



UNITED NATIONS
UNIVERSITY
UNU-WIDER

WIDER Working Paper 2017/41

Approaches to supporting local and community development

The view from Zambia

Angel Mondoloka*

February 2017

Abstract: Mining is the largest sector of the Zambian economy but, as has been the case elsewhere, the relationship between mining companies and their host communities has been fractious, without a clear path towards sustainability. The severe social, economic, and environmental impacts of mining have been compounded by perceived shortcomings in corporate social and environmental responsibility programming by the industry, and by fragile regulatory capacity on the part of the government. This paper examines the modalities and results of mining community development programmes in Zambia as part of the broader discussion on how large international mining companies can, and do, contribute to local and community development. It narrates the approaches adopted by five multinational mining corporates, two of which are Chinese-owned, and discusses the advantages and disadvantages of each approach.

Keywords: community development, corporate social and environmental responsibility

JEL classification: F64, K32, M14, N57, O13

Acknowledgements: I wish to acknowledge the contributions of the ILO and WWF to the social and economic development discourse in Zambia. I also wish to express my gratitude to the many individuals and organizations that made this paper possible through the valuable time, information, and insights they shared with me. This input and support was drawn from the relevant government departments and agencies, mining industry personnel responsible for CSER programming, civil society organizations, and leaders and members of the mining host communities discussed in the paper. The findings, interpretations, and conclusions expressed in this paper are mine and do not necessarily reflect the views of any of the parties mentioned above.

* Abner Bright International Zambia Limited, Lusaka, Zambia, amondoloka@gmail.com.

This study has been prepared within the UNU-WIDER project on '[Extractives for development \(E4D\)](#)', which is part of a larger research project on '[Macro-economic management \(M-EM\)](#)'.

Copyright © UNU-WIDER 2017

Information and requests: publications@wider.unu.edu

ISSN 1798-7237 ISBN 978-92-9256-265-6

Typescript prepared by Joseph Laredo.

The United Nations University World Institute for Development Economics Research provides economic analysis and policy advice with the aim of promoting sustainable and equitable development. The Institute began operations in 1985 in Helsinki, Finland, as the first research and training centre of the United Nations University. Today it is a unique blend of think tank, research institute, and UN agency—providing a range of services from policy advice to governments as well as freely available original research.

The Institute is funded through income from an endowment fund with additional contributions to its work programme from Denmark, Finland, Sweden, and the United Kingdom.

Katajanokanlaituri 6 B, 00160 Helsinki, Finland

The views expressed in this paper are those of the author(s), and do not necessarily reflect the views of the Institute or the United Nations University, nor the programme/project donors.

1 Introduction

Mining is the largest sector of the Zambian economy and accounts for 75 per cent of exports and 10 per cent of total private sector employment. As has been the case elsewhere in the world, however, the relationship between mining companies and their host communities has been fractious. In Zambia, that relationship has evolved at a rapid pace but with no clear consensus on the path towards sustainability.

The end of the so-called ‘supercycle’ in 2015 resulted in massive job losses and significant reductions in social investments by the mining companies. In September 2015, for example, the Carlisa Investments-owned Mopani Copper Mines (MCM) informed the government that it intended to lay off more than 3,800 workers because of lower metal prices and high production costs due, in part, to electricity shortages. The challenges to the sustainability of the Zambian mining industry include this notable dependence on foreign investments and markets and the overall national context of poverty. In 2011, the World Bank upgraded Zambia to lower-middle-income status but the country’s social indicators continue to be unsatisfactory. The country’s dire socioeconomic situation is evidenced, in part, by a high HIV/AIDS prevalence of 11.6 per cent among adults aged 15 to 49 years¹, 54.4 per cent of Zambians living below the poverty line (with 40.8 per cent living in extreme poverty²), high infant mortality at 45 deaths per 1,000 live births³ (2015 MDG target: 35.7), an under-five mortality rate of 75 per 1,000 live births³ (2015 MDG target: 63.6), and a high maternal mortality ratio of 210 per 100,000 live births³ (2015 MDG target: 162.3). The adverse social and human development context is also underlined by rapid population growth, high rates of urbanization and unemployment, and low and uneven incomes, with high income inequality. Zambia’s Gini coefficient of 69 per cent⁴ compares with an average of 45 per cent for sub-Saharan Africa.

On the environment front, the country has shortcomings that are exacerbated by pollution arising from mining activity:

Decades of copper, cobalt, zinc and lead mining have left many areas of the country contaminated with poisonous substances. Impacts include air pollution from the fumes, gases and dust; soil contamination from hazardous effluents; water (surface and ground) pollution from effluents, waterways from mines, plants and dumps; destruction of vegetation and wildlife habitat due to subsistence; deforestation, fumes and direct health hazards (Smit 2013: 251).

Zambian copper ore bodies mostly consist of sulphides, consequent to which the copper extraction process produces sulphur dioxide fumes, which cause respiratory and other health problems in people. In addition, the acid rain that results from these toxic fumes causes the acidification of surrounding soils and loss of vegetative cover.

¹ ICAP at Columbia University (2016).

² CSO (2016)

³ 2015 (CSO, MOH, ICF 2014).

⁴ CSO (2016).

1.1 Historical context of social responsibility in Zambian mining

Zambia's history of mining dates back to the 1920s, when the country then known as Northern Rhodesia was still a British colony. The mining industry has been the main engine of the country's socioeconomic development through a combination of tax contributions and the delivery of social services to its host communities. However, changes in ownership and governance of the industry over the years, together with the cyclical nature of commodity prices on the global markets, have had implications for the nature, scale, and scope of the social services delivered by the industry.

Corporate social responsibility before privatization

Prior to independence and the 1969 nationalization of the industry involving the forced transfer of 51 per cent of all existing mines to the State, the mines in Zambia were owned by the Anglo American Corporation (AAC) and Roan Selection Trust (RST). These two private companies provided housing, education, health, recreation, waste management, and water and sanitation services as part of a comprehensive employment package for their workers.

As early as 1929, the private mining companies had become responsible for the provision of sanitary and orderly compounds to house employees (although European quarters had added facilities, such as electric light and water). The mine managements also supplied food rations for their employees, providing maize-meal, millet, rice, beans, meat, fresh vegetables, peanuts and salt on a weekly basis. Hospitals, with competent medical personnel, were provided in all mining settlements. The companies also provided recreation clubs for employees with many sporting and entertainment activities (Fraser and Lungu 2007: 8).

Post-nationalization, the government continued this social welfare programme and began to expand and leverage it for political expediency. In 1982, the two nationalized companies were combined to form Zambia Consolidated Copper Mines (ZCCM), which, in effect, became a conduit for this expanded State largesse under the guise of corporate social responsibility.

ZCCM was seen as a reflection of the State's developmental philosophy and supplied amenities much wider in scope than those offered during the colonial period, including free education for miners' children, alongside subsidised housing and food, electricity, water and transport. ZCCM literally operated 'a cradle-to-grave' welfare policy, even subsidising burial arrangements for the dead [...] The mines did not just look after their workers, they provided services to the whole community. The company managed the environment in the mine townships, maintained the roads and collected refuse as well as providing cafeterias, bars and social clubs dotted all over the mine townships. They encouraged the growth of economic and social activities dependent on miners' incomes, such as shops, farms to supply food to the mine areas and other industrial activities. Youth development schemes helped youths in the compounds identify the skills they could pursue and formalise as careers. Women's clubs concentrated on home-craft. Social casework agencies were charged with investigating social conditions in the townships. By the time of privatisation, ZCCM had one or two hospitals at each of its operating divisions. In towns like Nchanga and Konkola, there were no government hospitals and non-mine employees and their dependants relied on mine hospitals for access to medical services (Fraser and Lungu 2007: 8).

Following the oil crises of 1974 and 1979, Zambia fell into a crippling debt crisis while the country's terms of trade began a declining trend as copper prices collapsed for the next two

decades, at the end of which Zambia was ranked among the poorest countries in the world. Predictably, this placed a severe strain on social services provision by ZCCM, which nonetheless continued to be treated as a ‘cash cow’ by the government.

The ZCCM privatization and its consequences for CSR

The coming of multiparty democracy to Zambia in 1991 gave birth to an increasingly active and competitive political arena with a multiplicity of political parties. Economic liberalization, meanwhile, introduced new players and services in industries such as telecommunications, which has achieved one of the highest rates of mobile phone penetration in Africa in recent years. The previous UNIP (United National Independence Party) government had drawn much of its patronage and power from the country’s state-owned industrial base, of which the largest and most strategic enterprise was ZCCM. Thus, an aggressive privatization campaign was initiated in 1992 to sell 280 state-owned companies, including the mines. Between 1997 and 2000, ZCCM was split into seven units and sold.

The final and most important stage of privatization was the negotiation and signing of the, now superseded, Development Agreements with each of the companies. These secret documents established the terms under which the mines were sold, and the rights and responsibilities of the Zambian state and the new mining companies. The original agreements were negotiated between 1997 and 2000⁵ (Fraser and Lungu 2007: 15). Among the key provisions in the Development Agreements were those on taxation and the environment. To promote greenfield investments and reinvestment during the decline in copper prices at the time, corporate income tax rates were substantially reduced and sales tax was replaced by value added tax (VAT).

On the environment front, during the ZCCM era, the government had set limits, with corresponding penalties, on the amount of pollution the mines could discharge into the rivers and atmosphere. The Development Agreements contained significant exemptions from these provisions as long as the private companies did not exceed the limits that had been set for ZCCM. The exemptions were granted subject to the company’s submission, to the Environmental Council of Zambia (ECZ)⁵, of an Environmental Management Plan (EMP), whose implementation would be subject to self-reporting, by the company, and monitoring by ECZ.

Although there was a widely held assumption that the Development Agreements did not bind the private mining companies to continuing ZCCM’s legacy of corporate social and environmental responsibility, it was found, for example, that Mopani Copper Mines’ Development Agreement included the following clause:

GRZ wishes to ensure that the continued development and exploitation of the commercial deposits of copper and cobalt ore at the Facilities’ mines, together with the development and operation of the smelter, refinery, concentrators and cobalt plant[,] will secure the maximum benefit for, and adequately contribute to the advancement and the social and economic welfare of, the people of Zambia, including the people in the vicinity of the Contract Area in a manner consistent with their needs and the protection of the environment and, at the same time, secure an appropriate return on investment for the company, commensurate with the risks involved for the company (Fraser and Lungu 2007: 16).

⁵ Now the Zambia Environmental Management Agency (ZEMA).

Therefore, it is probable that the Development Agreements did attempt to transfer ZCCM's CSER legacy to the new owners and that any gaps noted have been due to failures in implementation and regulation.

CSER shortcomings following privatization

In 2001, Patricia Feeney, then with Oxfam, observed that the 1995

privatisation of Zambia Consolidated Copper Mines (ZCCM), which was actively encouraged by the donor community as a means of reducing corruption, inefficiency and waste, was supposed to bring new investment to the Copperbelt, reinvigorating the local economy and restoring its severely degraded and contaminated environment. In reality, despite all the talk about corporate social responsibility, the new mine owners have shown themselves remarkably reluctant to assist cash-strapped local councils [to] improve social service provision. They are even less inclined to shoulder some of the burden of cleaning up ZCCM's environmental legacy (Feeney 2001).

Just over a decade later, in 2013, in what she termed 'yet another example of the resource curse', Zarina Geloo echoed this observation and commented that despite Zambia's copper industry doing extremely well—and the country now being the third largest copper producer in the world, with record production of over 700,000 tons in 2011—the promise that the industry would provide a huge boost to the government's tax revenues while 'pumping huge amounts into local communities, thanks to the law that five percent of mining revenue must be ploughed back into them', had, in fact, not materialized.

Outside the fences and fortified walls of the mines, communities continue to suffer from acute poverty and a miserable quality of life – with little access to basic services and even less hope. Firstly, the Government has not enforced the five percent rule. Instead, mines have only been made to undertake some kind of corporate social responsibility scheme – usually building a few schools and clinics or digging some boreholes. Seldom is there any genuine consultation with the people in the communities. And very rarely do these gestures foster any long-term change (Geloo 2013).

Geloo noted further that many workers were retrenched when the mines were privatized. On the ongoing decent work deficit in the industry, she noted that many of the current employees in the industry were low-skilled casual labourers, who were often paid below the minimum wage and were not entitled to accommodation, health care, or education allowances.

Due to the aggressive urbanization associated with mining communities, combined with the lack of technical and financial capacity among the local authorities in these areas, uncontrolled illegal settlements have mushroomed with little or no water, sanitation, or other services. Correspondingly, high unemployment rates in these areas have created soaring rates of crime and various forms of institutional and petty corruption. The reality on the ground in the Copperbelt has belied the general expectation that private investment in the mining sector would translate into job creation for workers and a bigger market for locally produced goods and services. There are grave concerns about the conduct of the mining companies with respect to the labour, health and safety, and environmental laws of the country.

Among the environmental impacts suffered by mining communities are large amounts of toxic sulphur dioxide fumes that are emitted into the air by mine smelters, resulting in serious respiratory

and eye problems, which have reportedly caused some deaths. These toxic fumes also cause ‘sulphuric’ acid rain, which has rendered the soil infertile over vast areas of the country, with adverse consequences for smallholder farmers and other agricultural activity. Another environmental impact has been the contamination of water bodies (such as the Kafue River) and wetlands due to the discharge of toxic waste from the mines’ operations. Without external assistance from organizations such as the Southern Africa Resource Watch (SARW), the communities that host these mining operations have generally been powerless to engage the mining companies and other stakeholders in viable debate in order to achieve equitable outcomes. This lack of negotiating power and effective stakeholdership—‘abjection’⁶ in the terminology of James Ferguson (1999: 236)—on the part of the mining communities has made the resource curse a painful and inescapable reality for them.

There has also been a history of strained relationships with the Zambian Government, which is on record as having accused foreign-owned mining businesses of not contributing sufficiently to socioeconomic development in Zambia by expatriating the lion’s share of their profits, failing to give business to local companies, and flouting tax regimes. For their part, the mining companies have blamed the government for creating volatility in the business environment by unilaterally decreeing minimum wage increases, introducing ad hoc statutory instruments to regulate exports, and, allegedly at one stage, openly encouraging industrial action among mine workers.

Meanwhile, foreign investors and workers have on different occasions been embroiled in a protracted industrial conflict involving illegal strikes and increasingly militant rhetoric from labour and business leaders. There have also been isolated incidents of violence, resulting in deaths of both workers and management representatives, as described below. Foreign investors widely complain about low labour productivity and the high cost of labour and other operating costs, while workers stress poor working conditions and occupational health and safety concerns. The backdrop of strained industrial relations, mine accidents, incidences of worker abuse, and environmental damage resulting from mine companies’ operations has increasingly turned public opinion against foreign direct investors in the industry. The sub-regional debate on resource nationalism is also contributing to the challenges to the sustainability, broadly defined, of mining in Zambia.

China’s mining footprint in Zambia

China entered Zambia’s copper mining industry with the 1998 acquisition of the Chambishi copper mine by China Nonferrous Metal Mining Corporation (CNMC) on behalf of its subsidiary Non-Ferrous China Africa (NFCA). To date, China’s mining firms have invested more than US\$1 billion in Zambia’s copper sector. Politically, China’s engagement with Zambia has become an increasingly contentious issue, with claims that Chinese investments are exploitative and that the Chinese mistreat Zambian workers. The following incidents are illustrative:

- The largest health and safety incident since privatization occurred at BGRIMM Explosive (Zambia), a subsidiary of NFCA, when its explosives manufacturing plant in Chambishi was levelled in an explosion that took the lives of around 50 Zambian workers in April 2005 (Fraser and Larmer 2010: 96).

⁶ ‘[A]bjection can be understood as the process by which mineworkers have been “thrown aside, expelled or discarded” during the economic liberalisation and privatisation of the Copperbelt, leading to a sense of “debasement and humiliation”’ (Ferguson 1999: 236).

- In 2010, Chinese executives opened fire on workers protesting against poor pay and conditions at the Collum coal mine in Sinazongwe district, in the Southern province. Eleven miners were reportedly hospitalized with wounds.
- In late 2011, Human Rights Watch issued a scathing report on Zambia's copper industry that accused Chinese firms of a number of abuses, including forcing workers to work 12-to 18-hour shifts (Zambian law limits shifts to eight hours) and endangering miners' health and safety by failing to replace damaged equipment and providing inadequate ventilation underground.
- In 2012, a Chinese national was killed during a riot by Zambian workers at Maamba Coal Mine about 250 km from Lusaka. This was consequent to failure by the mine's Chinese owners to pay the, then just implemented, minimum wage of K1,000 for general workers.

In response, the Chinese—who have been lauded by African leaders for their ‘no strings attached’ approach to aid and investment on the continent—have worked tirelessly to strengthen their relationships with the government regardless of party affiliation.

The Auditor General’s 2014 Report on Environmental Degradation

In response to the failure of the mining industry to achieve socially and environmentally sustainable mining practices, the Zambian Government’s Office of the Auditor General (OAG) undertook an audit of the environmental practices of mining companies in Zambia in 2014, together with an assessment of the government’s regulatory capacity (OAG 2014). The factors motivating the audit also included public interest concerns raised by several stakeholders, who cited issues such as lack of integrated mining policies, failure to disclose Developmental Agreements, failure by the mines to mitigate the effects of environmental degradation, and unfair resettlements. The main audit findings included the following:

- a) Mining companies are not complying with the environmental rules, laws, regulations and licensing conditions set by Government;
- b) Measures put in place by Government to ensure that the environmental degradation caused by mining activities is adequately managed (or mitigated) are not working effectively; and (consequently),
- c) Government’s national development priority—as set out in the *National Policy on Environment*—of balancing economic growth with environmental protection, in order to improve the overall quality of life of the people of Zambia, is not being achieved (OAG 2014).

1.2 The Zambian policy context

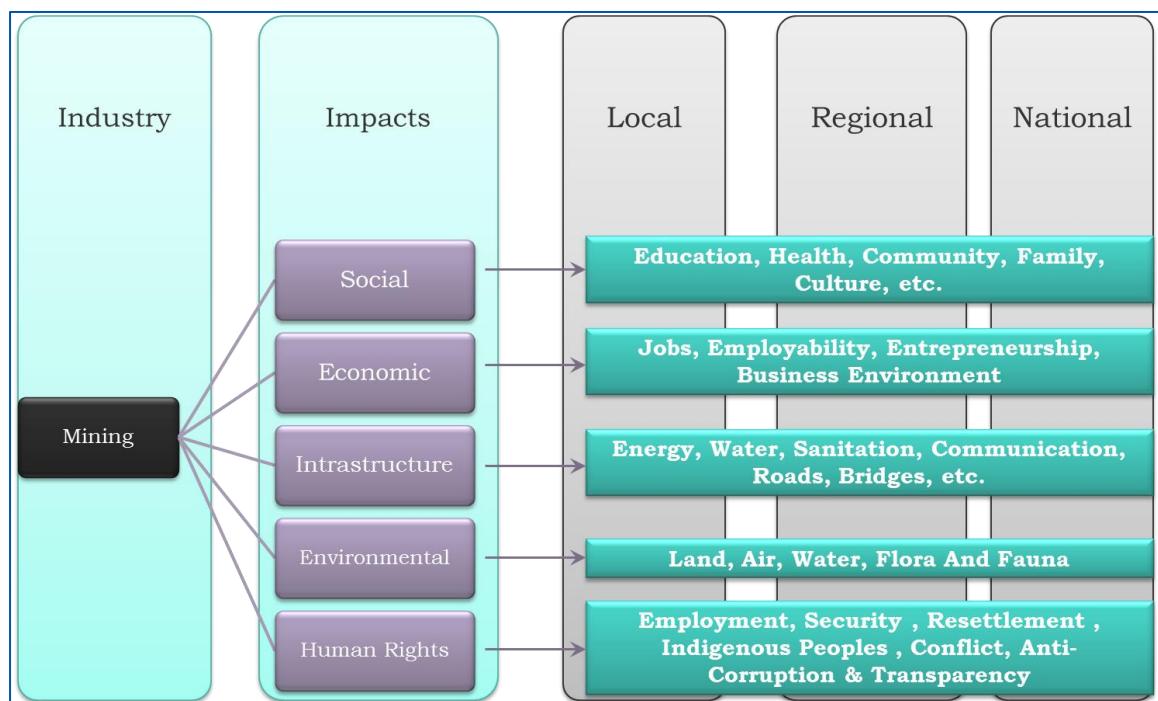
The Zambian Government’s *Vision 2030* document expresses the national aspiration to become ‘A Prosperous Middle Income Nation by 2030’. The strategic roadmap towards this goal is provided by the government’s system of five-year plans, of which the Sixth National Development Plan (SNDP) 2011–2015 is to be superseded by the Seventh National Development Plan (7NDP) 2016–2020. In August 2013, the government issued the Revised Sixth National Development Plan 2013–2016 (R-SNDP) with the theme ‘People-Centred Development’ to focus on inclusive growth, rural development, and job creation in the light of the government’s ‘realisation that economic growth alone does not inherently contribute to improvements in human development

and poverty reduction'.⁷ Specific R-SNDP objectives include increased investment in capital projects and programmes in agriculture, infrastructure development, human resource development (focusing on education and skills development), quality health services, water and sanitation, and energy. Through R-SNDP, the government also aims to accelerate its implementation of the decentralization policy (GRZ 2013).

2 Mining impacts and CSER

Figure 1 illustrates the multidimensional nature of mining's social, economic, environmental, and other impacts at local, regional, and national levels. CSER is a way for mining businesses to ensure their active compliance with the spirit of laws, ethical standards, and international norms in order to enhance the social and environmental sustainability of their operations. Part of the challenge in Zambia has been the lack of a consensus on CSER and, correspondingly, the lack of a legislative framework for it. In consequence, Zambia navigates CSER through a smorgasbord of legislative and regulatory frameworks that are focused on labour and enterprise development issues. The government's contention has been that actions that are legal obligations cannot be considered to be CSER and has, correspondingly, resisted calls to legislate CSER and make it a legally binding requirement.

Figure 1: Impacts of mining



Source: Author's construction.

Social responsibility, as defined by ISO 26000, is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that: (i) contributes to sustainable development, including the health and welfare

⁷ Hon. Alexander Chikwanda, Minister of Finance, in a speech at the National Stakeholders Meeting on the Revised Sixth National Development Plan 2013–2016, 22 August 2013.

of society; (ii) takes into account the expectations of stakeholders; (iii) is in compliance with applicable law and consistent with international norms of behaviour; and (iv) is integrated throughout the organization and practised in its relationships. Sustainable development is about meeting the needs of society while living within the planet's ecological limits and without jeopardizing the ability of future generations to meet their needs (World Commission on Environment and Development 1987). In its *Community Development Toolkit*, the International Council on Mining and Metals (ICMM 2012: 15) defines community development as 'the process of increasing the strength and effectiveness of communities, improving people's quality of life, and enabling people to participate in decision making to achieve greater long-term control over their lives'.

2.1 The growing prominence of CSER in Zambia

As noted earlier, democratization and economic liberalization heightened the public's general awareness of the political, economic, and social issues affecting them. This resulted in a more activist stance by the general public towards the mining companies. Thus the democratization of information in Zambia, through the political process and the encroachment of technology, has contributed to increased public awareness of the issues and helped create the demand for more sustainable practices and win-win outcomes. In the meantime, there has been a growing recognition among corporate leaders in the industry of the increasing significance of the environmental, social, and economic challenges facing, or being created by, mining operations. This has been partly influenced by the mines' exposure to the international capital markets, where precedents and best practices are set in the context of more advanced legal and regulatory frameworks shaped by heightened sensibilities towards the social and environmental sustainability of economic activity.

In view of the significance of its mining footprint in Zambia, it is instructive to note that China's government has taken steps in recent years to promote the social and environmental sustainability of Chinese investments both at home and abroad. The previously noted 'no strings attached' approach, with its reliance on the acquiescence of political and economic elites, has proved increasingly unsustainable owing to the rise of grassroots activism noted earlier.⁸ In particular, the Chinese Government has been encouraging Chinese companies in Africa to adopt more sustainable practices out of concern over the potentially adverse impacts of negative media reports (Russell 2007).

A salient example of this trend is the promulgation, by the Chinese Government through the China Chamber of Commerce of Metals Minerals and Chemicals Importers and Exporters (CCCMC 2014), of its *Chinese Guidelines for Social Responsibility in Outbound Mining Investment* (*Chinese Mining Guidelines* for short) in Beijing on 24 October 2014. The guidelines represent the first industry-specific guidance on social responsibility for the Chinese mining industry. CCCMC is a subordinate unit of the Chinese Ministry of Commerce. It represents a membership of more than 6,000 companies, the majority of which are Chinese mining companies investing abroad and trading mineral, metal, and hydrocarbon products. The guidelines require Chinese mining companies to integrate social and environmental considerations into their investment decision-making and operations abroad. Their development was informed by a large body of internationally recognized social and environmental responsibility standards.

⁸ Chinese mining companies have notably also exhibited better corporate citizenship in jurisdictions, such as South Africa, that have high standards of governance than in other African states where laws and enforcement mechanisms are comparatively weak.

In the light of the above imperatives, among others, CSER has taken on a new prominence for business owners and managers out of concern for how sustainability issues affect their social licence to operate (SLO) and, hence, the bottom line. In this context, mining companies in Zambia are increasingly looking beyond their traditional business models to integrate social and economic development imperatives into their business strategies and operations.

2.2 The lingering crisis of expectations following the privatization of ZCCM

The ZCCM era, which lasted from the 1970s until the commencement of privatization in the mid-1990s, was a golden era for government largesse disguised as CSR. ZCCM paid no taxes but built the infrastructure, and provided practically all the social services, that were, ordinarily, the responsibility of the local authorities in the mining areas. The result has been a lingering confusion in the minds of the public as to the nature of CSER and the respective responsibilities of the government, on the one hand, and the mining companies, on the other. Mining companies in Zambia are, therefore, faced with a massive expectations gap, which is worsened by the government's continuing failure to undertake the necessary development projects, and deliver corresponding social services, in mining communities.

3 Five CSER case studies in Zambia's mining communities

This section narrates the approaches adopted by five multinational mining corporations, two of which are Chinese-owned, and discusses the advantages and disadvantages of their approaches.

The first two companies, Kansanshi Mining Plc and Kalumbila Minerals Limited (KML), are subsidiaries of First Quantum Minerals Ltd (FQM), whose sustainability strategy is underlined by a commitment to progress towards sustainable development through economically viable investments, technically appropriate operations, environmentally sound practices, and socially responsible actions. The company has been relatively successful in mainstreaming its processes for operating its sustainability programmes internally and across its community footprint.

The third company, Lumwana Mining Company (LMC), is a subsidiary of Barrick Gold, the Canadian mining conglomerate, whose vision is ‘the generation of wealth through responsible mining—wealth for our owners, our people, and the countries and communities with which we partner’ (Barrick Gold Corporation 2016). Its statement on sustainability reads in part:

As a company and as individuals, we must guide our conduct by the highest standards of honesty, integrity, and ethical behaviour. At Barrick, we are committed to building, operating, and closing our mines in a safe and responsible manner. To do this, we put a priority on developing long-term and mutually-beneficial relationships with host governments and communities while working to minimize and mitigate the social and environmental impacts of our activities (Barrick Gold Corporation 2016).

China Nonferrous Metal Mining Corporation (CNMC) issued its first country-level *Social Responsibility Report* for Zambia in 2011, covering its nine subsidiaries in the country. The report asserted its compliance with the *CSR Guidelines for State-owned Enterprises* issued by the Chinese Government’s State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. The report was also prepared in consultation with ISO 26000 and the *Sustainability Reporting Guidelines* of the Global Reporting Initiative (GRI). As part of the report, the ‘CSR Declaration by CNMC Enterprises in Zambia’ reads in part:

We are committed to creating a model of ‘China and Zambia Cooperate for Common Development’ [...] We promise to operate in a responsible manner, and fully implement the sustainable development strategy during our strategic planning, decision making, and daily operation. Operating in a transparent way: regularly making public our status quo, planning, and measures in sustainable development; improving communication channels and dialog mechanism; and accepting the supervision by stakeholders on our own initiative (CNMC 2011: 12).

3.1 FQM’s Kansanshi Mining

Kansanshi Mining began its operations 8 km to the north of Solwezi in 2005. It is capable of producing 340,000 tonnes of copper and over 120,000 ounces of gold per year. Kapijimpanga and Kimasala Wards are in proximity to Kansanshi Mine. They have populations of 16,747 people (3,353 households) and 36,287 (7,167 households), respectively (CSO 2010). Solwezi, historically a farming community, is the capital of the North-Western province of Zambia and is a growing mining investment area. The town has never had good roads, or other, infrastructure and is now suffering from problems caused by ultra-rapid urbanization. The rapid influx of job-seekers, for example, has outstripped the supply of housing.

Kansanshi Mining’s CSER interventions

In addition to investments in social services, such as health and education, Kansanshi Mining has implemented a number of sustainability programmes designed to: (i) mitigate the displacement of indigenous populations; (ii) strengthen employability, entrepreneurship, and agriculture-based livelihoods in the area; (iii) prevent, mitigate, and monitor environmental impacts; and (iv) conserve local wildlife.

To mitigate the geographical and socioeconomic displacement that resulted from the creation of its Tailings Storage Facility, the company allocated land within the existing mining licence area to 267 affected households. A Resettlement Working Group (RWG) was formed to agree, through public consultations, on a framework for compensation. The RWG also ensured that information was disseminated back to the other project-affected households.

In the area of skills development for employment and entrepreneurship, the company entered an agreement with the Solwezi Trades Training Institute (SOTTI) in 2011 and invested US\$1.4 million in the Kwambula Learnership Programme aimed at providing participants with the opportunity to get a valid craft qualification and, with it, a better chance at getting a good job with the mine or with other employers.

On the agriculture front, the company is running a very successful programme to train local subsistence farmers in conservation farming. The company’s target is to train 2,000 farmers from the surrounding rural area, of whom more than 300 have already been trained. Yield increases of up to eight times have been reported by the farmers, and the costs of training are covered in full by the company. This is a promising opportunity for income, food, and nutritional security for the local community through profitable participation in non-core, and non-mining, value chains.

In the realm of environmental management, the company commissioned environmental impact assessments (EIAs) of various projects, including the New Sulphide Storage Facility, the 12 mtpa⁹ Copper Oxide Ore Treatment Facility Upgrade, the No. 5 Sulphuric Acid Plant, the Proposed

⁹ million tonnes per annum.

Copper Smelter, and the Kansanshi Mine Decommissioning and Closure Plan. In addition, the mine's operations are subject to regular environmental monitoring to measure ambient air and dust and noise levels within and near to the mine. The mine has also developed procedures based on the ISO 14001 Environmental Management System (EMS) for the transportation, handling, and storage of acids, mill reagents, and other hazardous materials. Being upstream of Solwezi town on the Solwezi river, the main source of water supply in Solwezi district, the mine has been careful to ensure its compliance with Zambian and international effluent discharge standards.

As part of its non-mining value chain community development interventions, the company has implemented an important wildlife conservation programme. The Game Management Area (GMA) within the Kansanshi mining concession has substantial stocks of animals. The company has rolled out a successful anti-poaching programme, with a full-time anti-poaching unit and a community-based wildlife conservation officer, who conducts information sessions with inhabitants of surrounding villages to encourage a culture of nature conservation.

Perspectives and reactions of the Solwezi community

While it is clear that the mine has brought new life to Solwezi town, the local community's feelings towards Kansanshi Mining Plc have ranged from ambivalence to outright hostility. Although the mine has created jobs and business opportunities, unemployment remains high, due partly to the influx of job-seekers and vendors from other towns and partly to the high illiteracy levels in the community. Youths bear the brunt of this impact, which has led to delinquent behaviour such as alcohol and drug abuse, and there has not been adequate investment in corresponding social programmes to address these problems. Another source of disquiet for the community is the continuing deficiency in social services owing to the shortage of schools, health facilities, and water and sanitation infrastructure. The community is also unhappy about the dust pollution caused by the mine's activities.

3.2 FQM's Kalumbila Minerals

Kalumbila, in Senior Chief Musele's Chiefdom, is situated in Solwezi district, in the North-Western province of Zambia. KML is a new mining venture consisting of 950 km² of customary land—518 km² of which represent more than half of Senior Chief Musele's Chiefdom—licensed for the Trident Project in 2011. The development of KML's massive 'greenfield' operation displaced some 570 households (approximately 3,200 people¹⁰) that had traditionally subsisted on fishing, collecting mushrooms, and small-scale agriculture based on slash-and-burn shifting cultivation of cassava. These displacement impacts of the mine added to the historical issues of illiteracy, poverty, and lack of infrastructure and access to social services. There have also been deep-seated concerns about the impact of the mine on the environment, considering the previously pristine status of the plush Miombo forest in Kalumbila, with its plentiful rivers and wetlands.

Kalumbila Minerals' CSER interventions

To address its displacement of local inhabitants, KML created a resettlement area to the north of the mine for 347 households. A provision was also made for 181 households to the south of the mine for those who opted for farming-based livelihoods. The company provided them with training in conservation farming to help them diversify their crops and boost their production. An

¹⁰ Based on the average household size of 5.6 people for the North-Western province per the 2010 Census of Population and Housing (CSO 2010).

additional 99 households opted to relocate and were paid compensation. The total cost of the relocation, re-housing, and compensation packages was US\$11.6 million.

More than 4,000 job opportunities, 81 per cent of them local, were created during the development stage of the project, and the company sought to employ at least one member of each resettled family. Operationalized in August 2015, the mine is expected to directly employ 1,788 people once it reaches full production levels. A further 1,276 contractors' jobs will be created in the mine's supply chain. The resulting multiplier effects are expected to create a further 10,000 jobs within the province (FQM 2016).

The company has taken advantage of the mine's situation in the Miombo forest on the edge of the equatorial rainforest to process timber resources at its modern sawmill. In this regard, the company has committed to a systematic timber salvage operation within its development footprint, involving the creation of 100 jobs in value-adding activities such as furniture-making. KML recruits and trains local youth in carpentry and joinery and employs them at its workshop to make furniture for sale. KML has also undertaken a number of infrastructure development initiatives and has upgraded access roads and built an airport, rolled out mobile telecommunications infrastructure, and constructed modern healthcare and education facilities.

The company has also taken action to address concerns around environmental conservation. These include habitat and natural resource preservation, under which the company 'initiated a legal process to enable the long-term preservation of the Bushingwe and Lualaba Forest Reserves adjacent to the Trident Project' (FQM 2012). These areas will be known as Joint Forest Management Areas (JFMAs) and will be managed by committees made up of representatives from the local community, the company, and the government. In response to the community's concerns about the damming and/or diversion of the Musangezhi and Chisola rivers—which have been traditional sources of water, fish, and livelihoods for local inhabitants—the company undertook to 'maintain the annual base flow in the Musangezhi River combined with periodic high flow flushing events' (FQM 2012).

As part of its soil conservation plan, the company has planted 16,000 stems of vetiver, which also promises oil extraction as a future community project. In a female-empowerment extension to this project, a number of women were selected as vetiver outgrowers and supplied with root stock to cultivate for the eventual supply of mature plants to the mine for erosion control. A tree nursery was also established at the Trident project to rehabilitate disturbed areas with exotic tree species nurturing indigenous species.

The First Quantum HIV programme has been running for a number of years in accordance with the company's HIV policy and is delivered within the community and workplace. The Trident HIV policy was launched in the last quarter of 2011 in Senior Chief Musele's area. The company also initiated, and continues to be involved in, the Malaria Public Private Partnership (PPP), which it implements through CHAMP, a Zambian health NGO, to fill gaps in the national malaria programme. First Quantum also sponsors medical scholarships for studies in family medicine, dermatology, nursing, and pharmacy, and two Master's degree courses in public health on an ongoing basis.

In the agricultural sphere, the company is committed to promoting local development. In the 2011/12 growing season, the Conservation Farming (CF) scheme supported 322 rural farmers; 230 at Kansanshi and 92 at Trident.

Perspectives and reactions of the Kalumbila community

There has been a lot of anger and anxiety about the conduct of the resettlement and its consequences for the social and institutional make-up of the Musele Chiefdom. Before the start of KML's operations, the main source of livelihood for the community was farming and fishing. The damming of the Chisola and Musangezhi rivers put an end to fishing, causing deficiencies in the community's diet and loss of business for fishermen. Some relocated residents have been unable to adjust to their new homes and have made their own way back to their old homesteads. The community also feels that the employment of locals by KML has been negligible and that there have hardly been any contracting opportunities for them. It has to be noted, however, that the high illiteracy levels have been a constraint on employability and entrepreneurial capacity for the majority of the local residents.

3.3 Lumwana Mining Company

The Lumwana area, comprising the three Chiefdoms of Mukumbi, Mumena, and Matebo, is a primarily agricultural community situated in the Solwezi West constituency of Solwezi district in the North-Western province. Lumwana has a population of 4,778 people and 895 households (CSO 2010).

Lumwana Mining Company's CSER interventions

The mine's September 2013 sustainability report to the Lumwana Land Use Planning and Development Committee (LUPDC) dichotomized the company's CSR interventions into (i) Community Development, focusing on infrastructure, community safety, education and health, and employment; (2) Business Development, focusing on local economic development (LED) as a way of ensuring sustainable livelihoods beyond the mine's life.

Under the Community Development umbrella, and with the acquiescence of Chiefs Mukumbi, Mumena, and Matebo, LMC implemented a Local Employment Register (LER) to safeguard mine employment for unskilled and semi-skilled locals residing in and around Lumwana and Solwezi. Together with this, a mechanism for addressing the community's grievances was implemented, involving the participation of company and community representatives. The Lumwana Development Trust Fund (LDTF) was implemented in 2009 to finance spending on women's groups and on infrastructure for schools and healthcare facilities. The LDTF has disbursed more than K10 million (US\$1 million) so far. LMC has also made public health investments in wellness camps, water and sanitation, malaria prevention, and antiretroviral therapy (ART) services. The company's Lumwana Scholarships Programme offers local students scholarships to Lumwana High School and incorporates the CanEducate Scholarship programme for vulnerable children and the Craig Williams Family Zambia Foundation¹¹, which supports teachers' education.

Under its Agri Food Innovation Programme, in the area of Business Development, the company partnered with International Development Enterprises (IDE) to implement the €1,250,856 EU-funded Wealth Creation through Irrigation (WIN) project, whose aim was to reduce the incidence of rural poverty, contribute to human development, and improve the sustainable livelihoods of 3,500 poor smallholder farmers through improved irrigation technology. Its initiatives included:

¹¹ The Foundation facilitates the upgrading of teachers' qualifications in critical subject areas from certificate to diploma, and from diploma to first degree.

- The Mutanda Dairy Initiative, involving the training of 60 female participants to build their capacity in dairy management
- Support for the Mutanda Research Station, dedicated to high-value crop research, as well as promotion of high-value banana production
- The Agri-Food Innovators (AFI) programme, through which LMC has empowered 90 smallholder farmers in the area with knowledge and skills in the production of high-value crops for sale to Lumwana mine's catering firm
- Nsabo Yetu, a women's empowerment programme under which participants are trained in enterprise development principles and practices
- The Local Contractors Development (LCD) programme, which was developed by the mine's community relations and supply chain departments to help local entrepreneurs benefit from providing goods and services to the mine
- The Lumwana Business Incubator programme, designed to provide infrastructure, business development services (BDS) and business incubation technical support in the mining and non-mining value chains. Activities and products covered in the non-mining value chain include high-value agro-products, arts and handicrafts, furniture, large-scale baking, maize milling, and brewing.

Importantly, the Business Development programme also has an Access to Finance component to address this critical limitation on small enterprise in the area.

Perspectives and reactions of the Lumwana community

A strong air of disaffection prevails in the community despite the company's extensive CSR investments and efforts, to the extent that the company's reported accomplishments almost pale into insignificance when viewed against the backdrop of the concerns reported by the community. In the domain of Community Development, community stakeholders have expressed the view that the LER has proved to be an ineffective tool for ensuring preferential employment for local residents for several reasons, including alleged lack of transparency on the part of the mine's employees.

With regard to Business Development, local residents complain that LMC has not provided adequate support to the Business Incubator programme and that access to finance is hampered by the lack of bank, and non-bank, financial services in the area. They also point to the area's astronomical agricultural and agribusiness potential and the failure to leverage the existence of cooperatives such as the Lumwana Farmers' Market—the largest source of fresh produce in town—and the Lusekelo Farmers' Cooperative. In their view, LMC could do a lot to alleviate the constraints on farmers' access to input and output markets. There are also strong reservations about the transparency of the mine's agricultural loan scheme, as it is felt that the mine's staff show bias in disseminating information and enabling access to the available loans. Community members have also expressed reservations about the quality, duration, and accessibility of the skills training provided by LMC.

3.4 Nonferrous Company Africa Mining

China Nonferrous Company Africa Mining Plc (NFCA) took over the Chambishi mine in 1998 and it became operational five years later. NFCA is owned by China Nonferrous Metal Corporation (CNMC) and Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH). NFCA's underground mine produces 6,500 tonnes of copper ore per day, on average. Additional mining activity at the West Ore Body commenced in 2011 and has since been producing

some 1 million tonnes per annum. In 2012, NFCA began work on the South-East Ore Body (SEOB), whose capacity is up to 3.3 million tonnes of copper ore per annum.

NFCA's CSER interventions

With the exception of its scholarship programme, NFCA's social responsibility interventions have tended to be philanthropic (i.e. 'give a man a fish'), rather than community empowerment-driven (i.e. 'teach a man to fish'), as illustrated by the examples in this section. In 2008, NFCA donated 14 butterfly sawing machines and K10,000 for a chicken project to benefit the widows of former miners in Chambishi. This was in addition to anti-malarial indoor spraying activities, on behalf of the Ministry of Health's Kalulushi District Health Management Team (DHMT), at a cost of K18,000. In each of the following three years, the company repeated the spraying exercise, at a cost of K30,000. The company donated K10,000 to the Zambia Table Tennis Association (ZTTA) and also undertook some road rehabilitation work in Chambishi and Kalulushi districts at a cost of US\$275,168. In 2010, NFCA donated K500,000 to the Kalulushi Municipal Council for development projects. This social responsibility engagement continued in 2011, when the company made donations to the Nkana Golf Club Tournament, undertook indoor spraying, continued its road rehabilitation work in Kalulushi and Chambishi, procured handheld radios for the provincial headquarters of the Zambia Police in Ndola, and sponsored 18 students to attend the Copperbelt University (CBU).

In 2012, NFCA purchased an ambulance, a motorbike, and healthcare equipment for K465,000. The company also constructed a classroom block at Chambishi secondary school, at a cost of US\$100,000, to increase its seating capacity. NFCA also donated K50,000 to the Zambia Open Golf Tournament Organizing Committee to help it launch the tournament. In the area of infrastructure, the company donated road rehabilitation equipment to the Kalulushi Municipal Council (KMC) worth K696,000. The company's philanthropy continued into 2013, when it donated K12,897 for a bus shelter and a carpark in Kitwe. It also sponsored the Zambia Open Golf Tournament at a cost of K270,000. In Kalulushi and Mufulira, the company built a security wall at a total cost of K210,157. It also donated a 140G Motor Grader caterpillar for road rehabilitation to the KMC, at a cost of K730,800.

NFCA is committed to undertaking ecologically safe and environmentally friendly operations. This is partially evidenced by its participation in World Environment Day (5 June) activities each year since 2005. The company promotes awareness of and education in ecological protection and environmental sustainability through various activities.

Perspectives and reactions of the Chambishi community

Despite the company's CSER efforts as noted above, residents of the Chambishi, Musakashi, and Lukoshi townships, which are nearest to the mine's operations, report that their communities do not benefit adequately from the mine's activities. Meanwhile, farmers in the area complain that the company has, on occasion, disrupted their livelihoods. In one instance, 67 farmers from the Lukoshi area alleged that the company had destroyed their farms and crops. Community representatives have also expressed strong reservations about the company's CSER practices and claim that the company's focus is on the politically visible urban areas and that it does nothing to prevent or mitigate the pollution and environmental damage it causes in the immediate surroundings.

3.5 China Luanshya Mine

When China Nonferrous Metal Mining Corporation (CNMC) officially took over Luanshya Copper Mine, it pledged to invest over US\$70 million in the Baluba underground copper mine—including over US\$50 million for the rehabilitation and replacement of obsolete infrastructure at the mine—by the end of the same year. In December 2009, the mine resumed its operations. The company recalled over 2,250 former miners (only 1,701 miners had previously been employed by ZCCM) and re-engaged them in the rehabilitation of the plant and underground operations of the mine. On 22 December 2009, the Baluba mine resumed production as scheduled.

CNMC has since spent US\$368 million to develop the CLM Muliashi mine, an 11 km greenfield metallurgical mining project that is now operating as a full mine and not just a copper processing facility. The highly mechanized Muliashi open pit mine promises greater copper production than the Baluba mine. It produces cathode copper by hydrometallurgy and its annual output of copper metal is 40,000 tonnes. It is no exaggeration to say that Muliashi is the lifeline and future of mining in Luanshya and that CLM has been singly responsible for the rejuvenation of the once dead Luanshya town.

CLM's CSER interventions

Immediately after CNMC's take-over of mining operations at Luanshya, CLM initiated its CSER programmes. In line with its mission to invest in the exploration of mineral resources for social and economic development, CLM pledged to increase investment, introduce state-of-the-art technology to improve productivity and efficiency, and provide business for local companies. The company undertook a series of community projects to ensure maximum benefit for the community. It also decided to partner with the government in enabling vulnerable but viable small-scale farmers to access agricultural inputs. To this end, the company has donated fertilizer and seed worth over K125 million to 100 farmers in Luanshya district through the Office of the District Agriculture Coordinating Officer (DACO) and area members of parliament.

CLM considers investment in the public infrastructure of the district as key to enhancing development and improving the community's socioeconomic well-being. In 2011, the company embarked on a waste-collection exercise covering the whole of Luanshya. The exercise led to a reduction in incidences of diarrhoea and related illnesses, which had been particularly prevalent in the rainy season. The company has also been sponsoring the anti-malaria programme in Luanshya. As part of its contribution to the fight against HIV/AIDS through the Prevention of Mother-to-Child Transmission (PMTCT) effort, CLM has partnered with the Rotary Club of Luanshya to purchase baby milk and porridge for children born to HIV-positive mothers. The company has designed a sponsorship scheme under which it provided full scholarships to nine students at the University of Zambia and four at Copperbelt University; it has sponsored Roan United Football Club at a cost of K120 million per month, covering monthly wages for the team and travel and accommodation expenses during away matches; and it has commenced the rehabilitation of selected sporting infrastructure at the Luanshya Mine Sports complex. The Luanshya Community Swimming Pool, on which the company has so far spent K30 million, has since reopened to all the residents of Luanshya and surrounding areas, and the company has pledged to work with the local authority in improving and upgrading infrastructure, generally, in Luanshya.

Perspectives and reactions of the Luanshya community

As part of its infrastructure development commitment, CLM constructed Zaone market for the community's use. Construction work was shoddy, however, and the market has never been officially opened by the council. Moreover, vendors have declined to use the facility due to its

deplorable condition. Similarly, the company refurbished play areas in the Mpatamatu, Mine, and Mikomfwa townships but residents there have shunned the facilities, citing poor construction standards.

On average, CLM has paid approximately K10 million in property taxes annually to Luanshya Municipal Council. The council, however, feels that the mining company should contribute more in taxes and in services to the community. Like the other mining operators in the country, the company is responsible for serious damage to road infrastructure by the trucks that carry heavy equipment and processed copper and copper concentrates to and from the plant. The major mining operators have the resources needed to contribute to the costs of repairing this damage but have, so far, not been required to do so. The non-remediation of environmental damage to streams, wetlands, and other water bodies around Luanshya is another important gap in the company's CSER activities. CLM also has the opportunity to increase its contribution to infrastructure for social services in the mine areas, such as by constructing hospitals, clinics, and schools.

Residents of the Mpatamatu and Roan townships report significant environmental challenges in their area. Due to poor sewerage systems, for example, there was an outbreak of typhoid in 2011. Moreover, diarrhoeal diseases have been causing deaths yearly and CLM, reportedly, has not helped its host communities in their efforts to combat this scourge. The Councillor for Kafue Ward submitted that there have been no CSER activities in his ward despite the mine being located there. The Mayor of Luanshya Municipal Council also confirmed the view that the mine is minimalist in its contributions to the community. It was pointed out that prior to privatization, when the mine was run by ZCCM, all water reticulation and drainage systems and recreation facilities were built and maintained by the mine.

4 Advantages and disadvantages of the mining companies' approaches

In each of the mining company CSER case studies profiled above, there is a clear divergence between the mining companies' self-assessments and the perceptions of the mines' host communities and other observers. While each of the mining companies rates its CSER engagement favourably, a commonly held view within the communities is that the mining companies' CSER activities are mere window dressing and that they do not deliver any real, or lasting, benefits on the ground. This asymmetry of perceptions may be rooted in elements of paternalism on the part of the mining companies, and unrealistic expectations resulting from the ZCCM legacy on the part of the host communities. There is also an element of misunderstanding about the role of local government in the area of social services provision in mining areas. Nevertheless, the mismatch in perceptions begs the questions:

- 1) Are the mining companies 'doing the right things'; or,
- 2) Are they 'doing things right' and, in effect, merely 'rearranging the deck chairs on the Titanic'?

To the extent that they are focused on 'doing things right', mining companies will rate their own CSER interventions very highly. Their well intentioned, well crafted, and well implemented interventions may, however, suffer the serious limitation of lack of congruence with the needs and priorities of the mines' stakeholders (primarily their host communities) due to the failure to consult with them at the design stage, and a corresponding failure to secure the stakeholders' contributions to and participation in the implementation and evaluation stages. The mismatch in perceptions is

also partly fed by weaknesses in structures and processes for community consultation, on the one hand, and in monitoring and reporting of services delivery, on the other.

As illustrated above, both the Western- and Chinese-owned mining companies in Zambia aspire to the highest international standards of CSER best practice. In particular, the CSER interventions of Kansanshi Mining Plc, Kalumbila Minerals Ltd, and Lumwana Mining Company have the advantage of being driven by clearly articulated, and well disseminated, sustainability strategies. Each of these mines has a well staffed sustainability unit that reports to an influential mid-level executive. They are also relatively transparent in their dealings with stakeholders, subject to the limitations of language and literacy in their host communities. In terms of governance, these companies are answerable to the global capital markets, influenced by powerful institutional investors and their socially and environmentally conscious investment mandates. The ‘power of the purse’ wielded by these institutional investors means that the mining companies are more likely to be responsive to their demands for sustainable mining practices and community engagement.

In contrast, as noted earlier, CNMC and its subsidiaries are answerable to the Chinese Government. China has had a history of unwavering commitment to investment in Zambia’s mining industry despite the rise and fall of commodity prices on the global markets and the vicissitudes of the political environment in the country. As a result, the Zambian Government appears to have applied little pressure on the Chinese copper mining companies to meet national and international labour standards and generally accepted CSER norms. Moreover, Chinese-owned mining companies in Zambia have been relatively free of the fear of divestment by their government. This is added to the fact it is only within the past five years that the Chinese Government has begun to place the spotlight on social and environmental sustainability in its outbound mining investments. Perhaps it is because of the twin factors of assured funding by the Chinese Government and lax supervision by the Zambian Government that CNMC and other Chinese mining companies have had a relatively weak CSER record, denoted by interventions that fall towards the altruistic, ‘window dressing’ end of the spectrum as opposed to the community-led, -owned, and -hosted interventions that characterize substantive social and environmental responsibility. With the possible exception of NFCA and Chambeshi Copper Mines (CCS), another CNMC subsidiary, the corporate culture of Chinese mining companies is generally more opaque to their host communities and other external stakeholders out of the belief that their accountability ends at the highest levels of government. These companies run the risk, therefore, of further alienating their communities through their apparent lack of accountability to their stakeholders.

Another aspect of the agency problem for both the Western- and Chinese-owned mining companies in Zambia relative to their ownership is that of the information asymmetries imposed by the geographical remoteness of their operations from their sources of finance. From an institutional perspective, this is exacerbated by the Zambian Government’s lack of a CSER regulatory framework, and its capacity limitations as noted in Section 0 above, which force its regulatory agencies to rely on self-reporting by the mining companies.

4.1 Key shortcomings in CSER approaches

At the tactical level, and to varying extents, the key shortcomings in mining companies’ CSER approaches in Zambia include:

- Weaknesses in stakeholder coordination and management and the apparent failure to ensure community participation in the design, implementation, and monitoring of interventions

- Adoption of a paternalistic, top-down, approach to programme design and implementation, which has tended to alienate the host communities while failing to address their needs and priorities
- Failure to consult the local authority councillors within their host communities about their CSER objectives, strategies, and programmes. Being the gatekeepers to the host communities, the councillors are, potentially, sources of great intelligence about the needs, local politics, and institutional make-up of the host communities.
- Failure to mitigate the barriers imposed by the literacy and capacity limitations within the host communities
- Failure to develop a sufficient understanding of the power structures and vested interests embedded within their host communities in order to create the appropriate incentive structures
- Non-implementation of mutually acceptable communication channels between the mines and their host communities to help engender transparency, trust, and goodwill
- Absence of accountability mechanisms involving community-based monitoring and evaluation to promote transparency, community ownership, and buy-in.

Partly due to these deficiencies, mining companies have generally been unable to maximize the involvement of their host communities in their mining and non-mining value chains through employment, entrepreneurship, and participation in social services delivery.

4.2 Tripartite dialogue and other success factors for CSER

Among the key success factors for CSER engagement and implementation is the existence of a tripartite dialogue involving the mining companies, their host communities, and government. The approach to this tripartite dialogue should be underpinned by the inculcation by the mining companies of a sense of shared responsibility in the counterparties. Civil society organizations (CSOs) have a unique opportunity to act as trusted brokers between the three parties owing to their strategic positioning in the dialogue space between them, as depicted in **Error! Reference source not found.** Corresponding to the multilevel and multidimensional impacts of mining (see Figure 1), the involvement of a broad cross-section of CSOs is required. In the majority of cases, however, CSOs have failed to achieve the unity of purpose or to establish the common platforms required to enable them to fulfil this role.

An important limitation on the local government side is the tendency to view CSER as a replacement for the government's development programming responsibilities. The mining companies are lobbying strongly and promoting awareness of the local governments' responsibility to use tax revenues received from them for tangible development purposes. In this regard, CSER on the part of the mining companies should be seen as complementary to, and not a substitute for, the government's development responsibility and efforts.

CSER programming should include a requirement for monetary, or in-kind, contributions by host communities to minimize the sense of entitlement and to promote community ownership and stewardship.

Figure 2: Civil society as the interlocutors between mining companies, host communities, and government



Source: Author's construction.

5 Conclusions and recommendations

An important gap in the Zambian mining context is the government's laissez-faire posture towards CSER on the grounds that it cannot be legislated. This has resulted in the inconsistent CSER practices and virtual lack of accountability that have been noted. This is in contrast to international trends that are seeing sub-Saharan countries, such as Ghana, Tanzania, and Mozambique, take measures to introduce national CSER policies aimed at ensuring that organizations promote the welfare of their host communities. There is growing international recognition that, to be sustainable, CSER must be part of business strategy and that it must be aligned with the development priorities of its host country or community. An important development noted with respect to Chinese mining investment in Zambia has been the adoption of a CSER-friendly posture buttressed by requirements for compliance by Chinese mining companies through the government's controlling interests or through membership of the CCCMC. As noted in the cases of CLM and NFCA above, there is still a gap between the Chinese Government's CSER aspirations and actual conduct on the ground by Chinese mining companies. Enhanced cooperation between the governments of China and Zambia aimed at strengthening the latter's regulatory capacity will help to tie these loose ends.

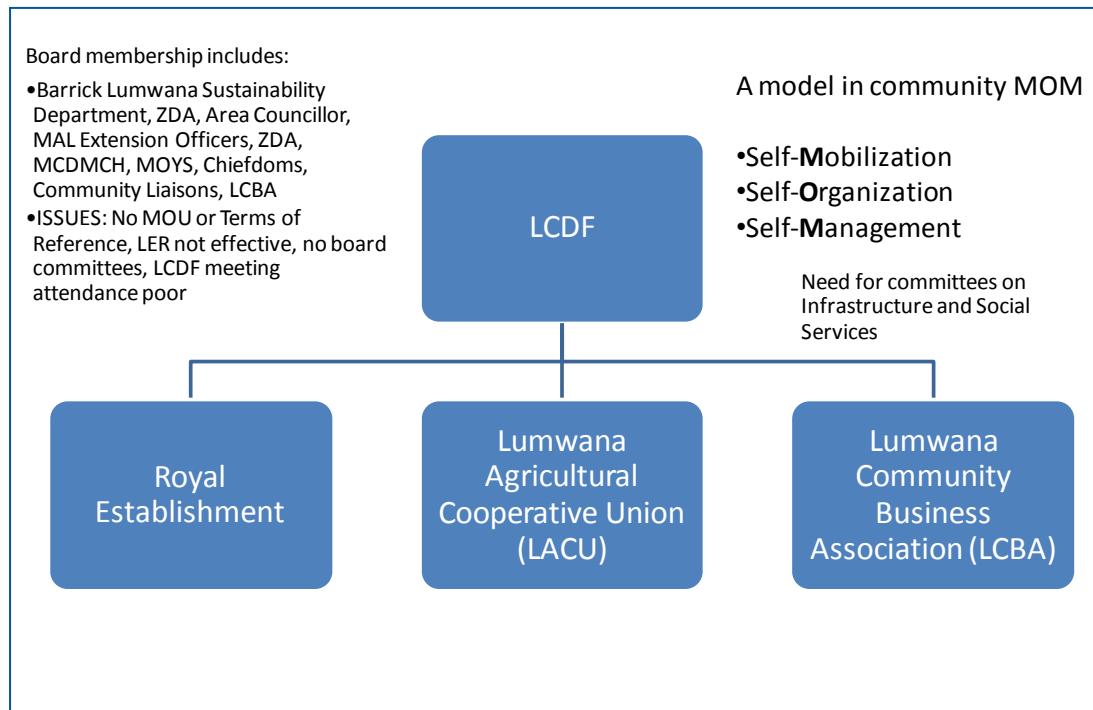
5.1 Towards a community self-help approach

Paternalism on the part of the mining companies needs to give way to partnership—a transition that is predicated on mining companies repositioning themselves as equal participants with their host communities in the quest for win-win development outcomes. To this end, mining communities need to demonstrate a capacity for self-governance that should better enable them to enter into a partnership with the mining companies. Subject to some notable implementation issues, Senior Chief Mukumbi's Chiefdom in Lumwana provides a useful example of this Self-

Mobilizing, Self-Organizing, and Self-Management (MOM)¹² model of community engagement with mining companies.

Figure 3 depicts some of the community governance structures that have been established to help manage the interface between the mining company Barrick Lumwana and the community, with the overall objective of enabling a win-win outcome for the mine and its host community. The Lumwana Community Development Forum (LCDF) provides overall development coordination for the community. The board of LCDF represents a broad cross-section of stakeholder interests and includes representation from the Musele and Mumena Royal Establishments, Barrick Lumwana's Sustainability Department, the Zambia Development Agency (ZDA), the area Councillor, Extension Officers from the Ministry of Agriculture and Livestock (MAL), the Ministry of Community Development, Mother and Child Health (MCDMCH), the Ministry of Youth and Sport (MYS), and the Lumwana Community Business Association (LCBA), as well as Community Liaisons.

Figure 3: The model for engagement with the Mukumbi Chiefdom



Source: Author's meeting with LCDF representatives.

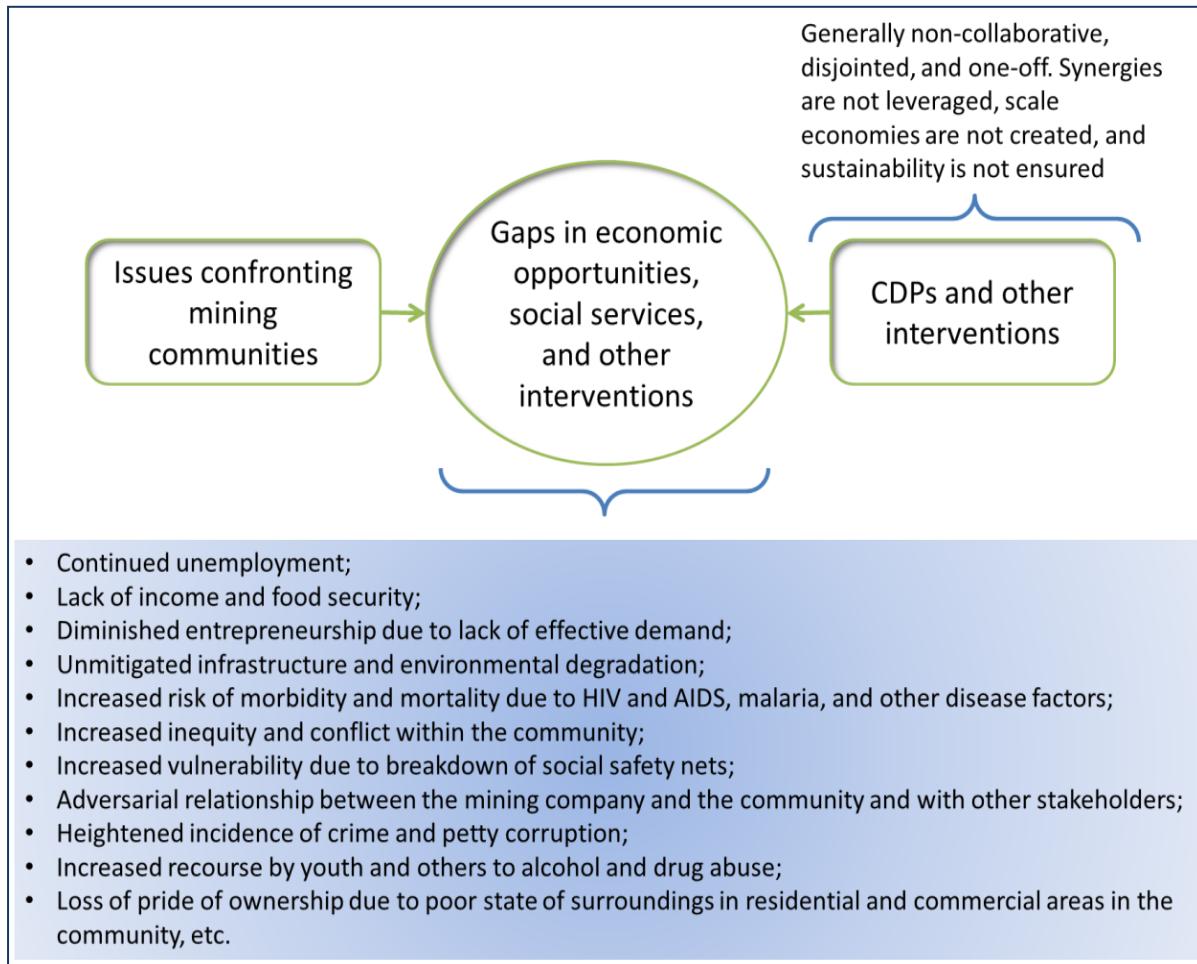
The structural arrangement is sound, in principle, but there are some issues that have limited its effectiveness in practice. These are summarized in **Error! Reference source not found.** in terms of the gaps in economic opportunities and social services for host communities arising from shortcomings in mining companies' CSER interventions. **Error! Reference source not found.** provides a suggested framework for mediating the relationship between mining companies, their host communities, and other key stakeholders.

For the mining community, expected outcomes of the MOM approach include enhanced negotiating power vis-à-vis other stakeholders—principally, the mining companies—and, hence, more equitable participation in the economic fortunes of the community. One aspect of this

¹² Author's characterization.

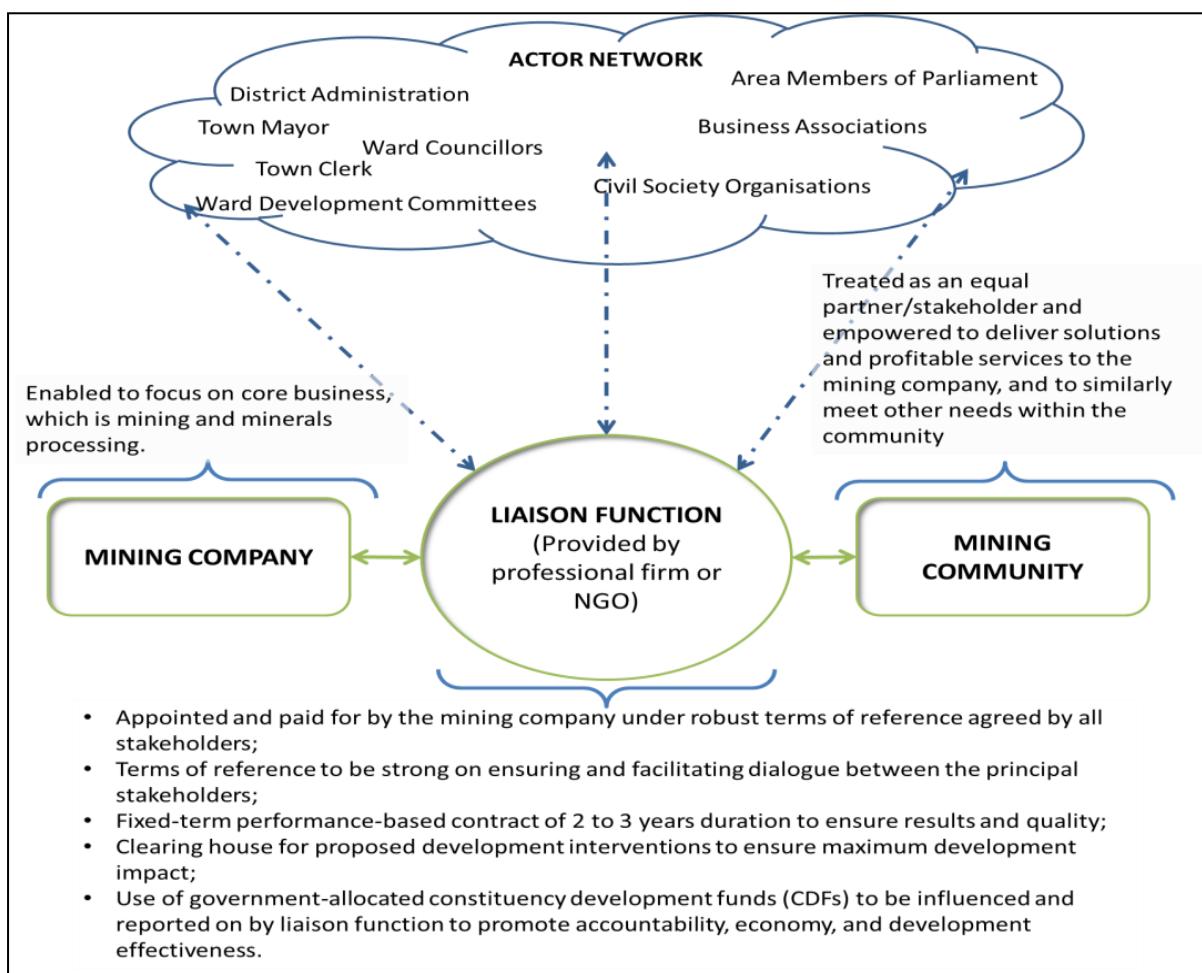
socioeconomic inclusion is that the default consensus among all the stakeholders should be some form of right of first refusal for the community with respect to employment and entrepreneurship opportunities with the mining company and with other large business concerns operating within the community. This is consistent with the spirit of the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO 2006).

Figure 4: Consequences for mining communities of gaps in opportunities and services



Source: Author's construction.

Figure 5: A suggested framework for mediating between the mining company, the community, and other key stakeholders



Source: Author's construction.

The underlying principle for all interventions in mining communities must be ‘community ownership’, which should translate into ‘*community members solving community problems using community resources*’. By extension, this includes the principle that market-based solutions to community problems should, in the first instance, be provided by local entrepreneurs, employing local labour and using other resources sourced, as far as possible, from within the community. This lends itself to a bottom-up approach to mining company engagement, which should be mainstreamed across all mining communities.

5.2 A model for bottom-up community engagement—Youth Alliance for Development

The Youth Alliance for Development (YAD) is a non-governmental organization (NGO) operating in Solwezi district with a core focus on promoting stakeholder engagement and dialogue. In response to the moribund, and potentially toxic, state of relations between the mines and their host communities, YAD took a bottom-up, community-driven approach to catalyse dialogue between the mines, the local authority, civil society, and traditional leaders. YAD created the Kizanza forum. Kizanza is the term in the local KiKaonde language for a discussion platform.

Diakonia-Sweden’s Zambia Country Office provided support to YAD as it embarked on a programme to form community action groups (CAGs), through which to inform and educate local communities about their rights and how to engage the mines and the local authority in meaningful dialogue. Among the key issues was the communities’ right to information about the amount of

tax revenues received by the local authority and its corresponding expenditures. This effort was an extension of the Strengthened Accountability Project, which is concerned with enhancing the transparency and accountability of the local authorities and the duty of the mining companies to ensure the social and environmental sustainability of their operations and activities.

YAD's collaboration with the Extractive Industry Transparency Initiative (EITI) has equipped it with the negotiating skills and leverage to demand and obtain the necessary information and explanations from the local authorities. As a result of its advocacy efforts, and in a pioneering initiative, Solwezi Municipal Council (which administers the Solwezi, Mushindamo, and Kalumbila districts) made a decision to commit 10 per cent of its mining tax revenues (through its Ward Development Funds) to the communities that had suffered environmental damage, livelihood disruption, and actual displacement due to mining activities in the Solwezi and Kalumbila districts. The council has also made a commitment to ensuring that the mining companies align their CSER activities with its local development priorities, as defined in its five-year development plan.

YAD will continue its advocacy for communities' end-to-end involvement in the project lifecycle of CSER interventions and other mining companies' activities that have implications for them. YAD is also promoting community-based monitoring and evaluation (M&E) through appropriate awareness and capacity-building interventions. YAD sees its mandate as extending to all the three major mining locations in the North-Western province; namely, Solwezi, Kalumbila, and Lumwana.

References

- Barrick Gold Corporation (2016). 'Responsible Mining Governance'. Available at: <http://www.barrick.com/responsibility/our-approach/responsible-mining-governance/default.aspx?LanguageId=1> (accessed 16 June 2016).
- CCMC (2014). *Guidelines for Social Responsibility in Outbound Mining Investments*. Beijing: China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters.
- CNMC (2011). 'Zambia Social Responsibility Report'. Kalulushi: China Nonferrous Metal Mining (CNMC).
- CSO (2010). '2010 Census of Population and Housing'. Lusaka: CSO.
- CSO (2016). '2015 Living Conditions Monitoring Survey'. Lusaka: Central Statistical Office (CSO).
- CSO, MOH, ICF (2014). 'Zambia Demographic and Health Survey 2013–14'. Rockville, Maryland, USA: Central Statistical Office (CSO), Ministry of Health (MoH), and ICF International (ICF).
- Feeley, P. (2001). 'The Limitations of Corporate Social Responsibility on Zambia's Copperbelt'. Available at: <http://www.minesandcommunities.org/article.php?a=6655> (accessed 20 October 2013).
- Ferguson, J. (1999). 'Abjection and the Aftermath of Modernism'. In J. Ferguson, *Expectations of Modernity: Myths and Meanings of Urban Life on the Zambian Copperbelt*. Berkeley, CA: University of California, pp. 234–54).
- FQM (2012). 'Sustainability Report 2012'. Vancouver, BC: First Quantum Minerals.
- FQM (2016). 'Trident'. Available at: <http://www.first-quantum.com/English/Our-Business/Development-Projects/Trident/> (accessed 16 February 2016).

- Fraser, A., and M. Larmer (2010). 'From Boom to Bust: Diversity and Regulation in Zambia's Privatized Copper Sector'. In D. Haglund (ed.), *Zambia, Mining, and Neoliberalism: Boom and Bust on the Globalized Copperbelt*. New York: Palgrave Macmillan US, pp. 91–126.
- Fraser, A., and J. Lungu (2007). *For Whom the Windfalls? Winners & Losers in the Privatisation of Zambia's Copper Mines*. Lusaka: Civil Society Trade Network of Zambia (CSTNZ).
- Geloo, Z. (2013). 'Cursed by Copper: Mining Communities in Zambia'. Available at: <http://www.osisa.org/openspace/zambia/cursed-copper-zambia> (accessed 15 October 2013).
- GRZ (2013). 'Revised - Sixth National Development Plan (R-SNDP) 2013–2016'. Lusaka: Government of Zambia.
- ICAP at Columbia University (2016). 'Summary Sheet: Preliminary Findings; Zambia Population-Based HIV Impact Assessment'. New York, NY.
- ICMM (International Council on Mining and Metals) (2012). *Community Development Toolkit*. London, Washington, DC.
- ILO.(2006). 'Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy'. Geneva: International Labour Office (ILO).
- OAG (2014). 'Report of the Auditor General on the Management of Environmental Degradation Caused by Mining Activities in Zambia'. Lusaka: Office of the Auditor General.
- Russell, A. (2007). 'Jisco Takes Model Approach in S. Africa Project'. Available at: <http://www.ft.com/intl/cms/s/0/4f77cfb4-3f83-11dc-b034-0000779fd2ac.html#axzz46FTo9CVq> (accessed 3 March 2016)
- Smit, A. (2013). 'Shaping Corporate Social Responsibility in Sub-Saharan Africa: Guidance Notes from a Mapping Survey'. Bonn and Eschborn: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).
- World Commission on Environment and Development (1987). *Our Common Future*. Oxford University Press.

Appendix 1: Acronyms

7NDP	Seventh National Development Plan
AAC	Anglo American Corporation
ART	antiretroviral therapy
BDS	business development services
CAG	community action group
CCCMC	China Chamber of Commerce of Metals Minerals and Chemicals Importers and Exporters
CF	conservation farming
CNMC	China Nonferrous Metal Mining Corporation
CLM	China Luanshya Mine
CSER	corporate social and environmental responsibility
CSO	Central Statistics Office
CSO	civil society organization
CSR	corporate social responsibility
DA	development agreement
DACO	District Agriculture Coordinating Officer
DHMT	Kalulushi District Health Management Team
ECZ	Environmental Council of Zambia
EIA	environmental impact assessment
EMP	environmental management plan
EMS	environmental management system
FQM	First Quantum Minerals
GMA	Game Management Area
GRI	global reporting initiative
GRZ	Government of the Republic of Zambia
ICMM	International Council on Mining and Metals
IDE	international development enterprise
ILO	International Labour Organization
ISO	International Standards Organisation
JFMAs	Joint Forest Management Areas
KMC	Kalulushi Municipal Council
KML	Kalumbila Minerals Limited
LCBA	Lumwana Community Business Association
LCD	local contractors development
LED	local economic development
LER	local employment register
LMC	Lumwana Mining Company
LUPDC	Lumwana Land Use Planning and Development Committee
MCM	Mopani Copper Mines
MOM	Self-Mobilizing, Self-Organizing, and Self-Management
MTPA	million tonnes per annum
NFCA	Non-Ferrous China Africa
NGO	non-governmental organization
OAG	Auditor General
PMTCT	Prevention of Mother-to-Child Transmission
R-SNDP	Revised Sixth National Development Plan
RST	Roan Selection Trust
RWG	Resettlement Working Group

SARW	Southern Africa Resource Watch
SASAC	State-owned Assets Supervision and Administration Commission
SEOB	South-East Ore Body
SNDP	Sixth National Development Plan
SOTTI	Solwezi Trades Training Institute
WIN	Wealth Creation through Irrigation
YAD	Youth Alliance for Development
ZCCM	Zambia Consolidated Copper Mines
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings
ZDA	Zambia Development Agency
ZTTA	Zambia Table Tennis Association