

# Corporate social responsibility and the tanzanian mining sector



## Introduction

Tanzania's mineral wealth has been traditionally been seen a vital part of economic growth for the country, yet it is well recognised that mining presents a paradox: it helps the general economy of the country (macro level), but social and environmental problems are experienced by local communities (micro level) (Kumah, 2006; CMI, 2006). Mining companies, communities, and other stakeholders including the government are confronted in negotiating (dis)agreement around the distribution of community development benefits as a result of resource extraction (Owen and Kemp, 2012). This appraisal offers a critical review of community economic development (CED) approaches that are currently being applied by small-scale/artisanal and large-scale mining sectors in Tanzania through two case studies; gold and tanzanite mining. The first half of the paper provides an overview of the literature of CED and an overview of Tanzanian mining sector detailing the case studies including difficulties encountered from mining projects in communities and Corporate Social Responsibility as a response from mining companies. The second half analyses the two case studies community development activities and the CED approaches being applied in relation to the mining projects and host communities.

## Literature Review

The tendency towards a better life and improvement of opportunities is a priority among communities, and some communities see mining as opportunity to achieve change and/or economic gain. Shaffer, Deller and Marcouiller (2006) maintain that " Community economic development (CED)

occurs when people in a community analyse the economic conditions of that community, determine its economic needs and unfulfilled opportunities, decide what can and should be done to improve the economic conditions in that community, and then move to achieve agreed-upon economic goals and objectives". Mining has the potential to have positive CED impacts, as mining often brings a sudden influx of capital and labor including opportunities for some through employment, community and business development, but for others mining can inadvertently disrupt livelihoods through resettlement to make way for mining and change their way of life (Kemp, 2009).

Mining's contribution to development has been subject to the "resource curse" theory (Sachs and Warner, 1997) which is that countries that are rich with non-renewable natural resources will experience slower economic growth than resource poor countries, because of the focus on one revenue stream. For a country to be considered resource-cursed, it must be reliant on non-renewable natural resources, and there must also be evidence that mineral capital has been unhelpful in economic and community development outcomes (Elbra, 2017). The case studies of Tanzania mining industry are explored further throughout this critical appraisal.

### Mining in Tanzania: Geita and Mererani

Tanzania has known reserves of diamonds, rubies, iron ore, nickel, tanzanite and gold. For the purpose of this critical appraisal of CED benefit streams, the case studies are focused on two mining communities in northern Tanzania; Geita and Mererani. These two mining regions both have a history in small scale mining before foreign investment but are also a stark contrast

of each other in other ways. Firstly, Gerita has a large-scale gold mine with 2400 employees, internationally owned by AngloGold Ashanti and contributes about one third of government revenue. The second case study Mererani has multiple smaller mining operations and artesian miners mining the blue hue gemstone – tanzanite which is symbolic and only mined in Tanzania. Both mining communities have faced similar difficulties and the most common are;

- The adequacy and fairness of the tax regime for mining in Tanzania,
- The revenue allocation, particularly when it constrains the efficient and effective use of public resources,
- Conflicts over land use and property rights, and
- Conflicts between large scale and artisanal mining,
- Discontentment of Community Development Projects by certain groups and individuals (CMI, 2006).

In response, larger mining companies especially international companies including AngloGold Ashanti and Tanzanite One, are embracing Corporate Social Responsibility (CSR) as an important component of their mining businesses (CMI, 2003, Melé, 2009). As part of the CSR “ trend”, mining companies contribute voluntarily to the development of their host community to a smaller or larger degree to improve the living conditions of local communities and to reduce the negative impacts of mining projects (Laisani, Amponsah-Dacosta, & Mhlongo, 2016). Despite the potential benefits of CSR <https://assignbuster.com/corporate-social-responsibility-and-the-tanzanian-mining-sector/>

programmes there has been critical voices and discontentment of this undertakings by certain community groups in Geita and Mererani (CMI, 2003).

### Mining Contributions and Approaches to CED

Mining companies in Tanzania and boarder Africa generally make contributions to water, utility, road infrastructure, health and education (Emel, Makene, & Wangari, 2012). These initiatives are voluntary, and companies may partner with NGO's to undertake community development projects, employ consultants, and adopt standards or CD frameworks by international associations e. g. International Council on Mining and Metals. The contributions from mining companies have the ability to contribute to CED and CED theory represents three different development paradigms: (1) developing or improving economic systems and infrastructure; (2) developing the economic and social capacities of individuals; and (3) developing the economic capacities of groups to undertake community economic development (Mathie and Cunningham, 2003).

Overall, CED is economic development at the community level and the case studies of Gerita and Mererani indicate that CED is being approached from two different frameworks. The traditional needs-based approach of working with communities is to identify problems and needs, and the alternative asset-based community approach (ABCD approach) is to focus on strengths, assets and capabilities within the community (Nel, 2018). The intention of both approaches is to enhance the quality of life of host communities in becoming sustainable, whilst it also enhancing the level of community

acceptance of their mining operations by enhancing their “ social license to operate”. The remainder of this paper focuses on the application of the ABCD approach for CED to frame development and engagement projects in Gerita and Mererani.

### Water Project in Gerita

The AngloGold Ashanti Gerita Gold Mine constructed a 22km water supply pipeline from Lake Victoria at a cost of US\$2 million (CMI, 2006). Three villages along the pipeline route have been provided with taps on the condition they protect the entire pipe from damage and sabotage. This project was claimed under the heading of “ community development” that the mining company offered the communities and critical voices in the community argue that infrastructure donations are simply for the mines benefit (CMI, 2006).

It is not evident in the case study the level of community engagement prior to the water supply line project, and it appears that it is a needs base approached for the mine more so than the communities. This projected has left communities disgruntled and suspicious about the “ selfish” motivations of the mining company’s community development. It is likely if the project was approached differently communities could have had the opportunity to speak about the potential benefits of the water pipeline e. g. water to be used for livestock and irrigation which is currently forbidden and water pipe lines directly to the communities or schools (Emel, Makene, & Wangari, 2012). The community’s involvement in the project could of lead to other

opportunities if the ABCD approach was applied and it could have possibly linked to the Nyakabale Argo Forestry project.

#### Nyakabale Argo Forestry project in Gerita

The majority of the Gerita Gold Mine community development programs are related to infrastructure projects which benefits the mine and subsequently the communities. On a positive side, the Nyakabale Argo Forestry project was a collaborative approach with the mine, catering contractor, and host communities. The project has encouraged 56 villagers to produce vegetables, eggs, and chickens, as well as Moringa Oliefera tree seeds (CMI, 2006). The majority of the produce is then sold to the catering company for the mine, which previously imported their produce from other areas of the country. This project has identified the community's strengths and skills in farming and has supplied them a market to sell their produce to the mine. The project now needs to strengthen its ABCD approach by identifying leadership in the community to inspire other farmers not only Nyakabale village, but other villages to see the new CED opportunities.

#### Tanzanite One Community Conflict and Waste Material, Mererani

Tanzanite One has had ongoing conflicts with artesian miners and local communities in Mererani. The village government of Mererani requested the company to contribute to social development in the area, particularly provision of water (CMI, 2006). It is alleged that Tanzanite One refused as it was not their responsibility and in order to hide truth of the conflict ahead of a government minister visit the company offered a US\$28 216 donation (CMI, 2006). The Mererani community refused the offer as it was seen as an

attempt to buy off the community and it was not going to resolve the underlying problems from the mine. Tanzanite One has not made any further attempts to resolve this conflict and has focused its CSR efforts to the Maasai by arguing they are the original habitats of the area.

As a result, Tanzanite One supports the Maasai Nasinyai Village in the form of waste material from the mine at US\$152 for 20kg and the commercial price would be US\$440 (CMI, 2006). If they are lucky they find Tanzanite and it is hoped it will benefit individuals and villagers as a whole. However, there is a weakness in the allocation of the profits as it not being used in the best interest of the community, and men are given the best material over the women. There is an opportunity for the mine and Maasai community to map the assets from this project themselves (with guidance and support) to shape the profits from the waste material for community benefit as a whole. One community member has suggested a representative from the company should be a part of a Board handling the income from the material. The ABCD approach combines the challenges faced by the community but focuses on its "assets" to ensure that strengths are recognised of the local economy - the connection between individuals, businesses and markets (Owen and Kemp, 2012). The community and the Tanzanite One could strengthen this CED project by rethinking about how resources of the community and company might be grouped to achieve a better outcome for the entire community.

### Conflict between Artesian Miners, Large Scale Mines, and Government.

#### Mererani



The relationship between the Artesian miners in Mererani, Tanzania One and the government has been very tense since they divided the mining region in blocks for large scale mining. A comment from a senior staff member of Tanzania One sums up the relationship between artesian miners: "As far as I am concerned they are not my friends and I am not their friend" (Helliesen, 2012).

Above all, the artisanal mining community feels marginalised by their own government and their own government has 'betrayed' them (CMI, 2006). For them it seems obvious that the government prefers to collect taxes from the large-scale mines rather than to develop the local industry which could be harder to control. Several people have questioned why the government does not try to modernise the artesian mining sector by giving the small-scale miners lucrative offers for example by promoting tax deductions on equipment and explosives (Helliesen, 2012). This idea and view coming from the Mererani community could be one way to turn the relationships around for small scale miners and large-scale mines to co-exist amicably.

A collaborative CED partnership using the ABCD approach could ensure a fairer share of benefits from tanzanite mining. This would need to have participation from the government, large scale mining companies including Tanzania One, expertise from technical employees to assist with mining, geology, health and safety, and the small-scale miners for the partnership to be successful. The investment in this program would strengthen relationships and improve livelihoods of artisanal miners which would positively impact the country's economic and community growth.

### Concluding Remarks

Communities benefiting from mining should be seen as an essential element to enable sustainable growth and transformation of societies. In all this paper reviewed the benefit streams from mining in Tanzanian by using the ABCD approach to CED predominantly. This approach recognises the strengths and assets of a community which is more likely to inspire positive action for change than is an exclusive focus on needs and problems. Yet, it will require a shift in the relationships between company, government, and community, whilst all parties must reveal not only their strengths and assets but also their weaknesses in order to understand the implications on CED.

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