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**MINING, MINERALS,
ECONOMIC
DEVELOPMENT AND
THE TRANSITION TO
SUSTAINABLE
DEVELOPMENT IN
SOUTHERN AFRICA**



L N S 21

Lip-service **N**o-more
Sustainable

RESEARCH TOPIC NO. 5

THE TEAM

- # **RCA MINNITT (Wits) – Coordinator**
- # **S KANGWA (ZCU)**
- # **AS MACFARLANE (Wits)**
- # **FT CAWOOD (Wits)**

Structure of presentation

- # Sustainable development relies on...
- # Threats to sustainable development
- # The way forward

FOR EACH MEMBER

The contribution of the mining and minerals sector to the economic development of Southern Africa

Principal Issues Emerging from
the Research

by

Alistair Macfarlane



Sustainable development relies on...

- # **Success of minerals industry**
- # **Responsible mineral development**
- # **Favourable investment climate**
- # **Reinvesting wealth**

Threats to sustainable minerals development ...

'Resource curse'

Negative effect on rest of economy

Some countries devastated by war

Untapped mineral wealth

Autocratic governments

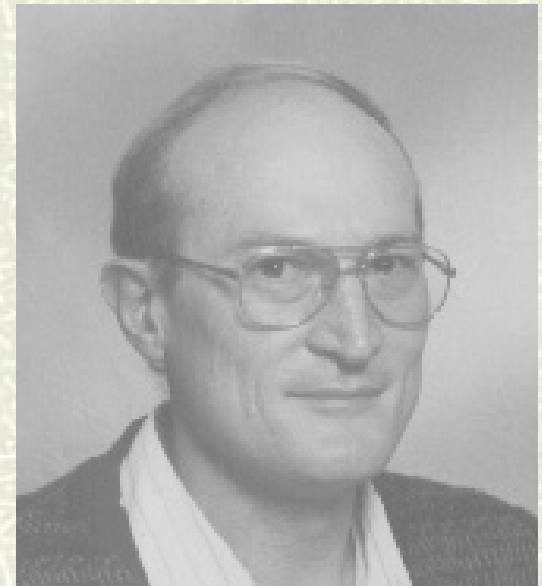
The way forward ...

- # **Integrated regional database**
- # **Balance protectionism with competitiveness**
- # **Investment incentives**
Beneficiation & establishment of JVs
- # **Develop regional PLAN OF ACTION**

Aligning mineral wealth with sustainable development: The Southern African perspective

Principal Issues Emerging from the Research

by
Fred Cawood



Sustainable development relies on...

- # **Early stakeholder identification**
- # **Open, participatory approach**
- # **Understanding hierarchy of claims**
- # **Consensus on sharing the benefits**
- # **Government policies**

Threats to sustainable minerals development ...

- # **The notion of ... *'Rent ignorance'***
- # **Overlooking legitimate stakeholders**
- # **Recognising illegitimate stakeholders**
- # **Absence of negotiated sharing ratios**
- # **A new way of governance**

The way forward ...



A different approach

Sharing ratios rather than *What's in it for me!*

A common vision for stakeholders

Maximize the pie in order to *Optimize the share!*

Implications for governments

Build capacity through *Legitimacy!*

Focus policies on economic growth & SD!

Align mineral wealth with SD

A case study on the privatization of Zambia Consolidated Copper Mines

Principal Issues Emerging from
the Research

by
Sam Kangwa



Sustainable development relies on...

- # **Survival of wealth creating industry**
- # **Responsible privatization strategy**
 - Maximize worker involvement!*
 - Minimize the expectation gap of stakeholders!*
- # **Optimal depletion of mineral assets**
- # **Replacement of current reserves**
- # **Good governance**
- # **Skilled labour**

Threats to sustainable minerals development ...

- # **Lack of benefits following privatization**
- # **State mines no more – ‘*Big Brother*’**
- # **Retrenchments at ZCCM**
 - 8329 workers were redundant as of 31/12/1999*
 - 41645 livelihoods have been affected (5:1 worker)*
- # **Large expectation gap**
 - (Short-term) Decline in social benefits*
 - Little or no tangible benefits to local community*

The way forward ...



Implications for industry

Contribution towards social development

Introduce community-based projects: JVs

Initiate forum to address community concerns

Implications for government

Independent board to measure governance

Contribution towards R & D

Implications for international community

World Bank/IMF to consider debt relief

Ensuring the mining sector's contribution to sustainable economic development

Principal Issues Emerging from
the Research

by
RCA Minnitt.



Sustainable development relies on...

- # **A common understanding of SD in the region**
Share knowledge for interpreting diverse issues of SD
- # **Comprehensive and definitive government policy**
Ensure mineral development meet requirements of SD
- # **Establish corporate values i.t.o.**
Setting expectations, Stakeholder consultation
Compliance and life-cycle management
- # **Improved natural resource decision-making**
- # **Managing mineral wealth**

Threats to sustainable minerals development ...

- # **Inadequate stakeholder consultation**
- # **Assessment of competing applications**
 - Absence of decision-making criteria
 - Absence of valuation standards in the region
- # **Property and mineral tenure**
- # **Over-reliance on inconsistent mineral rents**
- # **Social infrastructure under-developed**

The way forward ...

- # **Appoint SD Commissioner for the region**
- # **Natural capital visible in national accounts**
- # **Develop valuation standards for improved decision-making in land-use competition**
- # **Implications for government**

Provide tenure for minerals exploration and development

Support partnerships for sustainable mineral development

Develop public and social infrastructure

Develop (rent) sharing ratios

SIGNIFICANT EVENTS



Creation of earth: A big bang!



Creation of mankind: From dust!



Invention of taxation: Ever lasting!

S

ustainable

D

evelopment: A new approach!

A new approach requires a different way of governance



“The stakeholders in mineral development will do well when realising that a larger wealth pie means more benefits, even when sharing ratios decline. Governments in some of the Latin American countries grasped this winning recipe and were rewarded by unprecedented inflows of capital into their mineral sectors”

Just me