Foreign direct investment and poverty alleviation in Tanzania: a case of Bulyanhulu and Geita Gold Mines Limited in Kahama and Geita districts

Nyankweli, E.M.

Citation for published version (APA):

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: https://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.
CSR in Tanzania’s mining industry

While protest can raise issues, it takes engagement to win the argument. When human rights are abused and the environment is degraded, protest against irresponsible mining companies is very important. However, community development must consider direct engagement with mining companies in discussion and debate as means to further influence corporate development decisions and actions. (Chandler, 2008)

Overview
Like many other development projects that operate in remote locations, mining can have severe adverse consequence on lives, livelihoods, culture and the environment. For decades, the mining industry has suffered criticism due to its poor record of community accountability. Hutchins et al. (2007) noted that the mining industry has poor reputation for its environmental and social performance. McAllister (2001) showed that the mining industry and tobacco companies come in last place in public perception surveys in the United States for socially responsible business practices. A broad range of community stakeholders share the same view, and civil society groups have taken the lead to protest against mining expansion, both locally and worldwide. However, mining is important for diversifying the community’s income sources. It brings rapid development and change, such as employment opportunities, large influx of capital and in some cases in-migration and resettlement. For some communities—particularly those with no prior mining history—it is particularly difficult to take advantage of the benefits and, at the same time,
cope with mining’s adverse impact. Therefore, mining’s contribution to development has been the subject of intense scrutiny under various approaches: ‘resource curse’ theories (Auty & Wurhurst, 1993; Sachs & Warner, 1997; Davis, 1998); approaches focusing on revenue transparency (EITI, 2006); in studies of redistribution of benefits from national to local level (Reed, 2002); and disputes about impacts on local communities (Manteaw, 2007).

However, Botswana is the only country—among the many financially poor but resource-rich African countries—that has succeeded in generating substantial economic growth through extraction of natural resources, diamonds to be specific. Three decades ago Botswana was among the poorest countries in the world, while today it is among the upper echelon of middle income OECD countries, serving as an example that the combination of good governance and natural resource extraction can bring prosperity (de Groot, 2009). This was achieved through integration of stable government and attraction of FDIs. In contrast, many other African countries endowed with mineral reserves are continuously associated with low economic growth and conflict (Democratic Republic of Congo, Nigeria, Sudan, Angola, Sierra Leone and Liberia).

Mining companies are increasingly expressing their intent to contribute to sustainable development of the communities and regions in which they operate. The industry has increasingly been promoting sustainability and looking to provide direct benefits to these communities, largely in reaction to bad public image and pressure from civic society groups. According to Hutchins et al. (2007), CSR plays a central role in the strategy to remedy the bad image of mining companies: the four biggest mining conglomerates (Vale, Anglo-American, Rio Tinto and BHP Billiton) have increased their total CSR expenditures to $1 billion for 2007.

**CSR policies in the mining industry**

Mining industry policies encourage building amicable relationships with local communities and recognise the responsibilities of mining companies (WB, 2005; ICMM, 2005). This commitment is clearly reflected in the companies’ mission, vision and policy
strategies. For instance, Anglo Gold Ashanti’s GGML statement highlights key aspect in the areas of occupational health, safety, the environment and communities, i.e., OHSEC. It cites that the company values people, respects host communities and believes that excellence in OHSEC is essential for the sustainability of its business in host country. GGML is committed to creating value for shareholders and stakeholders alike in an environmentally responsible fashion (Anglogoldashanti, 2009). The strategy of Barrick’s BGML is dedicated to responsible mining. The strategy insists on delivering financial rewards to shareholders, providing safe and healthy workplaces for employees, protecting the environment and sharing the benefits of mining with local communities and host nations (Barrickgold, 2009).

Despite, the fact that CSR policies are tailor made into project specific regional and operational strategic plans (e.g., BGML and GGML), they usually tend to concur with general corporate policy—mirroring the mother company’s vision, mission and objectives (Anglo Gold Ashanti, 2007). The policies share the fundamental principles of safety, value, respect and accountability. There is an emphasis in most companies’ CSR policies on addressing the problems that communities living around mining operations face. The policies also recognise that it is important to follow regional and national developmental goals. Furthermore, they recognise that working in partnership with experts from international organisations is beneficial for delivery and success of CSR policies. Transparency, benchmarking, monitoring, regular reporting and sustainability are key policy commitments. Also a reporting scheme is provided, thus enabling stakeholders to monitor the development of the projects. The reports are published annually under the section ‘report to stakeholders’ or ‘report to society’ (Anglogoldashanti, 2009; Barrickgold, 2009).

Policy documents focus on future areas where CSR practices can be improved. Mining companies place equally high premiums on community development. The plans for CSR within the companies and the implementation strategy mainly concentrate on the core business and follow the companies’ value and principles. International, national, regional and local guidelines are mentioned but not emphasised. GGML and BGML reserve the
right to allocate their funds to development projects in those areas that will best advance the company’s reputations. The concept of ‘community’ is used in CSR policy as a collective phrase, which can be summarised to mean all people or groups who are directly affected by mining operations.

According to Szombati (2008), CSR policies focus on developing areas of excellence, regarding issues that can be improved effectively. These areas of excellence include health and welfare, education, training and skill development; sustainable economic development; environment and sustainable natural resources management; and empowering women. CSR may take two major forms: (1) the company may act alone through a community project/programme (e.g.: water and sanitation, health care, voluntary training and education, agriculture, micro-financing and infrastructure), or (2) the company may enter into partnerships with local and/or international NGOs and/or the government to implement community projects or resolve particular social and environmental problems together (Ite, 2004).

**Community development practice as a CSR approach to mining**

Community development (CD) is a form of stakeholder engagement practice (DITR, 2006). It is more ‘top-down’ participation compared to public relations, which focuses on improving the company’s reputation through formal communication and information dissemination, or to community relations (CR), which is based on the notion of building amicable relationship for business gains (Humphreys, 2000). The mining industry has moved to institutionalising CR and CD in mining through corporate commitments, policies, standard and guidelines, systems and processes, and the appointment of specialised community practitioners (Harvey & Brereton, 2005; Kemp, 2009). This professionalisation includes formal representation within the organisation’s structures and hierarchies, emerging career paths and the availability of professional development.

Mining companies continue to entrench CD within their core organisational structures, particularly by establishing separate departments, for example, Community Relations and Sustainable Development Department (CRSD) at GGML and Community Development
Department at BGML. Beyond core organisational structures, responsibility for CD work can be shared with other actors, such as NGOs or government, or with both, through tri-sector partnerships (BPD, 2001). Also, CD work can be ‘outsourced’ to contractors, foundations or trusts, which operate with varied levels of independence from the mining company.

**Socio-political context of community development**

Community development is rooted in location specific communities. It describes the process of developing a community field with different social actors working together and sharing a common purpose in collective action (Wilkinson, 1991). Socio-political governance recognises that community development is not the exclusive responsibility of governments: it is the responsibility of all societal actors (e.g., government, private sector, NGOs and individuals), which jointly participate in solving societal problems, creating opportunities and manage the projects (Moon, 2002).

Community development is conceived as both the outcome and the process of social interaction (Wilkinson, 1991). As an outcome, it describes the product or tasks accomplished in corporate-community interaction. For example, in dealing with ‘material deprivation’ community development refers to constructing infrastructure and providing social welfare (Eweje, 2006). As CD implies changes (at individual, organisational and societal levels), those involved in corporate-community interaction purposely seek to improve their own capacity to take action. Donor-recipient relationships are discouraged, and the actors consciously seek to create or strengthen networks through which they can work together to solve their problems and create opportunities, thus promoting sustainability (Wilkinson, 1991). The impact of corporate-community interaction has been mostly measured based on the outcomes: the process of community development is de-emphasised. According to Muthuri (2007), in order to achieve high social goals, corporate-community interaction must be oriented towards community development both as process and outcome.
The contexts in which mining companies operate have changed considerably. The members of the community have become aware of the international debate on CSR and indigenous community rights. Hence, communities expect the companies to address their social and economic needs. Increasingly the communities expect the company to play the role of the government as development promoting agent (e.g., by providing social welfare). The heightened community dependence on mining companies and increased costs of corporate-community interaction has triggered changes in corporate-community interaction strategies (Box 7.1).

In the mining industry, sustainability refers to design, construction, operations and ultimately closure of mines, in a manner that respects and responds to the social, environmental and economic needs of present generations and anticipates those of future generations in the communities and countries where they work. Kumah (2006) asserts that sustainable mining is acceptable for the community: its immediate negative effects can be mitigated and its socio-economic benefits designed so as to provide a sustainable future for the local community.
The review of company documents identified some of the environmental and social initiatives employed to ensure sustainability in their operations (Anglogoldashanti, 2009; Barrickgold, 2009): putting major environmental policies into place; designing and implementing environmental management tools and practices; installing pollution combating technology and implementing environmental management programs (e.g., training and education); impact assessment and appraisals; financing and construction of community infrastructure; development of important community programs; donations to local universities and research establishments; and building relationships grounded in respect and trust. The next sections will examine the thematic focus of BGML’s and GGML’s CSR initiatives.

Box 7.1 The community development approach of BGML and GGML

The Social Development Policy of BGML enables the mine to develop and maintain a productive relationship with the communities through pro-active engagement of community concerns and via establishment of effective programmes. To this end, BGML embraced the community development plans that have been developed as part of the village ‘Bottom-up Planning Process’ with the application of PRA techniques. The process engaged members of the community in identifying development priorities at grass-root level. According to the BGML Community Development Manager, Ms. Kyesi (pers. comm., November 2008), ‘PRA is a family of approaches, methods and processes in community development that enable people to express and analyse the realities of their lives and conditions, to plan themselves what action to take, and to monitor and evaluate the results. PRA emphasises processes which empower local people to take charge of their development’.

GGML Community Relations and Sustainable Development staffer Mr. Shayo (pers. comm., October 2008) commented on the company’s approach to community development: […] ‘GGML’s community needs assessment is done using PRA…although not professionally conducted, at least the department is pleased to state that it is the local people themselves who identify the projects’…he continues…‘although this has created problems on our side as the communities always have high expectations to see that all priorities are implemented…while in reality GGML’s resources are limited and the company has other priorities to fulfil…therefore not all projects are implemented to completion as planned…this situation leads to complaints that GGML is not living up to its promises’.
BGML’s CSR initiatives
At BGML, the Community Development Department is responsible for the management and supervision of community development activities. It seeks to promote sustainable economic growth, environmental protection, education, capacity building, health and welfare improvements for the people directly or indirectly affected by the mining project. All development projects at BGML are implemented following the relevant government policies and strategies (e.g., Tanzania Vision 2025) and the Millennium Development Goals (MDG). The department has implemented considerable number of projects and programmes with multiple focus areas: education, water, roads, electricity, social facilities, agriculture, small and micro enterprise development, low cost housing scheme and environmental protection. BGML Community Manager Ms. Kyesi noted that by 2006 her company had already committed $16 million in social development monies since the start of the mining project in 1999. The major role of her department is to foster and carry forward Barrick’s vision regarding community development plans for the villages around the mine project in participatory fashion (pers. comm., November 2008).

According to BGML’s 2006 Annual Social Development Compliance Report, these community projects have several clearly set out objectives: (1) to involve the local communities and government as much as possible in order to promote sustainability of these project after mine closure; (2) to facilitate contacts between community institutions and development partners; (3) to utilise the potential of local communities and create a skill inventory thus helping build agency in the communities; (4) to carry out community action plans and build capacity of communities to follow up on projects, review of project plans and administer projects independently without BGML intervention; and last but not least, (5) the projects intend to stimulate change in the communities. As Mr. Tweve, a staffer in the Community Development Department, points out, ‘villagers residing around the mine are subsistence farmers cultivating within their homesteads. Some of them live in absolute poverty and are often resistant to change in their way of farming, such as planting patterns, use of certified seed and environmental conservation…hence, the department holds meetings wherever time allows to raise awareness and to enable them do things differently and in a sustainable fashion’.
Since its inception the department has been focusing on project planning and implementation, including in-house operations and community visits. The department has been maintaining close interaction with local communities as well as with policymakers at district, regional and national levels. In order to strengthen this endeavour, the department has embarked on corporate-community engagement by sharing information through bulletins, discussions and monthly reports (BGML, 2006).

*Community infrastructure development*

Mine development often takes place in remote areas that require development of basic infrastructure. Barrick’s development projects often provide the mine and local communities with basic infrastructure, such as power lines, water and sewage systems, schools, medical centres and housing.

*The housing scheme*

It is evident in Tanzania that due to high construction cost and lack of mortgaging institutions, most citizens have not been able to secure ownership over suitable houses (Photo 7.1). Those who live in accommodations provided free-of-charge by their employers—be it government, parastatal entities or private companies—end up empty handed and on the street upon retiring. The Bugarama and Ilogi housing scheme is the first realistic, large-scale and non-for-profit housing project that the BGML has devised to help its employees obtain permanent housing. ‘Given the life span of the mine, estimated at 25 years, it is almost certain that the two villages would have grown into fully self-sustaining townships, with several additional micro-economic activities taking place as their population grows’, said Ms. Mgaya, the scheme coordinator. The scheme has two major objectives: (1) first to offer decent, reasonable, realistic and affordable accommodation to employees, and (2) to provide privacy and freedom to mine workers, very important from cultural point of view.
Ms. Kyesi, the Community Development Manager explained how the social context of the housing scheme provided the driving force behind the project: ‘inferior and crowded accommodation is always an incentive to crime, stress and other social ailments as well as breakouts of diseases, such as HIV/AIDS. Thus the housing scheme is one of the efforts towards combating the spread of HIV/AIDS, which is highly pronounced in the remote mining areas of Africa where employees stay in controlled camps without access to their families for long periods of time’.

*Photo 7.1*  BGML’s Employee Settlement Scheme

The scheme started in 2000 with the goal to construct 1,500 houses for local employees (Tanzanians) at two sites, Bugarama and Ilogi, 8 km and 14 km from the mine respectively. First, it was necessary to strengthen basic physical infrastructure facilities, such as roads and storm drains, water reservoirs, water pumping station and the entire water network in the two villages. The next stage was the construction of the housing units. BGML provides interest-free loans to its employees for this housing scheme. So far 578 houses have been completed and are occupied: 263 houses in Bugarama, 315 houses in Ilogi, and another 120 houses are still under construction at Bugarama. In addition to benefiting from interest-free loans, the employees also own a well-designed and constructed house (BGML covers the costs for the architect and quantity surveyor). The total cost for an average house is about $19,000, including the electrical installation.
Habitat for Humanity

Realising the importance of sustainable human settlements, BGML is investing $74,000 and so far has spent $34,380 over three years in partnership with Habitat for Humanity Tanzania to start a sustainable, affordable housing programme for the benefit of local communities around the BGML mine site. The majority of families lives in traditional houses—locally known as *tembe*—small constructions of mud attached to a wooden frame, with grass thatched roofs and mud floors (Photos 7.2 a & b).

These houses require extensive yearly maintenance and are easily damaged during rainy seasons. The housing scheme depends on the personal motivation of the local community and has not been doing well due to poor reception in the local community. Housing Coordinator Mgaya emphasised that poverty is the main reason behind this poor performance: ‘the fact that majority of people are constrained in poverty with poor or no reliable household income. Only three houses have been constructed since the project inception in 2001, two at Igwamanoni and one Bugarama’ (Ms. Mgaya, 2008, *pers. comm.*).
Education

Primary and secondary school education

BGML, in collaboration with CARE International, established the Kahama Education Enhancement Project (KEEP) to enable the Kahama community living around the mine to obtain quality education for their children and to provide education opportunities for adults. The project also aimed at supporting the establishment of community based secondary school to cater to the increased numbers of pupils. At primary school level, one of the specific objectives was to improve the learning environment and establish good infrastructure: classrooms, teachers’ houses, recreational facilities, sanitary facilities, books, desks and teacher’s guidelines (Photo 7.3).

Photos 7.3 Kahama Education Enhancement Project (KEEP)

According to Ms. Kamishna, the department education coordinator, ‘it is evident that there is a good number and high rate of enrolment of primary school pupils in Kahama District. The quality of education provided by the schools we support is of high standards compared to the past’. She noted that students from Bugarama Ward schools were tested with those from famous schools in Kahama Town and performed well. Consequently, standard seven leavers 80.7% (boys 82.9% and girls 77.3%) passed their Certificate for Primary Education Examinations (CPEE), while 47% (boys 31.8% and girls 73.5%) were selected to join secondary schools in 2005.
Scholarship fund

BGML currently sponsors four students from Bugarama Ward to attend secondary school in Kahama District. These students are selected for sponsorship on the basis of two criteria: their guardian is not able to afford the fees and they need to perform well in school. In addition, BGML sponsors another four students from Kahama District, enabling them to attend the International School of Moshi (ISM).

Health

BGML also assists in improving the general health by supporting provision of quality medical care (Photo 7.4). In this project, BGML focuses on providing support services that the community needs and wants; it also aims to ensure good quality health care in the area and thus elevate local standards. Major health initiatives include the HIV/AIDS Voluntary Testing Centre (VCT), renovation of Bugarama Dispensary and the improvements done on Kahama District Hospital. In 2002, BGML opened the VCT in Kakola village. The main objective of the centre is to provide confidential HIV testing, advice and information to employees and other nearby residents.

Photo 7.4 Health Infrastructure Development Project
Bugarama Health dispensary, which serves communities in Bugarama Ward, has been expanded and upgraded by BGML. The company has enlarged and refurbished the building and provided equipment and medical supplies. ‘Previously, the dispensary was unable to adequately provide even the most basic health care services, but now its capacity is increased to an average of 20,000 patients’, reported Community Department Health Coordinator Kasekenya. BGML has also invested in upgrading the facilities and equipment at Kahama District Hospital, working closely with the district council authority and according to the district health plan.

Security

BGML’s effort to ensure peace and tranquillity by providing security for persons and their property has been their foremost contribution. The company has constructed a police station with four staff houses (two for senior and two for junior staff) that can accommodate eight families. The company also has provided the police station with a standby power generator and a four-by-four vehicle (Toyota Land Cruiser), to enable the law enforcement officers to efficiently discharge their duties.

Rural electrification

BGML, in collaboration with the national power supply company TANESCO, has extended the electrical power grid from the substation outside the mining site to the villages of Bugarama and Ilogi. BGML is the main financier of the project while TANESCO administers and operates the system. Access to electricity will support and speed up the development programmes. Ultimately the project is expected to stimulate sustainable and integrated local development through the growth of small enterprises in the area.
**Water supply projects**

In its efforts to provide safe, reliable and affordable water supply to the community, BGML has ventured into three initiatives. The first initiative is the drilling of boreholes and shallow wells. So far, three boreholes and 20 shallow wells were drilled at Kakola, Ilogi and Buyange villages. Some wells have been installed with water pumps (Photo 7.5). To ensure long productive use of the wells, water user groups were formed at village level and trained in community management of water. The second initiative is the piped water scheme initiated and constructed at Bugarama and Ilogi. BGML is collaborating with a local NGO (WEDECO) to run the scheme, while the water user boards—locally known as *bugilo*—will manage the scheme. The boreholes, wells and piped water scheme are expected to serve a population of more than 10,000. The third initiative is a project to tap water from Lake Victoria for mining purposes. Some of the water will also be used by the community. The pipeline route is about 50 km in length from the lake to the mine site, with 15 off-take points along the route. It should provide 30,000 people with water, i.e. 40% of its capacity will be used for the needs of the community. The water user groups have been given the mandate to manage the off-take points.

*Photo 7.5*  Community water pump
Market services

BGML has built a modern market facility at Bugarama village; it is managed by Bugarama Ward and should provide for the needs of the entire ward.

Road improvements

BGML refurbished the road in Kakola village (total length of 3 km), thus improving access to other regions and communication within the district, in turn promoting local economic development. Some of the rural roads were impassable during the wet season because of large pot holes. The company has also upgraded part of the road to gravel standard (about 2 km from Bugarama to Igwamanoni village), in order to provide reliable accessibility throughout the year.

Poverty alleviation initiatives

Food security

In response to food shortages around the mine, and in Kahama District as a whole, BGML has focused its efforts on farm level productivity. In 2006, it provided support to farmer groups within and outside Bugarama Ward. Several on and off site trainings were given to farmer groups. The training sought to enable farmers to manage their crops (mainly fruits and vegetables) in their small- and medium-scale gardening activities in Kakola, Bugarama, Ilogi, Busindi, Igwamanoni and Iyenze villages. BGML, through its Community Development Department, supplied maize, drought resistant sorghum, fruits and vegetable seeds to the community, with total worth of $31,000. It also donated $15,000 to the Kahama District to support food relief initiatives in the district. Other beneficiaries included schools, religious institution and poor households.
Farmer gardening groups

BGML’s community development initiatives seek to increase farmer incomes through small- and medium-scale gardening. The company paid particularly close attention to small-scale agriculture so as to (1) make the agricultural sector more efficient and competitive, (2) to support agricultural production in order to increase the number of new small- and medium-scale farmers, and (3) to conserve agricultural natural resources. Explaining the motivation behind this initiative, Community Development Manager Kyesi noted that,

Training of farmers is a tool to improve the economy of the rural families, maintain sustainability of the environment, and involve the farmers in the national economy. The later though is more a potential than a reality; the small-scale farmers might not contribute a lot to the national economy as of now, but with training, improved methods and joint efforts they will eventually become significant contributors as farming remains the core production in Bugarama Ward. The majority live on land that is becoming too small and too poor to sustain livelihood of rural families, and still have to make ends meet (pers. comm.).

The Community Development Department has established farmer groups to provide top quality skills and training to new and emerging small-scale farmers in Bugarama. The aim is to enable these farmers to establish viable farming businesses, by providing them with effective practical training and support. The broad goals are to alleviate poverty and promote sustainable economic development and resource use in Kahama District in general and Bugarama Ward in particular (Photos 7.6 a & b). Through the groups, BGML intends to provide an appropriate theoretical knowledge base, hands-on practical skills training, training in farm management, and effective after-training follow-up and support. In its mission, the department seeks to empower and support farmers to improve agricultural practices by training, gardening tools and inputs as well as by helping them market their products.
The organiser of these groups, Mr. Kasekenya, noted that, ‘by 2008, there were 33 groups of small-scale gardeners in Bugarama Ward: Bugarama (11), Ilogi (9), Kakola (3), Igwamanoni (3), Buyange (6) and Busindi (1). While in total 60 members were trained and provided with materials to assist them to train others in the groups. Almost 50% of the products are supplied to Sodexho, the official catering contractor in the mine site’. Sundi’s success story demonstrates the contribution made by the project (see Box 7.2).

*Photos 7.6 a & b*  
BGML’s smallholder gardening projects

---

**Box 7.2: Sundi’s success story**

Mzee Emmanuel Sundi (68 years) is a retired agricultural officer that worked for the state and the Shinyanga Regional Co-operative Union (SHIRECU). He is the Chair of Bugarama Farmers’ Co-operative Union (*UWABU*) and worked as small-scale miner after his retirement (before the start of the BGML project). Currently, he has reinvented himself as farmer and gardener. Mr. Sundi produces bananas, oranges, pawpaw, pineapples and a variety of vegetables that are sold to Sodexho, the official catering contractor at the BGML mine site. He is grateful for the training he received from BGML and for their extensive assistance in securing reliable markets and farm inputs.

He emphasised that, ‘the effort of BGML has enabled me to earn between 3.5-7 million TZS per month, an income that is unexpected at my age’. He further shared that this income has enabled him to send his 3 children to secondary school (one enrolled in St. Augustine University in Mwanza, while the other two secured well paying jobs at BGML as machine operator and clerk. This income has helped renovate his house and transform it from the traditional *tembe* hut into a modern house. He also cherished the assistance the BGML provided to the community in maintaining roads, health facilities, the water supply and providing regular transport between Ilogi-Bugarama and Kakola free of charge.
Community capacity building

Local governments and communities are the main beneficiaries of capacity building support, which is provided through various types of trainings. The goal is to improve their capacity to plan and manage their development initiatives and livelihood. This initiative involves empowerment training and on-going educational support for grass-root committees and local leaders. The capacity building programme seeks to empower the local population to regain self-confidence and be proud of their self-initiated development endeavours. It also helps them develop an understanding of the socio-economic structures that affect their community life and development initiatives. At the same time, village council members and other development committee members are equipped through trainings with important basic skills, improving their leadership and supervision capacities. These skills are necessary for effective implementation of community development plans, for organising locally based strategies to set up development opportunities and priorities as well as for motivating community members to become active partners in poverty alleviation. The process of empowerment is facilitated through different projects, such as participatory leadership training, farmer support schemes and training of women’s groups.

GGML’s CSR initiatives

According to the GGML’s Social Development Compliance Reports (2006), the company embraces the mother company AngloGold Ashanti’s values and principles on sustainable development. Its core value reads: ‘GGML is striving to form partnership with host communities through sharing their environment, traditions, culture and values. GGML wants the communities to be better off for the mine being in their vicinity’ (GGML, 2006). These values are binding for the company and serve as a guarantee that it will durably pursue CSR goals. GGML has been continually striving to maintain good relationships with host communities, government (local and national), NGOs and business associates. GGML seeks to promote socio-economic development without creating dependency through a three pillar approach: engagement, capacity building and partnership building.
The experience gathered through its Community Relations and Sustainable Development (CRSD) Department has enabled the company to appreciate the importance of effectively engaging and communicating with stakeholders. The 2006 detailed stakeholder identification selected 13 villages around the mine as immediate host communities. The company initiated direct communication and solicited feedback through routine community meetings. These meetings help nurture good relationships with the villages as well as help build trust and co-operation. Company documents revealed that the interaction with government entities (through the Geita Community Relations Committee) was crucial for successful community relations. Ad-hoc interaction between CRSD and local communities also helps ensure that the company’s development objectives are in line with government objectives. GGML also has developed an outreach programme that brings groups of visitors to the mine site every Friday. The target groups are schools and various organisations in Geita District. Like in BGML, the CRSD Department has implemented a considerable number of projects focusing on education, health, water, roads, HIV/AIDS, social facilities, agriculture, small- and micro-enterprise development as well as environmental protection. GGML’s CSR initiatives are presented in the coming subsections.

**Education**

GGML recognises that education is the key to development and works closely with the Geita District Council to initiate improvements. GGML is contributing to infrastructure development and promoting good learning habits from an early age. Since 2000, GGML has contributed to reaching a number of education milestones, such as the construction of five secondary schools (Kamena, Bukwimba, Katoro, Kamhanga and Busolwa) and two primary schools (Nyakabale and Nyamalembo). The company is currently building the only girls’ secondary school in Geita District and has already invested $75,000 in the first three phases (Photo 7.7 a-c).
**Photo 7.7 a-c  Nyankumbu Girls’ Secondary School Project**

**Health**

GGML takes responsibility for health care and necessary medical services for its workers and the neighbouring villages. In collaboration with Geita District Hospital, GGML has contributed to improving health infrastructure by renovating the hospital wards, providing of electricity and water, building a new operating theatre with new equipment and renovating the hospital’s morgue. The mine also supported the landscaping of the grounds surrounding Geita District Hospital and the construction of a new maternity ward at Geita Hospital (Photos 7.8). With $41,000, GGML also financed the renovation of the old operating theatre and purchase of new equipment. The total investment in Geita
District Hospital is equal to $120,000. Other health projects financed by GGML include the maintenance of Kasamwa, Bukoli and Kharumwa Health Centres.

*Photos 7.8* Construction of new operating theatre and extension of the maternity ward at Geita District Hospital

**GGML-AMREF HIV/AIDS Programme**

GGML contracted African Medical Research Foundation (AMREF) to provide a comprehensive HIV/AIDS programme, and also provided AMREF with the relevant technical support (Photo 7.9). The steering committee has representatives of GGML, AMREF, Mwanza Intervention Trial Unit (MITU), National Institute for Medical Research (NIMR) and Ministry of Health. The project activities are implemented around the mine site and in the surrounding communities. The 2007 project budget ($100,000) provided funding for education campaigns, provision of sexual health services, HIV/AIDS test kits, and provision of care and support to persons infected with HIV. Peer health educators have conducted 135 formal sessions annually, reaching more than four thousand persons by 2007. Additionally, 882 people were reached through informal channels. The peer educators are supported with regular trainings and monthly meetings. Regular awareness raising campaigns on HIV/AIDS and other health issues are conducted with employees and contractors. More than 7,520 leaflets were distributed around Geita and through the AMREF Voluntary Counselling and Testing (VCT) Centre. Posters advertising the benefits of knowing one’s HIV status were posted around the mine. Twenty-two people received anti-retroviral therapy from the Geita District Hospital. The project also initiated the post-test club, a group of HIV positive and
negative members trained by AMREF to offer home-based care. Members of the group regularly visit patients in the community to provide medicines and education on care as well as to discuss referrals. This project was supported with a $160,000 donation from the Kilimanjaro Challenge.

*Photo 7.9* GGML-AMREF VCT centre at Geita bus station

*Kilimanjaro Challenge against HIV/AIDS*

GGML championed an annual Kilimanjaro mountain climb event, commonly known as the Kilimanjaro Challenge against HIV/AIDS (Photos 7.10 a-c). The purpose of the event is to raise funds and awareness on behalf of Tanzania’s HIV/AIDS problem. The Kilimanjaro Challenge had received comprehensive media coverage, which also helped raise the company’s profile, both domestically and internationally. More than $300,000 was raised in 2007, and $140,000 was distributed to national and international HIV/AIDS projects. The 2004 Challenge enabled the establishment of Moyo wa Huruma Orphanage Centre in Geita, which is administered in collaboration with the Catholic Diocese of Geita. The orphanage formally opened in 2006 and has been looking after 36 orphans who lost their parents due to the effects of HIV/AIDS. According to Ms. Mabula, a CRSD staffer, ‘the Kilimanjaro Challenge will continue to give priority to the orphanage during the distribution of money’ (Ms. Mabula, 2008, *pers. comm.*).
Operation Smile

Operation Smile is a popular health project carried out by GGML as part of its Community Relations and Sustainable Development programme, providing surgical treatment for harelip disorders among children and adults. Harelip (today called cleft-palate lip, see Photo 7.11) refers to a split upper lip. Ms. Mabula noted that, ‘by 2008 the Operation had already benefited 111 Geita residents with cleft lips, operated at Bugando Hospital in Mwanza by a volunteer group of Australian doctors, as part of the
rehabilitation programme named “Operation Smile”. The doctors are organised by the Tanzanian Consulate in Australia, while GGML paid the cost for community mobilisation, hospital beds, transport and hotel accommodation for the beneficiaries and their caretakers’ (GGML, 2005). The Australian surgeons have improved the capacity of Tanzanian surgeons at Bugando and Muhimbili hospitals to carry out the operations. This experience should increase the frequency as well as the number of persons who will benefit from the operation at reduced costs.

*Photo 7.11*  
Harelip patient before and after the surgery

**Small-scale mining**

The informal sector has been thriving for a long time in the Lake Victoria Greenstone Belt, due to its richness in various minerals, particularly gold. However, the current mode of small-scale mining is not sustainable. GGML is committed to finding means of assisting small-scale mining operations, because they provide livelihood for many families. Its effort is geared at building an alliance with other stakeholders in order to raise awareness of the social, health, safety and environmental risks associated with the current mode of small-scale mining. GGML engaged three small-scale miners as fulltime members of its mine rescue team. They were offered rescue and first-aid training and have been performing rescue operations in and around the region. The miners are expected to play a crucial role in awareness raising campaigns in the surrounding
FDI and poverty alleviation in Tanzania: A case of BGML and GGML

communities. GGML organised a small-scale mining fair, in collaboration with United Kingdom’s Department for International Development (DfID), United Nations Industrial Development Organization (UNIDO) and local small-scale miners. According to CRSD staffer Mr. Mihayo, ‘this interaction enabled small-scale miners to identify opportunities to access appropriate technology and intervene regarding the health and safety risks associated with their mining operations’ (Photos 7.12 a-c show images from small-scale mining operations).

*Photos 7.12 a-c  Small-scale mining projects*

![Small-scale mining projects](image)

*Nyakabale agricultural project*

The Nyakabale agricultural project started in 2001. The objective of this project was to establish an initiative that would benefit the local communities displaced by the mine concession area. It sought to improve relations between mining companies and local communities as well as to offer communities alternative sources of income. The project focuses on promoting environmentally and socially sustainable cultivation of cash crops (Photos 7.13 a-d). Joining 60 farmers in a formally registered co-operative, the project meets 65% of ATS’ fruit and vegetable needs (ATS is the official catering contractor of the GGML mining site). The co-operative is financially supported by GGML, with $18,400 granted for extension services, marketing and financial management. The project
has expanded to include environmental education at local primary schools, indigenous tree nursery and poultry production.

*Photos 7.13 a-d*  
Nyakabale agricultural project

*Photo 7.14 a & b*  
Nyankumbu brick project

The Nyankumbu brick project was developed by the community to locally produce and sell cement bricks (GGML is the primary customer and has also assisted the group with a brick making machine, training and financial management skills) (Photos 7.14 a & b). The project is managed by a locally formed committee, which is registered as a co-operative. The project is now self-sustainable, and the profits it generates are used for other development initiatives in Nyankumbu village.
Water supply

Securing adequate and quality water supply is a serious problem in Geita. Thus, GGML is working hand in hand with the district council to improve the water supply in Geita Town. In order to achieve this goal, GGML has initiated several projects: pipeline water project, community water project and the Nyamalembo water project. The pipeline water transfers water from Nungwe Bay at Lake Victoria to the mine (Photo 7.15). The pipeline has eleven off-take points, allowing water access for communities along the pipeline. In order to ensure the safety of the pipeline, the company has employed youths from the surrounding villages to assist as security guards and pays them a monthly salary. ‘GGML had signed an agreement with these villages where the pipeline crosses to provide security and it pays for the guards to prevent possible vandalism. The company pays money directly to the village government and insists the guards be paid at least 80,000 TZS per month’, shared Mr. Mwakalobo from the CRSD.
GGML has also established the Geita Town Water Project, which adds to the existing water supply of the town and is administered in collaboration with the district council’s Department of Works. With total funding of $60,000, GGML contracted Aquaterra to construct two bore holes, which are managed by the district council. Villagers used to collect water from the now dilapidated well at Nyamalembo water springs. GGML refurbished the well and constructed a suitable collection point, which provides hygienic and easy water access to the community.

Road communication network

GGML also made valuable contributions to the local road network, despite the fact that this investment has no direct functional benefit for the mine. The main goal is to facilitate access to other regions and the district, thus promoting local development. Community roads are maintained on the main routes leading into the mine: Geita-Ilogi, Geita-Nungwe Bay and Geita Town-GGM. Another new road was constructed to improve connection and shorten travel times within the community. In 2007, total expenditures for maintenance of external roads stood at $553,355.
**Sports and leisure**

GGML sponsors an annual May Day bicycle race. Riding of bicycles is a fundamental part of rural life in Tanzania. This race is an appealing fun-filled event, which pays tribute to the skills and fitness of local riders (Photo 7.16 a). GGML also sponsors a football team, Geita Gold Star, that participates in the Premier and regional league (Photo 7.16 b). The company has constructed a multi-purpose athletic sport facility in Geita Town, accessible to all members of the community.

**Large-scale mining’s expenditures for community development**

Both GGML and BGML are involved in improving the infrastructure and social welfare of the surrounding communities. The expenditures for social-economic projects are diverse: repairing buildings or constructing new ones, improving staff houses, donating work equipment, training of communities and workers as well as maintenance of road, power and water infrastructure. Spending varies substantially from one year to the next and makes a significant contribution to alleviating poverty.

*Photos 7.16 a & b*  
GGML sponsored sporting events

![Photo 7.16 a](image1)  
![Photo 7.16 b](image2)  

150
Even though the total amount of donated funds from 1999 to 2005 may appear small ($35.7 million) compared to the entire FDI, it is significant because of the widespread poverty in rural areas. From total funds allocated, the lion’s share went to infrastructure development projects (water, roads and electricity) followed by education and health, while microfinance projects received by far the least funds (Figure 7.1).

<table>
<thead>
<tr>
<th>Table 7.1</th>
<th>Large-scale mining expenditures for community development (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
</tr>
<tr>
<td>Education</td>
<td>61,431</td>
</tr>
<tr>
<td>Health</td>
<td>27,264</td>
</tr>
<tr>
<td>Water</td>
<td>2,054,866</td>
</tr>
<tr>
<td>Microfinance</td>
<td>46,133</td>
</tr>
<tr>
<td>Others*</td>
<td>1,023,720</td>
</tr>
<tr>
<td>Total</td>
<td>4,158,754</td>
</tr>
</tbody>
</table>

Source: Ministry of Minerals and Energy.
* Includes expenditures on such items as electricity, youth and HIV/AIDS programmes.

Figure 7.1 Large-scale mining’s expenditures for community development 1999-2005
Summary

This chapter provided details on CSR practices in Tanzania’s mining industry. The mining companies’ CSR policies share key fundamental principles regarding safety, values, respect and accountability. The policies focus on addressing the problems of local communities while recognising regional and national development goals. Transparency, benchmarking, monitoring, reporting and sustainability were chosen as key policy commitments by all mining companies. CSR practices ultimately aim to improve the well-being of the local community and boost the company’s reputation. Furthermore, CSR policies focus on developing areas of excellence that can provide the most effective improvements. These areas of excellence include health and welfare, education, training and skill development, sustainable economic development, empowering women, and development of rural infrastructure. CSR projects are implemented either solely by the mining company or in partnership with international and local NGOs, government, and other local actors. However, mining companies have institutionalised a popular community development approach to implementing CSR commitments, policies, standards, guidelines, systems and processes. The companies established community development departments within their organisational structure to directly manage CSR. The departments design and implement sustainable economic projects, according to the chosen thematic areas or areas of excellence for all communities directly or indirectly affected by mining activities. So far BGML and GGML have spent $35.7 million on CSR projects. The community development approach is widely used: different social actors working together and sharing a common purpose in collective action. The donor/recipient relationship is discouraged. Instead the local actors are encouraged to create and strengthen networks through which they can work together to solve their problems and create opportunities, thus promoting sustainability. With the community development approach in place, communities became aware of the international debate on CSR and indigenous rights. Thus, they now expect companies to address their social and economic needs. This process challenges mining companies to provide for social welfare in the communities in which they operate and serves to advance CSR in the mining industry as a whole.