operations still confuse corporate social responsibility with philanthropy and/or hand-outs to communities, has resulted in numerous problems associated with omissions, deliberate cutting of corners and overt and covert misrepresentations.

2.   BACKGROUND AND ORIGIN OF THE RESEARCH PROJECT

This research on **Corporate Social Responsibility (CSR)** and the extractive industry in Southern Africa is a research project of the **Bench Marks Foundation** in collaboration with the **Peace**, **Principles** and **Participation Network (PPP)** covering Angola, the DRC, Malawi, Mozambique, South Africa and Zambia – a multi-sectoral grouping that has evolved primarily for purposes of advocating for equitable distribution of wealth and developmental benefits at grassroots levels emanating from extractive industries operating across the SADC region. The initiative is supported by the **Netherlands Institute for Southern Africa (NIZA)** and arises from research completed by the Bench Marks Foundation on Rustenburg Platinum Mines and extended by the Peace, Principles and Participation Network (PPP) meeting of November 2006 in Durban, South Africa. At this meeting it was decided to focus the research on the applicable **legislation**, **policies** and **practices in the extractive industries** in the above-mentioned countries in the SADC region.   **International best practice** and **benchmarking** conceptualised and monitored by the **Bench Marks Foundation** as specified in the <u>Bench Marks framework, Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance</u>, (The Bench Marks Foundation, 2003) will be key principles in the design and execution of the research.

Mining-related developmental issues - against the background of the **social responsibility** of the industry - that will be raised in this project will, amongst others, be the following: **health and safety**, **security**, **education**, **migrant and settlement patterns**, **environmental management**, **poverty eradication**, **job creation**, **local economic development**, **gender**, **HIV/AIDS**, **measurement of development needs** of communities, etc.

The **first phase** of this SADC research project involves the mining activities in **Malawi** (uranium), **South Africa** (coal, gold, platinum and uranium) and **Zambia** (copper and cobalt). A comprehensive **Desktop Report** on the above-mentioned mining activities in the different countries was done and launched in February 2008 (available at www.bench-marks.org). After the completion of the fieldwork, a final report for each mining sector is compiled and will be released and officially launched during the first week of June 2008 in Johannesburg.

This is the report for the mining industry in **Zambia**. Before continuing with the report, the most important **critical challenges** in the Zambian mining sector being revealed by the **Desktop Study** will be presented as background and orientation to the rest of the report.

3. CRITICAL CHALLENGES

The following **critical challenges** were revealed by the Desktop Study and were placed under the magnifying lens during the empirical part of the research:

- Despite proper regulation (*see Desktop 7.2.3*), **bad environmental management and practices** are like "golden threats" throughout the mining industry in Zambia (*see Desktop 7.3.2*)
- The **small scale mining industry** is surrounded by immense controversy with economical, technical, environmental and social dimensions; the controversy is mainly due to the **concealed nature of gemstone mining** (*see Desktop 7.3.1.2*)
- It was evident – contrary to the view of mining companies – that **major and detrimental socio-economic impacts** resulted from the **privatisation process** of mines, e.g. loss of jobs, increasing levels of poverty, loss of benefits for retrenched miners, out-migration of skilled people, growth of unplanned settlements, etc. (*see Desktop 7.3.1.3*)
- Despite positive signs, **engagement with and development of surrounding communities** need serious attention; projects must be designed to avoid potentially significant adverse impacts, and frameworks need to be established for **facilitation**, **mediation** and **dispute resolution** (*see Desktop 7.3.4*)
- **Bad environmental management and control** in the mining environment as well as the **poor social conditions** in mining communities bring about or enhance relatively **serious health problems**, e.g. TB, silicosis, Wilson's Disease, HIV/AIDS, etc. (*see Desktop 7.3.5.1*)
- With **bad environmental practices** and **poor community engagement** in mind, mining companies have a long way to go before being recognised as **responsible corporate citizens**; **CSI and CSR issues** must be prioritised and practised (*see Desktop 7.3.3*)
- **Safety** is a huge issue and challenge in Zambian mines (e.g. Kabwe is rated as one of the ten "worst" places in the world); quite a large number of the safety problems seem to be related to the **role of contract workers** and the **lack of training** (*see Desktop 7.3.5.2*)
- When looking at all the strikes and labour unrest, **labour issues** at the Zambian mines need to be revisited (*see Desktop 7.3.6*)

- The **presence of the Chinese** (companies as well as contract workers) is definitely a huge and controversial issue in the Zambian mining environment and needs serious consideration (*see Desktop 7.3.6.4*)
- Although mainly an economic and "political issue", the question of the **renegotiation of the 'development agreements'** is a serious and contentious challenge and needs urgent attention – also on international level

4.   AIM OF THE STUDY

The aim of the study is **threefold**:
- To **highlight key issues** in the Zambian mining environment against the background of the **CSR practises of mining companies** in relation to the **dimensions of sustainable development**;
- To **critically analyse the findings** in terms of the gaps between policy and practise; practise and human rights and policy and human rights; and
- To make **practical recommendations** in order to bridge the above-mentioned gaps through sound CSR practices

5.   RESEARCH METHODOLOGY

Mainly three basic **research procedures** were used for the project, namely:
- **Historical procedure**
- **Survey procedure**
- **Historic-comparative procedure**

The **historical procedure** (literature review) was used specifically for the historical, legislative, policy and industry overview of each country, for reviewing applicable programmes and policies for the industry in the region as well as for the general analysis of the relationship between global, national and local forces and the mining industry per SADC country. More generally, the historical procedure was also used to conceptualise and contextualise all facets of the research. **Books**, **scientific journal articles**, **popular articles**, **newspapers**, **reports**, **annual reports of mining companies**, **conference proceedings**, **databases** as well as the **Internet** were used as sources for applying the historical procedure.

To gather the empirical information, the **survey procedure** was used. When working with and in mining communities, a **qualitative approach** is the better choice for the subject matter in that it enables the respondents to expand on their points of view without being limited by the questions. **Data collection methods** included **focus groups**, **researcher observations and**

interviews. As the elements of interviews with communities were not fixed beforehand they were **semi-structured** on the basis of a list of topics related to the interaction between mining companies, government and communities; the environmental, cultural, socio-economic, political and health impact of mining on communities. A degree of flexibility was allowed to assist the interviewer to probe deeper where it was felt that more relevant information could be obtained through further questioning. Questions and topics were not necessarily asked in the same order each time as this depended on the way the interview developed. This allowed the person being interviewed a degree of freedom to voice concerns and to participate in directing the flow of the conversation. These **in-depth interviews** assisted in clarifying what **themes and topics** are considered to be important, what the major concerns of individuals and communities are and the relationships between different strata within communities such as those who support mining development, those who oppose it, gender-related views, views of the youth, the aged, traditionalists and modernisers, etc.

Focus groups (8 to 12 people) and interviewees were selected purposely to take account of gender, race, migrant or local status, age and specific interest groups. To enhance the scientific nature of the study, at least two researchers (interviewers), and a translator where necessary, facilitated each focus group and each personal interview. Different individuals in different areas were also used as **key informants**. Patton (2002:321) describes key informants as "… people who are particularly knowledgeable about the inquiry setting and articulate about their knowledge – people whose insights can prove particularly useful in helping an observer understand what is happening and why." The researchers also **attended meetings between communities and corporations**, **mining and other related conferences and NGO** (non-government organisations), **CBO** (community-based organisations) and **FBO** (faith-based organisations) **workshops**. **Participatory observation** was also used to gather information. Several observations (e.g. experiencing the effects of sulphur dioxide, socialising with local communities, etc.) were possible during the research that gave an insight into the research setting.

The interviews with the respondents were translated, where necessary, and transcribed. The content of the data was then analysed by means of **conceptual (thematic) analysis**. According to Palmquist *et al.* (2005), the process of conceptual analysis comprises eight steps, namely:

1. deciding on the level of analysis
2. deciding on how many concepts to code for
3. deciding whether to code for the existence or frequency of a concept
4. deciding how to distinguish among the concepts
5. developing rules for the coding of texts

6. deciding what to do with irrelevant information
7. coding texts
8. analysing results

A more theoretical (contrary to a practical) approach - that is the interpretation of written sources (literature control; *also see historical procedure*) - was used as the basic point of departure for the analysis and interpretation of the results.

According to Guba (in Krefting, 1991), there are four important elements for increasing **trustworthiness** in qualitative research:

- **Truth value** (confidence in the truth of the findings and the context in which the study was undertaken);
- **Applicability** (the degree to which the findings can be applied to other contexts and settings or with other groups);
- **Consistency** (whether the findings would be consistent if the inquiry were replicated with the same subjects or in a similar context); and
- **Neutrality** (the degree to which the findings are a function solely of the informants and conditions of the research and not other biases).

The researchers tried their utmost to guide their research according to these elements during the study.

Further investigation was also performed through the **quantitative research paradigm** by collecting data from **questionnaires**. These were compiled for use on mine management (*'CSR Assessment Tool'*) as well as on some community groups (*'Community CSR Assessment Tool'*). These questionnaires are based on the Bench Marks Foundation's (2003) document [Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance] – *see **Appendices B & C** for copies of these questionnaires*. The quantitative data that is used in this project aims at serving as a verification of the qualitative data by illustrating the opinions of respondents in a quantified manner. **Quantitative data analysis** was done by manually analysing information obtained from questionnaires. This was done through interpreting the scores given to items in the questionnaires that intended to measure respondents' experiences of CSR in the mining environment.

All **sampling** and the nature thereof was done jointly by the researchers, community leaders, community members, government officials, the mining companies and other interest groups, e.g. Caritas in Zambia.

The **historic-comparative** procedure was applied in order to compare and "measure", for example, the different countries against one another. Here and there comparisons to other (developed) countries (e.g. Australia and Canada) also took place as a way of benchmarking and the application of international best practice.

A few **case studies** were also used to gather some information. In some SADC countries some "classic examples" of certain aspects in the mining sector were encountered (e.g. good practices, areas of pollution, areas of conservation, successful community engagement, etc.). These case studies can serve as "show cases" to illustrate certain points and even help with the processes of **pattern-matching** and **explanation-building** (see Babbie & Mouton, 1998:280-283).

Contracted **research assistants and fieldworkers** were used for certain facets of the project. The **PPP Networks** in the SADC region were also used for data collection and translation. Members of the research team visited the different research settings in 2007 and in 2008 in order to familiarise themselves with the research setting, "test and verify" certain theoretical assumptions, strengthen networks and conduct the fieldwork. Given time and practical constraints, the focus of the research was only on the **dominant mineral per province/region** in each of the countries.

To enhance the scientific quality of the research, the project was subjected to a **peer review** process towards the end of the project. **The Centre for Sustainability in Mining and Industry** in the School of Mining Engineering at the University of the Witwatersrand, South Africa as well as the **Copperbelt University** in Kitwe, Zambia, acted as peer review agents.

As a way of trying to build on previous research done in the Copperbelt (*see for example* Fraser & Lungu, 2007 *and* Silengo & Sinkamba, 2007) and also on the findings of the *Desktop Report*, one aim of this study was to take on a **'new' approach** in terms of analysis, as well as CSR policy and practise recommendations. By doing this and not only giving a repetition or duplication of the excellent work (research) that has already been done on the mining industry Zambia, the researchers believe that this study can contribute in a more effective and supportive manner to the field of CSR and sustainable development on the Copperbelt. The focus of this study has consequently shifted from a **'problem identification and descriptive approach'** (*like in the Desktop Report*) to a more **'explanatory and problem addressing approach'**. This means that the findings of this study are not aimed at blaming and defaming guilty parties for problems identified, but rather at finding ways through thorough investigation involving input from all relevant stakeholders on **how critical challenges can best be overcome**.

The research results will be disseminated in the following ways:

- Dissemination to all the affected **mining corporations** for their comment prior to the results being made public
- An international **Bench Marks Foundation Conference** in June 2008 at which representatives of all stakeholders will be present
- **Regional conferences** in the applicable SADC countries to which PPP partner organisations and stakeholders from other SADC countries will also be invited
- **Community workshops** with the researched communities so as to empower them to understand and use the research results in their engagement with mining concerns
- **Scientific publications**, **popular media** and the **Internet**

Interviews, focus groups and questionnaires were held with and completed by the following **individuals and groups** on the Copperbelt:

- Chamber of Mines of the Republic of Zambia representative (Kalulushi)
- CHEP (Copperbelt Health Education Project) (Kitwe)
- Chuwemwe community groups (54 people) (Kitwe)
- ECZ (Environmental Council of Zambia) (Ndola)
- Environmental Health Technologist – Ndeke Clinic (Ndola)
- Former mine manager (Ndola)
- Former ZCCM director (Kalulushi)
- Headmaster – school in Ndeke (Ndola)
- High school teacher (Kitwe)
- High school teacher (Mufulira)
- Individual community members (Wusakili)
- Local government (Health inspector)
- Mine workers (Kitwe)
- Mine worker (Wusakili - Kitwe)
- Ndeke women's group (12 people) (Ndola)
- Ndeke youth group (16 people) (Ndola)
- Police officers (Ndeke - Ndola)
- Senior citizen/farmer (Ndola)
- Shop owners (Chamboli - Kitwe)
- Shop owners (Ndeke - Ndola)
- Taxi drivers (Kitwe)
- Youth group (Chamboli - Kitwe)

To complete the methodological overview, it can be helpful to take note of the **structure of the mining sector in Zambia**. It can be summarised as follows:

ZCCM Investments Holdings Plc (ZCCM-IH) is an investments holdings company which is quoted on the Lusaka, London and Euronext Stock Exchanges and have the majority of its investments held in the copper mining sector of Zambia. The Company's shareholders are the Government of the Republic of Zambia (GRZ) with 87.6% shareholding and private equity holders with 12.4%. Minority shareholders are spread throughout the world in various locations. ZCCM-IH is a successor company to Zambia Consolidated Copper Mines Limited (ZCCM Ltd). Prior to privatisation in 2000, ZCCM Ltd was a consolidated copper mining conglomerate majority owned by the GRZ. Phrased differently, until 31 March 2000, ZCCM Ltd was a 60.3% state-owned mine operating company in which Zambia Copper Investments Ltd (ZCI), an associate company of Anglo American Plc, held 27.3% of shares with the balance of 12.4% of shares held by private investors (ZCCM-IH, 2006).
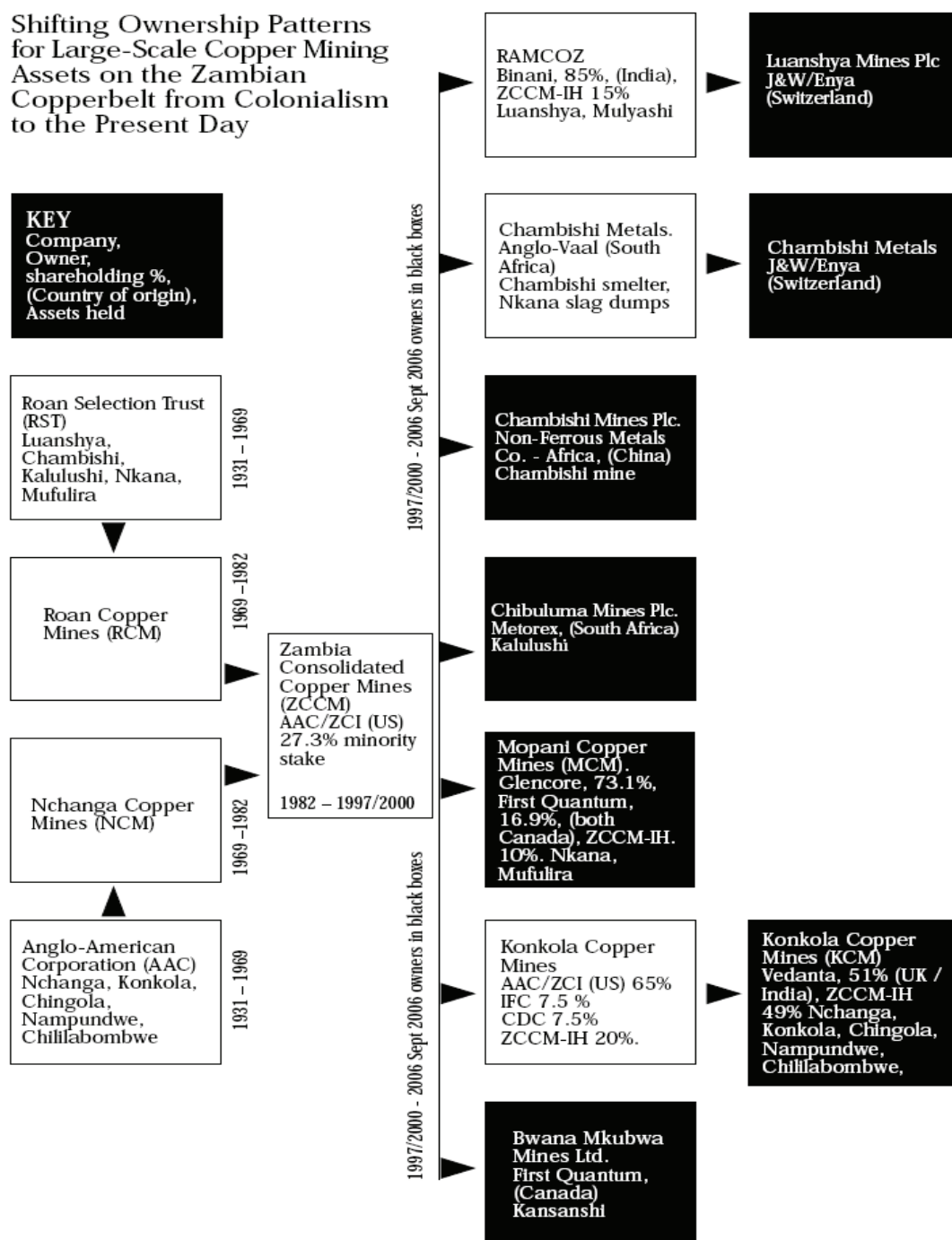
The privatisation of ZCCM commenced in 1996. As part of the privatisation process, the Company's mining assets were unbundled and sold off as separate new entities or business packages to the private sector. The reason for unbundling the ZCCM Ltd into business packages was to promote diversity of ownership and minimise political and economic risks. A two-stage privatisation process was adopted. Under **Stage one**, majority interests in the packages relating to certain ZCCM Ltd's mining and power distribution operations were offered to trade buyers, which was to leave the transformed ZCCM Ltd as an Investments Holdings Company, with minority interest in each of these packages. Through ZCCM Investments Holdings Plc., Government has retained minority interests of not more than 21% within each of the business packages. **Stage two** of the privatisation of ZCCM envisaged GRZ disposing of some of or all its shareholding, with part of this being earmarked for Zambian institutional and private investors as a way of promoting Zambian participation in the mining sector (ZCCM-IH, 2006).

GRZ obtained the support of the World Bank and the Nordic Development Fund for the Copperbelt Environmental Project (CEP) to address environmental liabilities and obligations remaining with GRZ/ZCCM-IH following the privatisation of mining assets. Apart from environmental responsibilities, ZCCM-IH has the additional responsibility of managing the ex-ZCCM employees' trust fund and also the finalisation sale of ZCCM properties (ZCCM-IH, 2006).

Current ZCCM-IH Investments are the following (*see 7.1.6.1 of the Desktop Report for a more thorough description of each investment as well as* **Figure 1** *for a schematic illustration of current investments together with their main shareholders and their 'home' countries*):

- Equinox Minerals Ltd (Lumwana Copper Project)
- Luanshya Copper Mines Plc
- Mopani Copper Mines Plc (Metorex
- Chambishi Metals Plc
- Kansanshi Mining Plc
- NFC Africa Mining Plc
- Chibuluma Mines Plc
- Konkola Copper Mines Plc
- Copperbelt Energy Corporation Plc
- Ndola Lime Company (NLC)
- First Quantum Minerals (Bwana Mkubwa Copper Mines)

Figure 1: *Shifting ownership patterns of ZCCM-IH investments*

Shifting Ownership Patterns for Large-Scale Copper Mining Assets on the Zambian Copperbelt from Colonialism to the Present Day

KEY
Company, Owner, shareholding %, (Country of origin), Assets held

Roan Selection Trust (RST) Luanshya, Chambishi, Kalulushi, Nkana, Mufulira — 1931 – 1969

Roan Copper Mines (RCM) — 1969 – 1982

Nchanga Copper Mines (NCM) — 1969 – 1982

Anglo-American Corporation (AAC) Nchanga, Konkola, Chingola, Nampundwe, Chililabombwe — 1931 – 1969

Zambia Consolidated Copper Mines (ZCCM) AAC/ZCI (US) 27.3% minority stake — 1982 – 1997/2000

1997/2000 - 2006 Sept 2006 owners in black boxes

RAMCOZ Binani, 85%, (India), ZCCM-IH 15% Luanshya, Mulyashi

Luanshya Mines Plc J&W/Enya (Switzerland)

Chambishi Metals. Anglo-Vaal (South Africa) Chambishi smelter, Nkana slag dumps

Chambishi Metals J&W/Enya (Switzerland)

Chambishi Mines Plc. Non-Ferrous Metals Co. - Africa, (China) Chambishi mine

Chibuluma Mines Plc. Metorex, (South Africa) Kalulushi

Mopani Copper Mines (MCM). Glencore, 73.1%, First Quantum, 16.9%, (both Canada), ZCCM-IH. 10%. Nkana, Mufulira

Konkola Copper Mines AAC/ZCI (US) 65% IFC 7.5 % CDC 7.5% ZCCM-IH 20%.

Konkola Copper Mines (KCM) Vedanta, 51% (UK / India), ZCCM-IH 49% Nchanga, Konkola, Chingola, Nampundwe, Chililabombwe,

Bwana Mkubwa Mines Ltd. First Quantum, (Canada) Kansanshi

Source: Fraser & Lungu (2007)

6.   ETHICAL CONSIDERATIONS

The following ethical considerations were always kept in mind while conducting the research:

- **Voluntary participation** (no participant was forced to participate in the research and participants were free to withdraw from the research at any stage)
- **No harm to participants** (the researcher ensured that no physical or psychological harm was done to the participants as a result of the study)
- **Anonymity and confidentiality** (all information gathered during the study were dealt with confidentially and permission from the participants were obtained for all information to be shared publically. Permission was also obtained from all individuals who were photographed to allow the use of these photographs where required)
- **Not deceiving the subjects** (participants were informed concerning the aim, the purpose and the procedures of the study and were not deceived in any way)

7.   LIMITATIONS OF THE RESEARCH

Although the main outcomes of the survey were generally successful, there were, however, some limitations that the researchers experienced in the research process. The first drawback experienced was that the researchers were unable to interview representatives of the mining companies. The major factor associated with this outcome related to **coordination difficulties** experienced as result of undertaking research in other countries. Although key informants were identified to assist in setting up the interviews with the mining companies, they appeared to experience difficulties arranging the appointments. Several reasons were put forward to explain this but the two major reasons related to the **poor appreciation of mining company interview protocol** and the recent announcement by government that **mining company taxes were to be increased** to 30 percent, following the 'renegotiation' of the mining contracts ('Development Agreements') as a result of recent research undertaken in the mining industry (*see Findings in 9.1.2*).

Understandably the mining industry was still trying to grapple with the new developments and consequently appeared to be more cautious about consenting to interviews relating to mining practices. **Budget and time constraints** made it difficult to spend more time in Zambia and undertake the interviews once the dust had settled. However, the research team were able to interview other **mining industry representatives** who gave us an insight into the mining companies' perspectives. As a way of ensuring that mining companies were afforded an opportunity to air their views, questionnaires ('*CSR Assessment Tool*') were sent to all the major mining companies in Zambia through the Chamber of Mines, on the understanding that

this would be the most effective approach to obtain responses from the mining companies. However, this proved to be ineffective because **no responses** were received from any of the companies (*see Findings in 9.3*). One effect of this on the research was that the researchers were unable to fully utilise the 'Bench Marks Framework' as a measuring instrument. Therefore, only the results of the *'Community CSR assessment Tool'* - which are also based on Bench Marks Framework - could be used. Consequently, the researchers have depended on findings from other research, the contributions from the mining industry representatives and of course, various representatives from mining communities, local government and civil society (*as indicated above - see point 5*).

Before getting to the key issues, it is important at this stage to briefly outline the **conceptual framework** in terms of the critical issues of **sustainable development** and **corporate social responsibility**; the findings of the study will be broadly presented within this framework (*point 9*).

8. SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

This section will focus on giving insight into the meaning and development of the very important concept of **Corporate Social Responsibility (CSR)** against the background of **Sustainable Development**. The accompanying concepts of **Corporate Social Investment (CSI)** and **Corporate Citizenship** will also be briefly highlighted. Furthermore, attention will be given to the importance of CSR in the mining industry.

8.1 INTRODUCTION

The concept of **sustainable development** was initially mainly focused on economic sustainability. With subsequent pressure from the environmentalists, this concept was extended to include the impact on the environment. An example of such a (economic) definition is reflected by the following statement (Joyce & Smith, 2003): 'Using the economic engine by mining to build an economy that survives and is better off after the end of the mining.' However, this narrow definition has expanded to include political, educational, psychological and social dimensions. Taking account of this wider perspective of the concept, Treurnicht (1997:31) and Kirkby *et al*. (1995:2) define the concept as including social and economic progress which ensures human development and during which the basic needs of the present are satisfied. Future generations are not compromised by the definition because each generation must use its own capacity to satisfy its needs.

Hamann and Kapelus (2004) argue that the objective of corporate social responsibility is to align corporate policies and practices to sustainable development in order to ensure companies' reputation and their access to capital, land and markets. In their efforts to embrace CSR, companies must identify the interests, concerns and objectives of various stakeholders (including national, regional government, local authorities, indigenous people, local communities, employees and competitors) and address their often-varying needs (Guerra, 2002).

Jenkins and Obara (2006) point out that the challenge for mining companies is to develop CSR programmes that maintain good will for the company and address the long-term developmental needs of communities in a sustainable way, without creating a culture of dependency. The mining industry should therefore aim its progress in line with the three dimensions of sustainable development (economic, environmental and social). This can be achieved through: **economic development** – investment of generated revenues to ensure the future development and long-term livelihood of the communities (Epps, 1996); **environmental protection** – minimising the environmental impact of natural resource exploitation and land rehabilitated to allow successive use (Sanchez, 1998); and **social cohesion** – reducing the social and cultural disruption to communities, maintenance of stakeholder dialogue and transparency of operation.

At this point, it might be meaningful to have an overview of the **development goals of** the **World Bank** as well as the so-called **Millennium development goals**; especially regarding the contribution of this report to sustainable development in the Zambian mining sector. Most of these development goals are nevertheless being addressed in the key findings (*point 9*), analysis (*point 10*) and recommendations (*point 11*) of this report.

The **World Bank has identified six (6) development goals** as part of a new international development strategy (Thomas, 2000:4):

- **Poverty:** Reducing by one half the proportion of people in extreme poverty by 2015
- **Mortality:** Reducing by two-thirds the mortality rates for infants and children under 5 and by three-fourths the mortality rates for mothers by 2015
- **Education:** achieving universal primary education in all countries by 2015
- **Health:** Providing access to reproductive health services for all individuals of appropriate age no later than 2015
- **Gender:** Demonstrating progress towards gender equality and the empowerment of women by eliminating gender disparities in primary and secondary education by 2015
- **Environment:** Implementing national strategies for sustainable development (supposed to be implemented by 2005) to ensure that the current loss of environmental resources is reversed globally and nationally by 2015

The eight **Millennium Development Goals** (MDGs) – all by the target date of 2015 – form a blueprint agreed upon by all the world's countries and all the world's leading development institutions (UN, 2008). They are:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, Malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

The **International Council on Mining and Metals (ICMM)** has its own **ten (10) principles regarding sustainable development** (ICMM Sustainable Development Framework):

- Implement and maintain ethical business practices and sound systems of corporate governance
- Integrate sustainable development considerations within the corporate decision-making process
- Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities
- Implement risk management strategies based on valid data and sound science
- Seek continual improvement of our environmental performance
- Contribute to conservation of biodiversity and integrated approaches to land use planning
- Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products
- Contribute to the social, economic and institutional development of the communities in which we operate
- Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders (ICMM, Annual Review, 2007:22)

Against the afore-mentioned background, it is then obvious that **CSR and sustainable development go hand in hand**. The concept Corporate Social Responsibility (CSR) will subsequently be scrutinised in more detail.

8.2   DESCRIBING CORPORATE SOCIAL RESPONSIBILITY

Before starting the conceptualising exercise regarding CSR, a more complete picture might be drawn by touching on the concepts of Corporate Social Investment (CSI) and Corporate Citizenship. At this point it might be useful to mention that the three concepts build on one another and in themselves represent an ever-evolving journey that tracks the question as to what an appropriate relationship between the business and social contexts should be like. CSI is often the starting point, CSR the natural second step and Corporate Citizenship completes the picture by incorporating CSI and SCR in a holistic vision for the company, the community and the planet (Njenga & Smit, 2007).

Corporate social investment (CSI) refers to an organisation's contributions to society and community that are extraneous to its regular business activities – whether such investment is monetary, or in the form of other corporate resources or time. While CSI might be via charitable or philanthropic giving, it increasingly serves to support business development objectives. As such and as indicated above, CSI is an important sub-set of corporate citizenship or CSR, but should never be interpreted as being synonymous with those terms (Rochlin, 2003; Freemantle & Rocky, 2004; Van Den Ende, 2004; Njenga & Smit, 2007).

A narrow definition of citizenship might simply imply compliance with the laws of the land. But in the context of sustainable development, corporate citizenship goes much further. It considers the rights and responsibilities of organisations within broader societal contexts and is therefore concerned with the contribution a company makes through its social and environmental impacts as well as its economic contribution. Corporate citizenship elevates the discussion to a different level in that it deals with the increasing realisation that the future of humanity and that of the planet on which we live are at stake and that business ought to join stakeholders in the political, social and environmental domains in charting a way to sustainability. Corporate citizenship can thus be described as a value system, a code of conduct that is applied throughout an organisation (Rochlin, 2003; Freemantle & Rocky, 2004:8; Van den Ende, 2004; Njenga & Smit, 2007:5).

Corporate social responsibility is a term for which no universally acceptable definition exists. The following, more formal definition emerged from an international meeting the WBCSD (World Business Council for Sustainable Development) organised with 60 opinion formers from within and outside business (Holme & Watts, 2000:10): *"Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life."* Corporate social responsibility is also described as the decision-making and implementation process that guides all company activities in

protecting and promoting international human rights, labour and environmental standards and compliance with legal requirements within its operations and in its relations to the societies and communities where it operates. CSR involves a commitment to contribute to the economic, environmental and social sustainability of communities through the on-going engagement of stakeholders, the active participation of communities impacted by company activities and the public reporting of company policies and performance in the economic, environmental and social arenas (The Bench Marks Foundation, 2003).

Farrel *et al.* (2004) make **four classifications of social responsibility**. These are **legal, ethical, economic and philanthropic**. The **legal dimension** of social responsibility refers to obeying laws and regulations established by government. The **ethical dimension** of social responsibility refers to behaviours and activities expected of or prohibited by organisational members, the community and society. The **economic dimension** of social responsibility relates to how resources for the production of goods and services are distributed within the social system. The **philanthropic dimension** refers to a corporation's contribution to society as business and is expected to contribute to the quality of life and to the welfare of society.

It becomes clear that corporate social responsibility is concerned with a variety of dimensions a corporation must consider in maximising its positive impact and in minimising its negative effects. Whatever the circumstances may be, sustainability of these activities over an extended period is the most important (Lungu & Shikwe, 2006).

8.3   CSR IN MINING

Jenkins and Obara (2006) maintain that the mining industry has historically taken a "devil may care" attitude to the impacts of its operations; operating in areas without social legitimacy, causing major devastation and then leaving when an area has been exhausted of all economically valuable resources. Cost benefit language has often been used to excuse the damage caused in one place because it is outweighed by the overall financial benefits (Jenkins, 2004). However, in recent years the global mining industry has addressed its social and environmental responsibilities; numerous factors have contributed to this, amongst others international pressure coming from different angles as well as national legislative measures (*also see Introduction and Background; Points 1 and 2*); the extractive industry is now world-wide key in debates about social and environmental sustainability (Cowell *et al.*, 1999).

Although multinational (mining) companies (MNCs) have "remodelled" themselves as good corporate citizens, there is still not much evidence as to how this recognition of the need to address sustainability issues has affected communities, and whether development initiatives

have been effective in contributing to more sustainable communities and more effective community engagement (Jenkins & Obara, 2006). For the mining industry, CSR should be about balancing the diverse demands of communities and the imperative to protect the environment, with the ever-present need to make a profit – the well-known **three Ps**, namely **Profit**, **Planet** and **People** (*also see* Jenkins, 2004). CSR calls for a company to respond not only to its shareholders, but also to other stakeholders; including employees, customers, affected communities and the general public on issues such as human rights, employee welfare and climate change (Hamann, 2003).

8.3.1 The development of CSR in the mining industry

Today's heightened interest in the role of businesses in society has been promoted by increased sensitivity to and awareness of environmental and ethical issues. Issues such as environmental damage, improper treatment of workers and faulty production that inconveniences or endangers customers are highlighted in the media. In some countries government regulation regarding environmental and social issues has increased. Also, standards and laws are often set at a supranational level (e.g., by the European Union). Some investors and investment fund managers have begun to take account of a corporation's CSR policy in making investment decisions (so-called ethical investing) (Wikipedia, 2007).

In the case of mining, Warhurst (1998) differentiates between two models of CSR:

a) Traditional models of Corporate Social Responsibility – are based on "rights". These approaches can be summarised as successfully running a business paying regard to the interests of employees, investors, suppliers and customers, while making charitable donations and social investment in the local community, in response to perceived moral imperatives, as well as to ensure the maintenance of a healthy workforce. It involves complying with regulation where required and includes cleaning up pollution, managing incidents and treating other *post-facto* effects of mining after they have occurred. It involves two forms of socially responsible practice: philanthropic giving and the implementation of codes of conduct. These approaches mitigate negative environmental and social impacts in response to the "moral imperative" through add-on social spending measures. Such measures are often costly and non-productive. For example, cleaning up pollution once it has occurred usually means adding on expensive end-of-pipe treatment technologies, such as water treatment plants, dust precipitators and smelter scrubbers. The traditional approach, however, did not take account of the complex conflicts of interest that may arise over time and among different stakeholders regarding what constitutes an efficient use of resources.

b) Pro-active Corporate Social Responsibility - requires a more forward-looking longer-term approach to the integration of social responsibility at the very heart of doing business. This means that negative environmental social impacts in all spheres, namely the bio-physical, the economic and the social, are anticipated and prevented right from the start, and that participative approaches to working with stakeholders towards improving the balance benefits for all are, over time, integrated into the very way of doing modern business. It is argued that adopting the pro-active approach would provide an effective way for mining companies to transform their commitment to sustainable development into operational reality. It can further be argued that newly emerging drivers of environmental social responsibility may well lead to multinational companies (MNCs) being obliged for commercial reasons (the acquisition of credit, insurance, the next permit or next contract for the long-term success of the operation, etc), in addition to the moral imperative, to integrate this new type of proactive social responsibility more fully within their business practices.

8.3.2   The importance of CSR for mining companies

Society and business can not be separated. They are both contributing to and benefiting from each other. To survive and prosper, companies need to accommodate changes in what the public expects of business. Current shifts in societal expectations are strongly towards business demonstrating that it can behave ethically and responsibly in return for the freedoms and opportunities society bestows on it. Maintaining such a reputation is essential for survival. In short, **business needs the approval of society to prosper** (Holme & Watts, 1999).

Two other important aspects of CSR for companies as indicated by Holme and Watts (1999) include:

- **Creating shareholder value**

Social responsibility consequently is essential for the creation of long-term value for shareholders. Managers must consider and satisfy the needs of a much broader range of people in their specific quest to deliver value to the shareholders. This requires a mindset that acknowledges the complexity and diversity of a fast-changing world and looks for new and better ways to manage it. The idea of consulting stakeholders can be seen as a tool to understand complexity and prioritise actions. It also reminds the corporation of the social and environmental obligations which come with the freedoms society bestows on companies. Such an inclusive approach to commercial life often also reveals more business opportunities by exposing companies to information and influences they would otherwise miss.

- **Financial and social performance**

Social obligations should not be seen as just another cost. To the contrary, a clear CSR strategy could improve profitability because it will reduce costs by helping to enhance positive social effects and avoid the negative. Furthermore, such a strategy will help align corporate and social values, and because of this may well identify new commercial opportunities.

Hamann (2003) points out that the business case for social responsibility is not yet very clear, but that particularly in the mining industry, social responsibility may have **direct implications for bottom line profits**. Rio Tinto's chief economist convincingly shows how relations between mining companies and local communities play a crucial role in the economic and competitive strength of a mine (Humphreys, 2000):

- Local community opposition, ranging from protest to sabotage, can cause costly delays in production or even termination of production. Such production delays are particularly problematic in the context of increasingly demanding customers in just-in-time supply chains.
- Customers of raw materials are becoming more and more concerned about the production conditions of the materials and increasingly demand certification (e.g. ISO 14001) and apply social sustainability standards.
- Good community relations are crucial for a company's reputation, which, in turn, are vital to the company's access to financial resources, government permits and highly qualified and motivated staff.

Warhurst (1998) also indicates that mining activities, like other infrastructure developments, risk the degradation and reduction of environmental resources as well as human health and well-being due to the potential for releases of pollutants to air, water and soils. These risks to the natural environment **translate into financial risks** to the project developer/operator and to the institutions providing financial backing for the project. The strategies adopted by financial institutions to manage and mitigate these risks can be increasingly significant in driving the developers and operators of large infrastructure projects such as mining towards the evaluation, monitoring and improvement of social and environmental performance.

The Bench Marks Foundation's (2003) *Principles for Global Corporate Responsibility: Bench-Marks for Measuring Business Performance* identifies the following **operational principles of CSR**:

- CSR should be integrated into all the various aspects and levels of the companies' operations. CSR is a process in which a company takes its responsibility for the

consequences of its acts in the social, ecological and economical field throughout the complete chain.

- Stakeholder involvement: a readiness to engage in a dialogue with stakeholders, these might be individuals or groups who could affect, or are affected by, corporate actions, decisions, policies, practices or goals. Corporations should address all stakeholders, including workers, suppliers and the local population, including consumers, social organisations and the public authorities.
- Transparency and reporting: companies should be accountable by being open and transparent about their policies and practices.
- Independent verification: the quality, use and credibility of a company's social and environmental reports can only be guaranteed by independent verification. Taking responsibility obtains a meaning when a company develops specific policies to observe, respect and promote the international guidelines and treaties related to the specific industry in which it is involved and that which affects all industries in general, while a company guarantees that this policy will be internalised in all aspects of its business activities.

The Bench Marks Foundation provides perhaps the only independent verification agency in Southern Africa; most mining corporations do 'independent verification' by means of engaging the services of consultants such as global auditing firms. There are numerous shortcomings with the auditing firm as verification agency, for example these firms may operate on verification for profit basis where they consequently need to retain existing clients while simultaneously growing their client base. This means that they will hardly ever produce findings that will cause them to lose a client, in other words their findings are predetermined by their economic interests, more particularly the need to show a profit to shareholders.

8.3.3 Social licence to operate (SLO)

Since the global environment in which mining companies operate is highly visible, they need to have a **good reputation as being socially responsible**. To achieve this, three fundamental considerations need to be heeded (Veiga *et al.*, 2001:192):

- Environmental impacts must not pose any unacceptable risk to associated communities;
- Mine development must be perceived to bring a net benefit to the community (it is no longer enough to simply mitigate impacts). To achieve this, community diversification must be part of mine planning, development, operation and post-closure; and
- Communications between the mining company and the community must be transparent and effective; citizens should be encouraged to share in decisions that

directly affect their future; this will help mining companies avoid risks to the sustainability of both their own operations and those of the community.

These considerations relate to mining companies gaining the consent from the communities in the Copperbelt to explore, develop and extract their resources responsibly – this means acquiring a **Social Licence to Operate (SLO)**. It not only forms the foundation of the mine life cycle, it also permeates each and every phase from discovery to reclamation (Nelsen, 2005). If Social Licence is not gained from the onset or maintained during the mine's operation, it is likely that the project will not succeed in the long run. Lassonde (2003) makes the observation that *"Without local community support, your project is going nowhere."* He describes social licence as *"…the acceptance and belief by society, and specifically our local communities, in the value creation of our activities, such as we are allowed to access and extract mineral resources. …You don't get your social licence by going to a government ministry and making an application or simply paying a fee. … It requires far more than money to truly become part of the communities in which you operate."* SLO is also described as: *"an intangible (not a piece of paper), non-permanent (implying standards and renewal) measure of ongoing acceptance of a company's activities by communities"* (Nelsen, 2005).

Spierings (2006) also refers to the need for mining companies to obtain **'social licence'** to operate. She raises a number of issues concerning the notion of 'social licence':

- Ata theoretical level, one of the issues is who the stakeholders of a company are that are authorised to give a licence to operate.
- Issues raised by different stakeholders may well be contradictory.
- In some cases the social licence to operate is used as a way for a company to build good relationships, by means of, for example, stakeholder management.
- Alternatively social licence to operate is seen as a goal, to have a good relationship with the social environment in which the company is settled. In that case different strategies can be used to finally obtain a social licence to operate (Spierings, 2006).

Nelsen and Scoble (2006) argue that SLO represents a genuine opportunity to transform mining into an activity that is recognised to promote economic and social development of associated communities. As companies venture increasingly into developing and remote locations, contemporary mining development encounters situations in which communities are disadvantaged in terms of economic prosperity and quality of life. Overall, Social Licence to Operate addresses the relationship between a mine and its affected communities through the perceptions created by an **effective consultation and participation process**. How then, can mining companies acquire a social licence to operate?

According to a survey done by Nelson (2005), the top 10 answers on **how to acquire a Social Licence to Operate**, are:

- understanding culture, language and history;
- educating local stakeholders about the project, e.g. mining processes, environment impacts;
- ensuring open communication amongst all stakeholders;
- maintaining a sound track record and a positive corporate reputation;
- training the work-force;
- creating a business partnership with communities for economic development;
- employing innovation and technology to avoid undue impacts;
- seeking community support and capacity building;
- enabling corporate transparency; and
- collaborating with communities to help meet their infrastructure needs.

In order to determine whether a Social Licence has been obtained, the **results from a community consultation program** and a **letter of support** from the community would be the main indicators of its acquisition. The company and community are the main determinants governing whether or not a Social Licence has actually been obtained. Furthermore, a mining company that operates in the Copperbelt needs to have a **mine planning process** that enables an **integrated and comprehensive analysis** of the factors that characterise the situation in which the mine is operating in (see SWOT analysis in 9.5). This analysis is seen as a logical basis on which to resolve the appropriate process for acquiring a Social Licence according to the particular situation (Nelson & Scoble, 2006).

8.4   CONCLUSION

Spierings (2006) summarises that "CSR is about the structure of the core activities of a company, to create, both on an economical, social and environmental level, a surplus value for society. CSR means that the activities of a company must have a positive impact on all stakeholders, which entails clearly more than complying with legislation". Over the past few years, CSR has become an increasingly significant part of business in Southern Africa. It is especially in the mining sector that CSR has a huge role to play. Although CSR is a difficult concept to pin down in terms of a single universally accepted definition, the character, theme and broad aim of the concept can easily be understood by companies who are willing to make the little effort in attempting to behave in ethical and socially accepted ways. The fact that there is no single CSR standard should not deter mining companies to form their own unique ways of developing into good corporate citizens. Embracing CSR as a means to achieve

sustainable development holds a large number of different advantages (e.g. better financial performance) for mining companies, as well as for the communities within which they operate. As a crucial part of the CSR process, it is very important for mining companies to gain the consent from the communities to explore, develop and extract their resources responsibly (acquiring a SLO).

Consequently, certain **key findings** with regard to CSR in the Zambian Copperbelt will be highlighted.

9.   FINDINGS

Before taking a look at the **key issues with regard to CSR practices** on the Zambian Copperbelt, it is necessary to understand the current situation in its context since it is generally compared with earlier CSR practices that went on during days preceding the privatisation of the Zambian mines. Those were the days of Zambia Consolidated Copper Mines (ZCCM), when all the mines in the country were owned and operated by the state. During that time (Kangwa, 2001), employed mine workers were entitled together with their registered dependents to access company provided medical and education services, recreational facilities, sports clubs and essential municipal infrastructure including electricity, water supply and sewerage services. Therefore ZCCM operated a 'cradle to grave' corporate social responsibility welfare policy and it had a paternalistic approach to its communities (Lungu & Mulenga, 2005). As a former mine manager stated: *"During the days of ZCCM, there were deep down social amenities. The mining industry had a heart for all its employees. They looked after the welfare of the miner and his family...they provided things like sports and recreation, schools, hospitals and many other things and it extended also to miners who leaved employment...it was a deep-rooted aspect of looking after its employees..."* However, these policies in itself had some disadvantages.

By the manner in which ZCCM handled its social responsibilities, people were not being empowered to become self-sufficient and live sustainable lives on their own. As a result, it led too much to dependence on the mine. Jenkins and Obara (2006) argue that companies should not be put in the position where they take on a developmental role that should be provided by the government – they should rather work in partnership with the government and local agencies. It is not just the community that ends up depending on the company. Governments look to the companies for answers too. As one high school teacher stated: *"ZCCM's intentions were good, but the end result was bad. People relaxed too much in the days of ZCCM...workers could even get nappies for free."* Consequently, this has resulted in Zambians now suffering from the 'hangover' of ZCCM.

However, when looking at the mining industry in Zambia today, there are also certain CSR practices that have nothing to do with how things were in the past. The companies that are currently operating in the Copperbelt should still aim at aligning their CSR practices with the principles of sustainable development by **supporting the creation of sustainable communities**. A sustainable mining community is one that can realise a net benefit from the introduction of mining that lasts through the closure of the mine and beyond (Veiga *et al.*, 2001). In the context of Zambia, Kangwa (2001) believes that because privatisation had a destabilising effect on communities, sustainable development under the privatisation scenario should aim at helping to replace lost employment opportunities with activities that are able to sustain livelihoods and at helping people to become less dependent on formal employment activities that relate exclusively to the mining and minerals sector. To achieve the above, the **mining companies** together with the **government**, as well as **civil society** and the **communities** themselves each have a central role to play.

The following presentation of statements gives an indication of how some of these stakeholders, particularly the communities, are experiencing certain **CSR issues** that are currently affecting the lives of people working and living in the Copperbelt. These key issues that came to the fore from the research (desktop as well as empirical research) are categorised under the **three dimensions of sustainable development** (economical, environmental and social). Some of these themes are also cross-cutting across the dimensions. Integrated within the findings of this research are certain relevant *Principles*, *Criteria* and *Bench Marks* [Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance] - **printed in bold**, which can serve as an indication as to how (and in which areas) mining companies can still improve on their CSR performance (The Bench Marks Foundation, 2003). At the end of this section (*see 7.3*), an additional **measure** against these criteria and bench marks will be given through the presentation of results that were obtained in the 'CSR Community Assessment Tool'. This is done in order to contextualise the CSR issues that arose in the Copperbelt in terms of international best practice (*see Methodology – Point 5*).

Given the importance of the regulation of the industry as well as the indirect link between legislation and CSR, an overview of the regulatory framework of the sector will be given at the beginning of this section.

9.1   LEGISLATIVE AND POLICY FRAMEWORK

9.1.1   Structure of mining authorities

The applicable legislation that controls all mining activities in Zambia is **The Mines and Minerals Act of 1995**. The Act to a large extent simplified the licensing procedures, places minimum reasonable constraints on prospecting and mining activities and creates a very favourable investment environment. The Act also allows for international arbitration to be written into development agreements, should it be necessary. A framework for responsible development has also been created through the publication of the **Environmental Protection and Pollution Control Regulations**. The legislative framework for the mining industry in Zambia appears to be quite well structured, comprehensive and thorough. Obviously, the "proof of the pudding" will lie in the application and enforcement of this legislation.

The **Ministry of Mines and Minerals Development** was recently restructured and is divided into three departments, namely **Geological Survey, Mines Development** and **Mines Safety** (*see Desktop Report for a more thorough description of each department's role - 7.2).* Despite the well-conceived structure of the ministry, **implementation still suffers** from **inadequate manpower** to implement the various pieces of legislation and to realise the objectives of the various departments. However, some significant progress has been made in mining practices, especially licensing.

The following statements provide an indication of people's opinions regarding the importance of proper legislation, policies and political practices when ultimately aiming at achieving good CSR practices:

In the words of a former ZCCM director: *"The state is created by people and these people also decide on the rules for guiding behaviour, i.e. the constitution. This constitution needs to be just - as it is agreed upon by the majority of the people. Therefore, the constitution needs to be sorted out first. Rule of law is based on a just constitution. In Zambia, there are many laws that are anti-people that need to be corrected. 'Peace' happens when there is a 'lack of war' plus a 'lack of injustice'. In a country where there is an 80% poverty level, there is only superficial peace... One day, the strings are going to break; for instance through crime, revolutions, etc... CSR cannot be talked about on its own. If there is an industry, it will be doing something to a resource (land, forest, water etc.) that belong to the people. And the people also need to benefit from that...people need a government that can facilitate this. NGO's must champion the principles of sustainable development in the extractive industry. Government must come up with plans and directions and must be forced to work together with industry. Exploitation of resources must also be profitable. No industry can survive if it is not*

profitable. Government must also provide education that will support skills for the industry. Therefore, Government and Industry and Academia need to work together. Education needs to be looked at as an economic resource. Industry needs to invest in human resources to be able to continue working... Industry has money, academia has brains and government has the rules...these three must work together. However, this 'working together' of the 3 key role players is not currently happening in Zambia...Industry needs to do 3 things regarding CSR: Firstly, they need to run the industry with profit. Secondly, this profit must be made in a responsible way by behaving responsible towards society as well as the environment; and thirdly, a part of that profit needs to be ploughed back into the communities...CSR is an avenue that has to be used for delivering unto the poor."

"...the other thing that I would like to mention is that we had properly organised unions during those days [during the days of ZCCM]. It was a policy of one industry, one union. But when politics changed hands, the unions changed and got weakened. The unions were fragmented...there are now two mining unions. When divided rule comes into play, unions can become manipulated. When unions are divided, they can not have as much influence, e.g. when one union strikes, the other one does not and the industry cannot feel the pinch and give in to the demands, because the companies can go to the other one that provides the labour...these days you'll also find government interference in the negotiations between the unions and the mining industry." (Ex-mine manager)

"...there is no more political and social will and the issue that has come in is maximisation of profits. What I mean is that when you have a government that has the welfare of people at heart, the legislation will be formed to look after the people. Here in Zambia we have labour laws, but the government is not enforcing them and this is why we have a casualisation of the workforce...also in terms of safety, there has been an incident where casual workers was allowed to go near the explosive building and there was and explosion and many people died. In the old days, this would not have been allowed...therefore, political will has failed us." (Ex-mine manager)

9.1.2   Concerns regarding implementation of mining legislation and policies

During the past few months on the Copperbelt, the discussions surrounding mining legislation have been dominated by the controversial issue of the 'Development Agreements' (*see Desktop Report – 7.3.1.3*) that were signed between the Zambian Government and the new investors (mining companies) during privatisation. The burning issue that has received most of the attention recently is the **new tax and royalty regime** that has been imposed on the companies by the government. The mineral royalty has increased to 3 percent from 0.6 percent, while corporate tax has risen to 30 percent from 25 percent. Zambia has also

introduced a 15 percent variable profit tax on taxable income above 8 percent and minimum 25 percent windfall profit tax has been enacted. As from the beginning of April 2008, all foreign firms in the copper-rich Southern African nation were required to start paying these higher taxes.

Consequently, this larger tax bite **has outraged some mining firms** who have said the move could discourage investment in the sector. According to the Chamber of Mines of Zambia, the new taxes flew in the face of development agreements that had exempted foreign investors from paying taxes for as long as 20 years in some cases. The Chamber of Mines is of opinion that this will discourage direct foreign investments because investors will have no confidence in the government if it can not honour signed agreements. They also believe that mining companies might face problems raising capital for upgrades and expansions of existing copper and cobalt mines in Zambia as a result of the tax changes, which would have a spin-off effect on job creation (Reuters, 2008).

Nevertheless, it is believed (Reuters, 2008) that this new mining tax will generate a $400 million in revenue per year. The Zambian President, Levy Mwanawasa, blames the 'tax of five to 20 years incentives' that were awarded to firms in the 'Development Agreements' for creating an imbalance in mineral wealth between the state and the private sector. In 2007, Zambia only collected $142 million in mineral royalty and company tax from earnings of $4.7 billion in copper and cobalt exports by foreign owners of its vast copper and cobalt mines, despite a 400 percent increase in global metals prices in the past seven years. According to president Mwanawasa, additional resources from the new tax measures would enable the mineral-rich Zambia to spend more on education and health and help achieve its aim to become a prosperous middle-income country by 2030.

Against this background, it seems that the following *Criteria* (The Bench Marks Foundation, 2003), which could serve as a standard for best practice with regard to the above-mentioned situation, are not being upheld by some mining companies that are currently operating on the Zambian Copperbelt. These criteria state that:

The company pays appropriate taxes and uses no covert means (such as inflated internal or transfer prices) for removing profits from a host jurisdiction (1.2.C.7)

The company publicly discloses all royalties, taxes, fees, payments and any other revenue paid to state or parastatal partners as derived from project partnerships (1.5.C.5)

The company has a strategy whereby proper compensation for the extraction of resources is made to all the relevant national, local and indigenous communities for the acquisition of their assets (1.5.C.3)

9.2   SUSTAINABLE DEVELOPMENT

9.2.1   Economic dimension

Despite the economic success of the mining industry in the recent past, a majority of Zambians continue to suffer extreme poverty.   As of December 2005, about 67% of the population was said to be living on less than US$1 a day. The economic reforms experienced in the mining sector led to a loss of 8 000 jobs. It is estimated that the 8 000 individuals supported at least five other family members. Most of these unemployed miners resorted to economic activities such as charcoal-burning, shift cultivation farming methods and small-scale mining to sustain their livelihoods, leading to further environmental degradation (United Nations University, 2007).   However, some jobs have been created through the use of **contract work**.   But as Fraser and Lungu (2007) argue, this had led to a collapse in the quality of employment.   Approximately 45% of mine workers are now unable to access permanent and pensionable contracts.   Most mining companies have shifted workers onto rolling, fixed-term contracts on significantly less beneficial terms and conditions, or the jobs have been "contracted-out" to companies that in many cases pay **less than half the monthly wage** offered permanent workers for the same work in the same mine, and in some cases, just one tenth of this figure.   Two other problems of privatisation, as indicated by Fraser and Lungu (2007), is the **deepening of pensioner poverty**, as well as the **lack of linkages of the new companies to local business** (*see Desktop Report – 7.3.1.3*).

The following quotes that are given in this section are some remarks that were made by mining communities on how they associate with the above-mentioned **problems in economic development on the Copperbelt:**

"Many people were retrenched by the new mine owners...Retrenchments have contributed to high levels of HIV/AIDS, e.g. women go into prostitution because the men can't provide anymore. Retrenchment payments have not been enough to sustain families. There has also been a drop in education and crime has gone up. All the people have gone into business, so there is no one left to buy the products...if there are mine accidents or if a miner has TB – they just get discharged without compensation." (Community group)

"The biggest problem associated with mining is the lack of employment that is provided by the new companies...other businesses also went down after privatisation...we don't experience any positive impact of mining on the communities anymore...People are also getting chased off of lands that they wanted to use for farming." (Community group)

Picture 1: *Mining property that communities use for farming*

According to the comments above, the following two **Criteria** (The Bench Marks Foundation, 2003) are not being met by some companies:

In situations where corporate restructuring is taking place, the company provides the opportunity for redeployment and retraining of employees in order to offer sustainable patterns of employment (2.1.C.15)

The company only proceeds to extract natural resources in situations where their renewal is guaranteed or where, in the case of non-renewable resources, it has made provision for the creation of sustainable alternatives (1.5.C.2)

"The money, for which copper is sold, does not come back to this country. We don't enjoy the produce of our resources." (Ex-mine manager)

"Some mining companies are banking outside the country...some payments are coming late – some even 3 months. This breeds criminals if people are not taken care of properly. Government has been strained and weakened due to population growth and it needs partners to assist it in providing social services. Before privatisation, services were there so the workers could focus on their work and not have to worry about all these other social cares." (2 Mine workers)

"The investors also don't bank here and consequently all the wealth leaves the country...They should work with government and trade unions to start behaving properly." (Community group)

Therefore, these three **Criteria** (The Bench Marks Foundation, 2003) are also not being fully respected:

The company aspires to integrate the interests of all stakeholders with that of its own business goals (1.3.C.8)

The company seeks to develop long-term business relationships in local communities and does not terminate its operations without assessing the long-term environmental, social, cultural and economic sustainability impacts on the local community (1.3.C.6)

The company, in consultation with the local community, establishes a policy that incorporates into its business plan the best interests of the community, both now and into the future (1.3.C.2)

Apart from contract workers not receiving the same benefits as they would have through direct and permanent employment, there are also other problems that flow from the use of labour contractors, like lower health and safety standards as well as corruption. The following quote gives an example of community members' opinion on the matter:

"Some contractors need to be paid 1 million Kwacha so that a mine worker can get a job through them in the mines. The contractors also pay late and consequently people can't pay their rent in time. This creates other problems in the community...we are really suffering. The contractors also give payment a little at a time and not in a lump sum. We haven't had any housing allowance since 1997...There are 4 subcontractors. We don't know why it was formed or why government has allowed it. Contractors receive the housing allowance but do not pass it on to the employees. Health and safety standards that were in ZCCM are not being followed anymore. If people complain about all this, they get intimidated or just get fired. You also can't complain to the trade unions because of corruption between unions and companies. Casual workers are also fired easily because they are not registered with the unions. After privatisation, there was no carry over of benefits for people who have worked many years for ZCCM. There was an incident where an employee got injured at work; the mine did not pay out. Investigations were made and it was found that the sub-contractors kept the money for themselves... One woman's son has been working for 1 year now for a mine, without having any written contract with the sub-contractors..." (Community group)

From the comment above, it is evident that some companies – more specifically the contracting firms - are not measuring up to the following *Criteria* (The Bench Marks Foundation, 2003):

The company implements a standard grievance procedure allowing for progressive steps and channels to resolve grievances, where in the case of a grievance not being resolved at company level, provision is made for the employee to follow the appropriate legal route. The company undertakes to inform workers of their rights and assists them in this regard (2.1.C.16)

The company adopts a policy not to discriminate against employees exercising their basic rights (2.1.C.18)

"We are doing the taxi business because there is no other employment. There is a lot of bribery going on if you want to be employed in the mines. If you want to get a job through an agent, you have to pay K500 000 just to apply." (2 Taxi drivers)

"Investors do not employ directly, but they work through contractors...Top management are from other countries and are not Zambians. Locals are not being trained for management positions...Children have gone for training in doing mining work, but still are not employed. They rather employ their own people although they pretend to hold interviews with the people here. Companies also pay less salary for local people who have the same qualifications as their own people." (Community group)

"...there was no community engagement or consultation prior to beginning the mining activities by the new investors. Local people also don't get employed. The mines bring their own people, e.g. the Chinese bring Chinese. Local people train the foreigners to do the mining but do not get employed themselves. Companies host fake training programs to keep up appearances in terms of CSR." (Women's group)

According to these comments, the following *Criteria* (The Bench Marks Foundation, 2003) are not being achieved:

The company actively recruits and employs for all positions at all levels, including management, from the local population (2.1.C.5)

Training, development, promotion and advancement opportunities within the company are available to all employees of the company, regardless of status, whether full-time, part-time, short-term, permanent, or with any other contracts of employment (2.1.C.6)

All who work within and on the company's premises, whether permanent, temporary or contracted employees, including those engaged in day labour, receive equal protection, especially in provision of equipment and information concerning their health and safety at work. This information is provided in the languages of the workers (2.1.C.7)

"Most of the mine workers in this area are not employed directly by mines, but are employed by contractors. The mines do this to avoid expenses...they want to make more profits and spend less..." (Community representative)

"These contract workers get about K500000 (R1000) per month. That is not enough for them and their families and they are very poor. The hours they work are also very long." (Community leader)

Therefore, the following **Criteria** (The Bench Marks Foundation, 2003) are not applied during the operations of some companies:

The company has in place programmes, policies and practices with specific goals and time lines to ensure equal pay for work of equal value (2.1.C.11)

The company uses an established process to calculate a sustainable living wage. The process to determine a sustainable living wage is used in each of the geographic areas where workers live (2.1.C.13)

The company ensures that, as a minimum, all employees are paid a wage, which, at least, provides sufficient purchasing power to enable employees to meet the basic needs of themselves and their families (2.1.C.12)

9.2.2   Environmental dimension

In Zambia, where mining provides for a large part of the country's economy, it has become necessary to involve certain initiatives that consider their main focus to be the welfare of the environment. One of these important initiatives is the Copperbelt Environmental Project (CEP) - it addresses the environmental liabilities associated with the mining sector that accumulated across more than 80 years of mining. Decades of copper, cobalt, zinc and lead mining has left many areas of this Southern African country of 11.5 million people contaminated with poisonous substances (Reuters 2007). Some impacts include air pollution from fumes, gases and dust; soil contamination from hazardous effluents; water (surface and ground) pollution from effluents to water ways from mines, plants and dumps; destruction of vegetation and wildlife habitat due to subsidence; deforestation, siltation of streams and direct health hazards (Holloway 1991). As a community member stated: *"It is very unhealthy to live around here. You can't even grow vegetables here, because when the mines open their chimneys it kills the vegetables. Even the chickens around here get sick. I have heard people say that the acids that are in the smoke can also make you blind."*

In the words of the regional manager for the Environmental Council of Zambia (ECZ): *"Here on the Copperbelt, the dumps...the raw overburden dumps cover more that 10000 hectares... in a number of places in Mufulira, Kitwe and Chingola, the underground workings go below houses, so when they do the blasting it affects the houses. There are some places where you can see serious cracks in the houses and on the ground...Here in Zambia we are dealing*

mostly with sulphide copper...so during the process there is a lot of sulphur dioxide that gets released...in some places like in Mufulira you'll find that there is a large space where you can't grow things because of the acid rain and that kind of thing..."

Picture 2: *Air pollution from the mines (KCM and MCM) as seen from Chamboli (at Kitwe)*

"Sulphur dioxide come into the community and people get affected...peoples' ears itches and we get chest pains. It is worse in some places than in others. In the one side of town the pollution is very bad everyday and even babies are born there. We have complained, but nothing changes. We completed some questionnaires that government has distributed a few years ago about the pollution, but nothing has changed." (Micro loaning company)

"Mining has negative impacts like: smoke and dust fumes – emissions from the mines; during transportation of products like sulphur and acids, some drop off and lie beside the roads; there is sometimes a lack of protective clothing for mine workers. The companies are, however, spending money to try and improve their performance. Companies are aware of their negative impacts, but they sometimes hide away from them if there is no hard evidence to support the claims...No real impact assessments have been done to assess the possible health risks associated with living around the mines. There is a lack of measuring for evidence of the real impacts of the smoke coming from the mines. There is also a lack of communication between the companies, ECZ and the public health sector...There is also a lack of sensitisation of these issues in the communities. Communities don't feel empowered to put pressure on companies to do real impact assessments. There are different standards here in Zambia than companies have elsewhere in the world. This is as a result of government policies. Companies are taking advantage of the fact that there are not as strict measures here to put pressure on them...We have accepted pollution to be the state of affairs around here" (Local government – Health inspector)

Consequently, most mining companies are not living up to the environmental standards of the following **Bench Marks** (The Bench Marks Foundation, 2003):

The company is in full compliance with all international, national, and sub-national environmental regulations and breaches are recorded (1.1.B.5)

The company discloses for each of its operations the same or better categories and levels of information as are required in their 'home' country (1.1.B.6)

An annual, standardized, environmental report, including data on the extent to which performance goals have been met, is publicly issued and its contents are verified by an independent authority (1.1.B.7)

Picture 3: *Impact of pollution on plant life*

Vegetation stopped growing next to the mine at Mufulira. There are, however, still people living the same area where the plant life can't survive. Needless to say, people living in the area are complaining about respiratory problems.

A high school science teacher living in this mining area also indicates that: *"The pollution is caused by sulphur dioxide emissions form the mines...plants stop growing...it has a choking effect on people. Water also gets polluted...mines are using acids to melt the copper. These acids drain into the water that the community use."* Other large areas of concern are unsafe abandoned mine excavations due to non-existence of rehabilitation practices; degradation of land because of mining and dumping operations, especially those that use heavy earth-moving equipment (Dreschler, 2001).

"Infrastructure like roads, water and sewerage are not managed by the mines. Companies only provide services in areas where a lot of their people live and only for their workers. Mines damage the roads by their transporting vehicles. Used waste from the refinery gets dumped alongside the road (possibly to fill up potholes). It affects the children who play in it – some people say it causes cancer. We experience TB and other respiratory diseases from the mines as a result of the sulphur dioxide. It also causes irritation of our eyes and skin and it makes us cough." (Women's group)

Picture 4: *Copper waste lying in the roads of Ndeke (at Ndola)*

This was an attempt by one of the mines to cover up potholes in the roads. People are complaining that their children play there barefoot. The copper particles are sharp and easily cut the skin of children's feet. Consequently there have been cases of children getting infection. People also complain that it affects their eyes by burning and irritation.

Silengo and Sinkamba (2007) indicate that there are legal provisions against environmental violations by mining industries. Penalties may be imposed for non-compliance. However, penalties in most cases are derisory (ZK 144 000/ZAR 288). As stated by the Regional Manager of ECZ: *"...we know that the fines are not much, but when a company pays a fine it tells a story in itself in that the company becomes aware and admits that it is wrong and then the shareholders also become aware of this..."*

Most mining companies also have an environmental policy which gives commitment to what they expect to do. This is expressed in the form of a mission statement. ECZ licensing system also takes care of this in terms of regulations, stipulating the acceptable limits of discharges to the air, water or land. Although self-regulation (being anticipatory or proactive) is encouraged, companies are required to submit data every six months giving their environmental performance. In the case of acute episodes which breach environmental requirements, companies are required to notify ECZ within 24 hours. Fines may be imposed and **in extreme**

cases the closure of the offending operation is imposed by ECZ. Companies are also monitored regularly by ECZ. If anything happens they need to notify ECZ within 24 hours. In practice the rule of thumb for international companies with international shareholding should be to use international best practice and to apply the same environmental standards in their operations. Some companies are still struggling with issues of pollution. Recent examples of the brief closure of operations at Chilanga Cement Company and Ndola Lime Limited in Ndola and the brief suspension of the operating licence at KCM in Chingola over the pollution incident of the Kafue River are a testimony to that it (Silengo & Sinkamba, 2007).

It can therefore be stated that some mining companies are putting in the effort to achieve the standards of the following *Bench Marks* (The Bench Marks Foundation, 2003):

On-going environmental performance evaluation is conducted and the results are periodically audited by an independent auditor. The results of the audit are reported to the stakeholders (1.1.B.8)

The company communicates to its shareholders and the public any environmental liabilities by reflecting these liabilities in its financial statements and balance sheet reporting (1.3.B.6)

In this regard, ECZ states the following: *"...some of the mining companies are working with very old equipment, some dating back to 1972...we then have to ask them to show us a action plan of how they will improve, because we realise that we can't expect it to be fixed over night, but they should at least show a plan on how they will achieve a standard that is acceptable in an agreed period of time...It is a difficult situation because we do have the power to shut them [the companies] down if we want to, but then it has huge economic consequences...like last June, I shut them [Ndola Lime and Chilanga Cement] down for a week...but do you know what happened to the price of cement?.. Immediately it seemed like it was an economic sabotage because of the action that we took; but on the other hand, the people here need clean air...then again, if I shut down Ndola Lime you will find that the mines won't have enough lime to neutralise the acidic effluents and consequently pollute the river...it is difficult to decide which is the lesser evil...it is a delicate balance that has to be kept. I can actually confess that it has not been easy. But for the newer companies that are coming in, we are really making sure that they start on a clean slate on international standards."*

Against the background of this comment, it can be affirmed that the following *Principles* (The Bench Marks Foundation, 2003) are not adhered to by certain mining companies:

Careful attention is paid to ensure that the company's actions do not damage the global and local environment. Issues such as climate change, bio-diversity and pollution prevention are central to this. The company adopts, as a minimum, internationally recognized standards and ensures that they are implemented universally regardless of

any legal enforcement or lack thereof in any jurisdiction and continually seeks to improve its performance (1.1.P.1)

The company is careful to control its exploitation, management and extraction of natural resources, especially non-renewable resources, in countries where environmental laws and regulations are inadequate or are improperly enforced, or where there is protracted internal or regional conflict to which the government is a party (1.5.P.2)

As a result, six of the conclusions that Silengo and Sinkamba (2007) make regarding environmental issues in the extractive industry in Zambia are supported by the findings of this report. These conclusions state that it is evident that mining companies in the Copperbelt:

- Lack guidance on principles of environmental sustainability; hence they obtained exemption from application of national environmental laws
- Lack clear and unambiguous environmental targets and goals; hence they obtained environmental indemnities for as long as 20 years which is the life-span of some of the mines
- Lack clear and unambiguous waste management guidelines; hence companies such as KCM can wilfully pollute the Kafue River and its streams
- Lack guidance on framework for monitoring and evaluating environmental policy; hence stated values and objectives are not measurable and not achieved
- Lack guidance on community education, especially with respect to environmental policies – how the policies benefit the host communities
- Lacks guidance on need for disclosure of pollution incidences

9.2.3   Social dimension

Fraser and Lungu (2007) indicate that, after the privatisation of Zambia's mines, the new investors (mining companies) have made little effort in the area of social responsibilities. They are clear that their "core business" is mining, and that the provision of social infrastructure goes beyond this remit. As stated by a community member: *"...when the new mines took over after ZCCM they surrendered most of the buildings [recreational facilities]. This is because their sole purpose now is only mining..."*

The following are some more comments made by community members regarding CSR within the social dimension of sustainable development:

"Before privatisation, the mines were more responsible for their workers. They received free education, water, housing, clubs, etc. Of the new investors, only some of them are doing

things. There is little participation between mines and communities. The employment of workers is very few. Mines also do subcontracting...it is a way of running away from their social responsibilities. Only the workers that are employed directly get some benefits." (Community member)

"Some of the people here who are not employed go to the waste dumps of the mines to search for metals like chrome. They do this illegally because they have nothing else to do for money...these dumps are not healthy for people to work in because you can get affected by some of the metals contained in there...but the dumps are not fenced off and people can go there easily." (School teacher)

Picture 5: *Mine waste dump at Kitwe*

"The 'development agreements' [Mining Contracts] don't have specifications that expect social amenities. Water and sanitation have dropped. There were previously recreational facilities and sports activities; this infrastructure is not there anymore." (Community group)

"We experienced CSR of Anglo American as very good. Social amenities were very good in those times. We never used to suffer...medicine was always available and medical attention was very high. Families of mine workers also enjoyed medical facilities. Companies looked after the health and welfare of employees and their families. Now, you get health benefits only while working and afterwards only for five years." (2 Mine workers)

"We wrote a letter to one of the mines to help us with support for our school's football team with footballs and jerseys, but we got no response. This happened after one of their [the mines] busses that take the workers to work, broke our only football. We were playing one day and the ball got into the road and the bus drove over it..." (School teacher)

These comments provide an indication of how companies are failing to live up to the standards of the following **Principle** and **Bench Mark** (The Bench Marks Foundation, 2003) which state that:

The company recognises that resources which it may wish to extract from a particular area are an asset of that community and conducts its business in accordance with that recognition (1.5.P.4)

Natural resources, which become an asset to the company, are stated as a debit to the community, which the company addresses in a mutually agreed negotiation with the community (1.1.B.1)

Comments that were made specifically relating to <u>health care</u>:

"The only hospital that is left in this area, is owned by one of the mines, and other people of the community are not allowed to go there. We now have to go to another clinic that is about 10 km from here...we tried to bring up a community medical centre on our own, but because of the stinginess the government, we were stopped...When you take a look at the people that are around here, these are actually the people that made Zambia what it is today. Some of these people have worked for the mines [ZCCM] for 27 years. When you stop working for a mine, you will still be able to go to the mine's clinic for a while, but after that, you are just like someone else and must seek other places to go when you are ill." (Community member)

"Companies only provide health care to their employees...We heard on the news that MCM donated some mattresses to Kitwe Hospital, but when you go there you don't see them. If you go to a government clinic, they give you prescription so you still need to go and buy medicine from the pharmacy and private clinics charge K80 000 only for consultation fees. In HIV/AIDS campaigns, companies don't engage with the whole community, but only their employees and civil servants...Malaria spraying only gets done in employees' houses." (2 Taxi drivers)

"People don't have access to health facilities any more, so we started other initiatives to not be so dependent on the mines...These community organisations of ours do good work, but we need funding. We have been applying to mines with proposals, but they have been rejected. We have also invited the companies for stakeholders meetings but they didn't show up...These mines say that their business is mining and not communities." (Community group)

"...because even if you look at the busses that take their miners to work, you will see that they are not up to standard and are very old busses...when people are employed by the contactors, they also don't get the benefit of getting access to the mine's clinics. About 70% of people in this area are working in the mines, but only about 10% of those are working directly.

Therefore only 10% of the families in this area get access to the medical facilities." (Community representative)

Picture 6: *Community starting its own AIDS awareness campaign*

People living in the Copperbelt have started to form their own initiatives like HIV/AIDS awareness and support groups. All they now ask for is just a little support from the mine companies.

"The mining companies should start to provide medical care for the communities and not only for their workers, because if you are sick you will never become fit enough to be employed by the mines." (Community member)

The following **Principle** and **Criteria** (The Bench Marks Foundation, 2003) are therefore not yet being achieved:

The company subscribes to the principle that every person has the right of access to health care, including access to affordable therapies and medicines (1.2.P.8)

Where governments do not provide universal health coverage, the company provides adequate coverage for its employees and their dependents. This includes necessary essential medicines, including antiretrovirals for HIV/AIDS (2.2.C.4)

Comments that were made regarding <u>social problems</u> in the communities:

"There is big problem with education in this community. A lot of the children don't want to further their education because they want to become miners one day. There are also some mine working parents who are not well-educated themselves and consequently don't care about their children's education. Because of the unemployment rate in this area, there are well-educated people who can't find work. This takes away the motivation for children to study

when they see that there are people here that studied at the University of Zambia, but can't find work." (School teacher)

"Mines also don't look after their retirees who stay behind in the mining communities. Because of a lack of employment, there is a lot of prostitution...young girls come from the mining compounds into town to prostitute. This leads to other social problems. Parents cannot discipline their children anymore because they bring in money from being prostitutes...you can not discipline your boss who gives you money." (Ex-mine worker)

Community members' opinions on <u>infrastructure</u> in the area:

"The roads in this area are also very bad and these are the same roads that the mines use..." (Community representative)

"The mines also use the roads that we use, but they carry heavier things than other road users. The government should also do something about it...the government should persuade them to do CSR." (Community member)

"It is part of the companies' responsibility to give back to the communities. They can help by repairing some of the roads. Even if they start by repairing the ones that they also use themselves to come and pick up their workers, it will help a lot." (School teacher)

"There has been no recent development in Zambia in terms of infrastructure...the town is still as it was built by the Colonialists; nothing has changed – the buildings are just the same." (Taxi drivers)

"The housing in this area is very poor. Most of these contracted workers live in small cabin-type houses with their families..." (Community leader)

Picture 7: *Road from Kitwe to Kalulushi*

"The people living in the village next to this one do not have toilets. They use communal toilets. Those are even the people who are employed in the mines through the contractors who have to use these toilets." (Community member)

"...mining activities make people ill because of pollution and poor sanitation – sewers in the villages are broken...a few years ago, there have been cases of cholera." (2 Taxi drivers)

As a result, it seems that companies are not yet living up to the expectations of the following *Criteria* and *Bench Mark* (The Bench Marks Foundation, 2003):

The company develops a policy statement that measures its social, environmental and economic impact on local communities affected by its operations (1.3.C.1)

The company evaluates all its operations in the light of community sustainability (1.3.C.3)

The company develops specific indicators (such as on local employment, natural resources, health, infrastructure, preservation of cultural values) to measure how it contributes to community sustainability and reports publicly (1.3.B.4)

Picture 8: *Broken sewerage pipes at Wusakili (at Kitwe).*

Although not as a direct result of mining, the mine companies can show more social responsibility in helping to clean up this mess, because most of the people living in this area are employed by the mines. As can be seen from the picture on the right, women and children also use this road. Residents say that there were cases of Cholera in the area a few years ago.

Against this background of expanded opinions people aired regarding mining and how it impacts on the sustainable development of communities living in the Zambian Copperbelt, a more quantitative evaluation of CSR practices will follow in the next section.

9.3   ASSESSMENT OF CSR PRACTICES AGAINST A SET OF BENCH MARKING - CSR PRINCIPLES

Apart from the interviews and focus groups that were done in the Copperbelt, participants were asked to complete a questionnaire ('Community CSR Assessment Tool') which is based on the **Principles for Global Corporate Responsibility: Bench Marks for measuring Business Performance** (2003) laid down by the Bench Marks Foundation (*see Methodology – Point 5*). One aim of this questionnaire was to get a better understanding of how community groups rate the mining companies' CSR performance, when gauging it against these principles. The following table (**Table 1**) gives an illustration of the type of scale that was used in the questionnaire. Respondents were given statements with which they could *'Strongly Disagree', 'Disagree', 'Neither Agree nor Disagree', 'Agree'* or *'Strongly Agree'*. Each answer gives a score out of 4, therefore ranging from 0% - 100% with 25% intervals.

Table 1: Evaluation scale

| Answering option	1 = Strongly Disagree	2 = Disagree	3 = Neither Agree or Disagree	4 = Agree	5 = Strongly Agree
Scoring out of 4	0	1	2	3	4
Percentage	(0%)	(25%)	(50%)	(75%)	(100%)

The following data (presented in **Table 2)** gives an indication of community groups' opinions of the CSR practices that are currently in swing on the Copperbelt, by means of illustrating the average scores (together with their percentages - out of 100) that were obtained in various CSR fields/areas.

Table 2: *Fields, Average scores as well as Percentages that were obtained in the 'Community CSR assessment Tool'*

Field	Average score	Percentage
Land	0.68	17.16%
Health	1.33	33.31%
HIV/AIDS	2.08	52.05%
Environment	0.91	22.88%
Housing/Infrastructure	0.93	23.25%
Employment	1.06	26.55%
Commitment	0.91	22.70%
Empowerment	0.84	21.08%
General visibility of management	0.72	18.16%
Transparency	0.67	16.82%
Coordination of projects	1.44	36.21%
Control mutuality	0.89	22.37%
Citizenship	0.94	23.68%
Sustainable development	1.17	29.26%
Information and communication	0.92	23%
Credibility/trustworthiness	0.88	22%
Total average CSR score (all fields):	**1.02**	**25.5%**

Clearly, when looking at the data presented in the tables above and the chart below, it can be determined that the communities do not feel that companies are performing very well in the area of CSR at all. According to the communities' opinions, apart from the contributions the mines make in the fight against HIV/AIDS, companies have not received any other score that even came close to reaching the 'halfway mark' of 50%.

Figure 2: *Graphic illustration of average percentages*
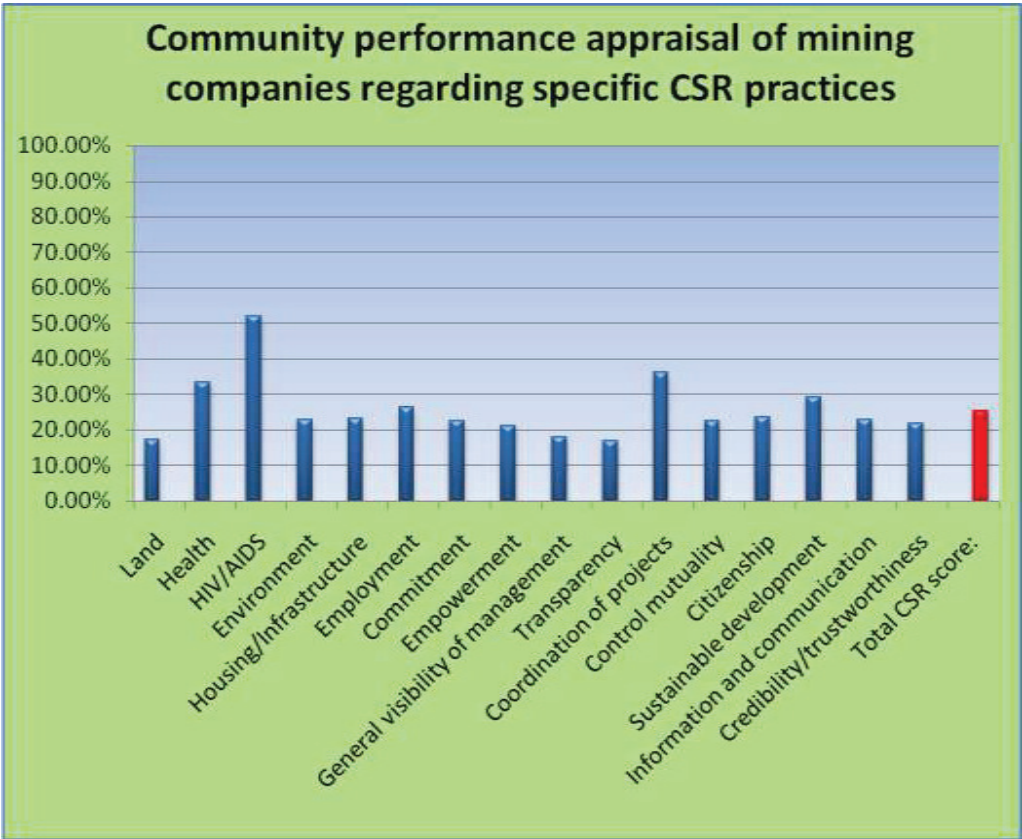
Total number of respondents: 102

However, according to the Chamber of Mines of Zambia, this is a misperception of the communities that arose because of a lack of communication between communities and the companies. *"...communication has not been well, that is why communities have the perception that nothing has been done; also because people still suffer from the hangover of ZCCM...There is a need for information from the communities...certain mines don't seem to have a link with the communities...it is sometimes difficult for the companies to always take the initiative to begin dialogue with the communities...the companies are, however, ready and willing to meet with community representatives."* (Chamber of Mines of Zambia)

The Chamber of Mines continues by stating that the mining companies in Zambia **do practise CSR** and that they (The Chamber) have the evidence in terms of figures and statistics (of projects) to support this claim *[at the time of writing this report, however, the research team were still waiting on receiving these figures and after numerous requests to The Chamber of Mines (over a period of a month) the Chamber still did not release them].* When also looking at the claims the companies make on their websites, as well as the findings of Lungu and Mulenga (2005) something is indeed being done in the area of CSR or at least CSI. Nevertheless, this is still not being felt at community level and it seems that most of these projects are undertaken **without proper consultation** with the communities involved. It can therefore be stated that this 'misperception' as a result of 'lack of communication' would not have been the case if there were proper engagement between the companies and the communities. In terms of international best practice, it seems that the following standards (*Criteria* and *Bench Marks*) regarding stakeholder engagement, (The Bench Marks Foundation, 2003) have not been applied:

The company recognizes various stakeholder groups and establishes an inclusive and exhaustive consultation process with them (1.3.C.9)

The company establishes a consultative structure, including a senior director and representatives of stakeholders identified by local communities, society and its own workforce, which meets on a regular basis to discuss the company's business goals in relation to community needs, including social and environmental concerns (1.3.B.3)

The company ensures that socially responsible initiatives are decided upon and agreed by all stakeholders, that the consultation process is inclusive and exhaustive, and that only jointly agreed socially responsible investment is implemented (2.5.C.6)

The company keeps a record of all socially responsible investment initiatives, and reports them in the company's annual report in order that stakeholders may verify this report. In addition, twice-yearly reports shall be given to stakeholders on ideas, work in progress and impact assessment of these initiatives (2.5.B.6)

10. ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITIES IN THE ZAMBIAN MINING SECTOR

A summary of the findings reveals that corporate social responsibility in the mining communities is relatively ineffective in terms of facilitating sustainable development. In fact, in most areas corporate social responsibility is either negligible or non-existent. Where corporate social responsibility directives exist, specifically pertaining to the environmental factors, substandard practices continue to persist. This is despite structured monitoring systems being in place. Where philanthropic corporate social responsibility takes place, the impact on the community is generally insignificant, specifically from the point of view of the affected community members. The result of this has been that communities continue to experience the consequence of the **gaps between policy and practice**, **policy and human rights**[1] and **practice and human rights**, which impact heavily on the potential for sustainable development. Added to this is the Zambian mining environment that is characterised by fragmentation of responsibilities to the extent that it inhibits the benefits or effectiveness of any kind of corporate social responsibilities and efforts made towards sustainable development. The level of fragmentation in the mining environment has exposed the impact of poor integration among the various institutions providing services and the needs of the service recipients. The effects of the fragmentation of developmental activities in the mining communities has resulted in differing expectations at all levels and raises issues of **disempowerment** as well as **capacity concerns**.

As a way of making sense of the findings in terms of evaluation against the **Bench Marks** for corporate social responsibility (The Bench Marks Foundation, 2003), the analysis will draw on the framework of analysis that includes the **micro**, **meso** and **macro levels** as well as Sen's (1997) **capabilities approach**. The rational for using the micro, meso and macro framework of analysis is that it helps to identify, understand as well as incorporate the issues pertaining to corporate social responsibilities of all key stakeholders in the mining communities. The microanalysis level refers to interpersonal relationships in the communities. Analysis at the meso level relates to concerns regarding the local configuration of services including the way in which policies are interpreted and implemented at the local levels. Analysis at the macro level looks at the impact policy guidance has on achievements of projects. The success of projects will be influenced by the integration of the three levels of analysis. The starting point

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1) In this report, 'Human Rights' refers to rights that are contained in 'The **Universal Declaration of Human Rights (UDHR)'** - a non-binding declaration adopted by the United Nations General Assembly in 1948. The UDHR urges member nations to promote a number of human, civil, economic and social rights. Asserting these rights is part of the "foundation of freedom, justice and peace in the world." The declaration was the first international legal effort to limit the behavior of states and press upon them duties to their citizens following the model of the rights-duty duality. *"...recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world"* - Preamble to the Universal Declaration of Human Rights, 1948