice' ESIA. In addition to identifying potential risks, an ESIA identifies opportunities and partners. ESIA considers the entire mining life cycle and thus includes plans for closure and post-mining development. Long-range planning of infrastructure can take other users into account beyond the life of the mine. This can promote the development of other economic activities.

Mining investments should be aligned with the long-term development imperatives of the local and national economy. Examples include company support for key local services such as health care and education.

While there are many impediments to mining-led sustainable development, a good approach is summed up by the conservationist motto 'think globally, act locally'. This requires companies to design projects with global issues in mind, such as biodiversity loss and climate change. It acknowledges that the ability of one company to effect change at a continental or national level is limited. More progress can be made through smaller local gains, for example by partnering with conservation groups active around the mining lease area. Individual companies can forge partnerships to make real changes in the regions where they operate. Three key partnerships include those with:

- the state (especially around development planning);
- NGOs (conservation and community development); and
- other mining companies (development of shared infrastructure).

AN EXAMPLE FROM CENTRAL AFRICA

The experience of a small exploration and development company in Central Africa illustrates how some blockages may be overcome. The deposit in question straddles the border of a UNESCO-recognised national park managed by the national ministry of environment in partnership with a conservation NGO. Soon after confirming the presence of a viable ore deposit, the company, through its ESIA process, contacted the NGO to work out ways of co-operating with park management to reduce the impact of informal access to the park through the project's exploration cut lines. The company provided the park with funds to employ additional staff to combat poaching. The NGO was retained to undertake a specialised assessment of the potential impact of the project's ore loading infrastructure on marine mammals, and was also asked for input into the design of transport infrastructure. One consequence of this was the identification of an overland ore conveyor system as the preferred option. This forms a physical barrier, preventing access by unauthorised vehicles for timber and poaching. Underpasses are provided for legitimate access.

Park management and NGOs shared their experiences of setting up village development projects, and helped identify interventions most likely to succeed. The likelihood of failure dissuaded the company from embarking on short-term interventions, and it focused its attention on community projects lasting 20 years or more. This is enough time to re-skill and train community members for such non-traditional activities as commercial farming.

The ESIA identified significant areas of risk and opportunity, and enabled the company to redesign the project to minimise the former and maximise the latter. The process considered the lifespan of a mine, including closure. A closure plan (with costing) was required, providing a link between infrastructure needs and long-term development planning. Infrastructure that would not be used post-closure was to be removed (with commensurate financial provision), while infrastructure that could be used was redesigned to promote eventual re-use. During consultation, it was realised that accommodation should be constructed in the nearby town and not at the mine site on the park's border. This supports the development of the town while minimising activity in the sensitive park area. Infrastructure put in place by the company (sports grounds, clinics, etc.) can

thus benefit the town and will not become redundant when the mine closes.

The project team identified a shortage of skilled workers, and it became apparent that direct support for local technical training centres would be key to the mine's long-term viability.

The project was suboptimal in sharing transport infrastructure. Large iron-ore developers were planning an export port nearby. The difference in scale between the iron projects (50 Mt/a¹²) and this project (2 Mt/a) meant planning and decision-making proceeded at different rates. The project could not wait for the iron-ore companies to confirm designs and opted for a dedicated barge-loading system to mitigate time-related project risk. This proved a good solution, although shared port and rail infrastructure are preferable for long-term development.

While all stakeholders are important when designing a new mine, this project had particularly good relationships with the local government, park management and village leaders, whose input created the potential for more sustainable outcomes.

CONCLUSION

The AU's Vision 2063 calls on the mining industry to support development through promoting growth and job creation by driving investment and industrialisation.¹³ The relative underperformance of mining FDI in promoting development is in part due to the lack of effective local partnerships. By forging links with local government and NGOs, companies can better understand local development blockages and design more appropriate interventions. Partnering with other companies active in the area can result in long-term benefits to both the companies and the host communities through shared infrastructure. ESIA's are an important tool for identifying key partners before a project starts.

Long-term capacity building and training are of paramount importance and should be implemented over the entire life of the mine. By thinking globally and acting locally, even small companies, working with local authorities and NGOs, can contribute to the AU ideal of 'an Africa where development is people-driven'.

ENDNOTES

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- 12 Million tonnes per annum.
- 13 AU, *op. cit.*

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