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Mining and Socio-economic Objectives: a model for employment creation, skills and SMME development, and women's empowerment

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Abstract

The Zambian Government has policies aimed at generating employment, fostering skills development, SMMEs and women's empowerment. In addition to the employment generated inside the mine, Mining houses are increasingly committed to the promotion of community development and sustainable benefits within the communities in which the mines operate.

The intended benefits are both physical and socio-economic:

- **Physical:** construction and maintenance of housing, social building and public infrastructure (including roads and stormwater; water and sanitation).
- **Socio-economic:** employment creation, skills and SMME development and women's empowerment.

While the emphasis of social responsibility expenditure is usually related to the community, the surface infrastructure for a mine also provides considerable opportunities for business and the generation of employment.

The Zambian Government has long-term developmental objectives and the mining houses are usually long-term endeavours. This is fortunate as it provides an opportunity to establish a long-term programme of training formally linked to construction and maintenance: without the establishment of a linked programme of training and construction there will be very little long-term sustainable socio-economic development.

The paper describes and elaborates on the various factors which must be addressed in order to achieve socio-economic objectives during the construction and maintenance of both the mine and the social- and physical infrastructure of the community within which it is located.

Introduction¹

The Zambian people's vision is to become "A Prosperous Middle Income Nation by 2030". By 2030, Zambians aspire to live in a strong and dynamic middle-income industrial nation

¹ For some broad SA context policy, mines, municipalities see outline in Appendix 5)

that provides opportunities for improving the well-being of all, embodying values of socio-economic justice, underpinned by the principles of:

1. Gender responsive sustainable development;
2. Democracy;
3. Respect for human rights;
4. Good traditional and family values;
5. Positive attitude towards work;
6. Peaceful coexistence; and,
7. Private-public partnerships.²

While mindful of all seven principles, this paper concentrates upon ways in which the mining industry can actively contribute to three of the above:

- Gender responsive sustainable development
- Positive attitude towards work; and
- Private-public partnerships.

A sustainable income through decent work is **the** major route out of poverty.

Mining and Socio-economic Objectives: an integrated model

A truly integrated development programme ensures that mining achieves socio-economic objectives which stretch far beyond the benefits to be derived from the resource being mined. The model addresses the whole mining process. In addressing gender responsive sustainable development, it integrates the following set of socio-economic objectives: employment creation, individual skills and SMME development, and capacity building within the community in which the mine is located and the relevant local government departments and officials. The model is implemented through a private-public partnership.

Development: long-term perspective

Before providing more detail it is necessary to make a few observations about development.

Since the formation of the United Nations and the International Bank for Reconstruction and Development (the World Bank) over 65 years ago, development has proven to be more complicated than envisaged at the time of such efforts as the Marshall Plan. Development does not take place through individual short term projects, no matter how noble or well intentioned. Development is a long-term process.

This is reflected in one of the introductory statements in Zambia's Vision 2030:

The National Long Term Vision 2030 is Zambia's first ever written *long-term* plan, expressing Zambians' aspirations by the year 2030. It articulates possible *long-term alternative development policy aspirations* at different points which would contribute

²Republic of Zambia, Ministry of Finance, Vision 2030 Webpage, accessed 12th June 2012. Excerpts see Appendix 1.

to the attainment of the *desirable socio-economic* indicators by the year 2030. The vision will be operationalized through the five year development plans starting with the Fifth national Development Plan (2006 2010) and annual budgets. This marks a departure from past practice of preparing and implementing medium-term plans that were not anchored on a national vision.³

The Republic of Zambia clearly understands that effective development requires a long-term perspective.

Mining of most mineral resources also requires a long-term perspective. The life of a mine usually spans a long period of time. The life-cycle of the mine includes the following stages: acquisition of mineral rights, prospecting and exploration, community engagement, social and environmental assessments, various detailed feasibility studies and approvals, mine establishment, mine operation and maintenance, and finally mine closure. While the initial time frames may be set at 20 years, they may be much longer depending upon the size and quality of the resource (in Southern Africa some mines have been active for over 70 years).

The time scale may vary but the time horizon of a mine is certainly on a par with that envisaged in the government of Zambia's Vision 2030.

Until comparatively recently mining has focused almost exclusively upon the mining of the mineral resource.

But the common long-term time frame provides considerable opportunities for a mine to contribute to Zambia's developmental objectives.

There are two avenues:

- Social Responsibility Expenditure
- Mining itself

Social Responsibility Expenditure⁴

The social responsibility spend has increased considerably over the past decade or so. There are two main reasons. The first is that the mines have wanted to improve their relationship with their employees and the community within which the mine is located: the better the relationship, the smoother the operations. The second reason is that governments and trades unions have brought pressures to bear on mining houses to commit resources to the promotion of community development and sustainable benefits within the communities in which the mines operate (in addition to the income benefits generated within the mine itself).

³ Ibid. Emphasis added.

⁴ An example: AngloGold Ashanti. "Social and Sustainable Development: Strategic Framework-Communities are our Future" November 2011. "We must develop with our communities"p23 and Strategy Four 25-26 : see Appendix 2.

The intended socio-economic benefits⁵ for the community and an individual may be categorised as follows:

- **Physical:** construction and maintenance of housing, social building and public infrastructure, including roads and stormwater drainage and water and sanitation (a long list of potential categories may be found in Appendix 3).
- **Individual:** income, employment creation, skills and SMME development, with an emphasis on women and youth, and capacity building within the community and the relevant local government departments and officials.

The Mine itself

Given the time horizon of a mine it is worthwhile considering the additional socio-economic benefits which could be provided if advantage were taken of the sizeable capital and maintenance expenditure.

In relation to this aspect of the argument, it must be emphasised that the authors are well aware of the extremely competitive and dynamic (cut-throat) environment of international mining. This caveat must be borne in mind throughout this paper.

Despite the competitive nature of the industry, the expenditure is on such a scale (by comparison with most economic activity nearby) and over such an extended period of time, that it is worthwhile examining elements within the expenditure which are off the critical path to see if there are opportunities for increasing socio-economic benefits. The achievement of socio-economic objectives during capital expenditure means that this is no longer a peripheral activity: it becomes part of the major economy.

If serious feasibility studies are carried out it will be seen that there is considerable potential to achieve socio-economic objectives including skills development and the generation of a significant increase in employment per unit of expenditure during construction and maintenance of the mine's surface infrastructure.

From policy to implementation

For policy to be implemented extensive modification is required of the existing processes for the provision of infrastructure, from design, through specification and other contract documentation to site implementation. This is not straight forward. The structure of the construction and building industries is highly capital-intensive. And their processes of implementation seldom take cognisance of broader socio-economic objectives.

⁵ Clarity might be required here: directly through socio-economic benefits to the individuals concerned and indirectly through the physical 'categories', which benefit the community as a whole.

The mind-set of all those engaged in the production process from conception through design and contractual procedures to implementation and subsequent maintenance is based upon a short-term project based approach which is dominated by time and cost constraints. In turn these are based on the use of heavy equipment. The fact that delivery is currently capital-intensive means just that: it is the status quo.

If you want to procure something related to infrastructure, the methods of procurement are straightforward. Everyone in the supply chain knows what is required. There is a socio-technical system in place for construction using equipment. Nearly every aspect of a project is linked to the use of equipment. Design, specification, procurement, planning, budgeting, implementation, reporting and testing are carried out with equipment in mind. Procedures and supporting documentation are all in place and familiar. The work is carried out by operatives who have experience in the use of specific pieces of equipment. The training required by the operatives has been obtained either in-house or through recognised training programmes.

A formidable array of elements is therefore in place for construction using equipment and **not** for generating skills, productive employment and the achievement of other socio-economic objectives.

Re-engineering design and construction

In the face of an existing socio-technical system, skilful and innovative re-engineering is required in order for socio-economic objectives to be achieved without compromising the normal project management arenas of “scope, time, cost and quality” of the completed project.

Generally, the extent of the re-engineering is not appreciated. Proper engineering is required for the construction and maintenance of technically sound and economically efficient public goods and services. In addition to greater technical skill, specific socio-technical skills are necessary to address socio-economic factors.

Effective re-engineering necessitates the existence of appropriate skills within a responsible authority and its consultant(s). This must be followed by delivery via a competent contractor. In general, this complex of skills can be established through a programme of projects to linked training (more detail below).

Design and documentation must be carried out based on the ‘design driver’: for example, in relation to labour-intensive construction the design driver must be the intention to achieve a significant increase in productive employment generated per unit of expenditure. All operations must be examined to see the scope for being constructed *effectively and economically* by hand. (Implication, see below: *Skills development is essential: the education and training of engineers and technicians*, which will result in these people producing appropriate designs and specifications; skills development) Once the policy has been adopted and the designs changed, construction using a significant increase in labour will

require the establishment of a new method of delivery based on the use of labour-intensive methods. This cannot be tacked on to an existing equipment based set-up.

Each of the desired socio-economic objectives must be addressed during the design and contract preparation phase: the greater participation of women and SMMEs cannot be left until the tender has been awarded. No matter how noble the objective it will not be achieved if it is “tacked on”. The socio-economic objectives must be engineered into the process.

Development programme

The achievement of socio-economic objectives on a large-scale can only be accomplished if the Mine in collaboration with the Zambian Government establishes a long-term development programme.

A development programme consists of a planned series of related projects directly and integrally linked to a specific training programme. The majority of the human resources required to implement the programme would be produced through the programme itself.

Considerable forethought and sophisticated planning is required. But this should be accepted as essential to ensure coherence and quality. This challenge must be addressed with the same degree of time and effort as is allocated to the construction *of a power station, or any other mega project*.

For example, in relation to employment creation, the training programme produces the resources required to construct the projects labour-intensively. Specific training is required for the ‘hands on’ supervisors required to carry out the technical and managerial work required to organise the productive work of teams of 3 to 25 workers. The range depends upon the complexity of the operation. For purposes of estimating: on average the Roman rule of one supervisor to 10 workers is a good start.

A training programme would be integrally linked to the construction programme. A selection process would be carried out prior to acceptance of a potential trainee. Training would comprise class and site components. The training would alternate on a regular basis between class and site. The particular type of alternation between class and site would vary according to the different type of artisan. For example, during the training of road site supervisors the training alternates on a weekly basis. The trainees are divided into two groups, while one is in class the other is on site. This means that the site work continues smoothly. For this skill the time period of alternating class and site training is 9 months followed by 9 months of mentored work on an active site. The combination would lead to a formal qualification. The training-site-work is part of a construction / maintenance project but off the critical path.

The amount of training – content and time – will vary depending upon the construction work and the degree of labour-intensity required. An appropriate mix of class- and site-training would be required for each type of artisan. Each would be in accordance with the appropriate Zambian accreditation requirement.

To repeat: considerable forethought and planning would be required but this endeavour should be treated as seriously as a megaproject.

Extensive training is required for site supervisors and artisans. However, experience has shown that in relation to achieving socio-economic objectives (as opposed to rhetorical reference) all levels of policy making and management require orientation, education and training.

In sum, the achievement of socio-economic objectives requires the adoption of a long-term programme approach, namely a planned series of related projects, directly and integrally linked to a specific training programme. The majority of the human resources required to implement the programme would be produced through the programme itself. Effective training alternates between class and site on a weekly basis. During training the trainees carry out most of the physical work on site.⁶

Large-scale development programme

In order to grow into a large-scale programme without deterioration in quality the programme must only expand at the rate to which the human resources are produced to manage the programme and the extent to which the local and national institutions are capable of absorbing the expansion of the programme. A formal link must be established between training and implementation: long-term *programmes linking training and construction* must be established.

Large-scale, long-term programmes linking training and construction have been successfully established in several countries in sub-Saharan Africa: Kenya, Botswana, Malawi, Lesotho and Ghana.

In sum:

In order to achieve acceptable socio-economic objectives during the provision of engineering services, successful implementation requires:

- Modification to the normal project cycle;
- Meaningful community participation well ahead of the start of construction;

⁶ Just naming something a 'programme' does not mean that it is a 'development programme'. Although political imperatives and ignorant advisors keep advocating it, it is not possible to 'fast-track' or "accelerate" development. 'Fast-tracking' development does not achieve the results anticipated in the objectives of the 'programme'. 'Fast-tracking' frequently results in a mess. The common characteristic of 'crash programmes' is that they crash.

A prime reason for failure is the lack of adequate skills development: thorough training cannot be fast tracked. Other reasons for the shortcomings related to fast-tracking include: Inadequate planning of the construction / maintenance projects; and, Inadequate coordination between the class and site components of training.

And, the time difference between a successful programme and a failed fast-tracked / accelerated one would only be about 18 months.

- A pre-feasibility study to assess whether the project is amenable to making greater use of local resources (and the other socio-economic factors stated in the call for tenders);
- Re-engineering: **Radical** changes to design, specification, detail and other contractual documentation.

Furthermore effective implementation requires:

- Specific personnel training;
- The establishment of long-term programmes linking projects and training.

Private-public partnerships

In relation to the achievement of socio-economic objectives there are at least three categories of involvement:

- The Mine
- Main and SMME contractors
- Technical Consultancies

The Mine

It is quite clear that the mine would be one of the absolutely essential private-public partnerships.

Major and SMME Contractors

There are major and SMME contracting companies in Zambia. It has been reported that they are capable of implementing projects using proper labour-intensive methods. These companies would therefore be able to generate a significant increase in local employment opportunities.

Technical Consultancies

Malani Padayachee and Associates (Pty) Ltd, Consulting civil and Structural Engineers together with Zambian major and SMME contractors are able to provide turnkey operations (for greater detail see Appendix 4). This would materially assist the mine, the local community and the Zambian government to achieve their desired community development and socio-economic objectives.

In collaboration with local government, the mine and the community, MPA / Major / SMME contractors would prepare, establish and run a long-term community development programme for the provision and maintenance of the community's requirements related to housing, social building and physical infrastructure.

At the outset MPA would quantify the time, cost and output relationships between the following factors / variables:

- The budget.
- The quantities of housing, social building and physical infrastructure.
- Socio-economic output:
 - Employment⁷: skilled, unskilled, gender, youth.
 - Individual skills in the workforce, particularly women and youth.
 - Small, medium and micro-enterprises.
 - Capacity building in the local government and community (and within the mine itself).

MPA would also be able to make sensible recommendations regarding the greater use of local resources besides labour.

Conclusion

Sound engineering solutions will uplift communities for many years to come. The economic development and lasting legacies that the mining sector can leave behind in these communities through a structured long-term programme driven approach is much greater than it would appear to be at first sight.

⁷ To repeat: There must be a **significant** increase by comparison with conventional equipment-intensive construction.

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Appendix 1: Zambia Vision 2030

Vision 2030

The National Long Term Vision 2030 is Zambia's first ever written long-term plan, expressing Zambians' aspirations by the year 2030. It articulates possible long-term alternative development policy aspirations at different points which would contribute to the attainment of the desirable socio-economic indicators by the year 2030. The vision will be operationalized through the five year development plans starting with the Fifth national Development Plan (2006-2010) and annual budgets. This marks a departure from past practice of preparing and implementing medium-term plans that were not anchored on a national vision.

The Zambian people's vision is to become "A Prosperous Middle Income Nation by 2030". By 2030, Zambians aspire to live in a strong and dynamic middle-income industrial nation that provides opportunities for improving the well being of all, embodying values of socio-economic justice, underpinned by the principles of:

- Gender responsive sustainable development;
- Democracy;
- Respect for human rights;
- Good traditional and family values;
- Positive attitude towards work;
- Peaceful coexistence; and,
- Private-public partnerships.

Zambians also aspire for a common and shared destiny, united in diversity, equitably integrated and democratic in governance, promoting patriotism and ethnic integration. Further, the nation should have devolved political systems and structures, while retaining the roots and positive aspects of their own mould of social, cultural and moral values. This Vision was a result of a nation-wide consultative process involving various stakeholders who included amongst others traditional leaders, civil society, government departments, cooperating partners and ordinary citizens.

The Vision highlights three scenarios outlining development options, namely the baseline, the preferred and the optimistic. The socio-economic development objectives enshrined in the Preferred Scenario are: to attain and sustain annual real growth of 6 percent (2006-2010), 8 percent (2011-2015), 9 percent (2016-2020), and 10 percent between 2021 and 2030; and to attain and maintain a moderate inflation rate of 5 percent; to reduce national poverty head count to less than 20 percent of the population; to reduce income inequalities measured by a Gini coefficient of less than 40; to provide secure access to safe potable water sources and improved sanitation facilities to 100 percent of the population in both urban and rural areas, to attain education for all; and, to provide equitable access to quality health care to all by 2030

Source: Republic of Zambia, Ministry of Finance Vision 2030 Webpage, accessed 12th June 2012

Appendix 2

Excerpt from AngloGold Ashanti November 2011: 25-26

Strategy Four: “Partner to build a progressive social development model with our host communities and our key stakeholders that that meets their needs and wants, incorporating the necessary elements to support commercial operations.”

The concept of co-design is a foundation upon which we need to build a new social development approach. We also recognize other stakeholders must be included in our partnership processes – governments and strategic organizations in the context of the country will each have a role to play in building a new model and ensuring that it is a sustainable development framework.

The approach we must take should include at least a three part approach:

1. Addressing physical community needs

We must take the time to understand the local community needs regarding the ability to deliver on the MDGs, as a minimum, and/or other issues that have a significant impact on delivering to their needs.

- Access to clean water
- Air and ground free from toxins or deleterious elements
- Available food to support provision of balanced diet
- Effective sanitation and community hygiene
- Access to emergency health services and general health education and support
- Provision of basic education facilities
- Power for household uses

2. Establishment of commercial infrastructure

The issue of understanding commercial infrastructures starts to work in the area of wants – that is, key frameworks to support the establishment of local businesses and commercial ventures that may provide a longer term basis to deliver economic independence.

- Power for commercial activities

- Transport networks including roads and other transport links
- Training for the establishment of contract service organizations to support local entrepreneurs
- Support access to micro-financing and other associated business support structures

3. Support spiritual/cultural beliefs in work and community context

The issue of cultural and spiritual fulfilment can only be defined within the expectations of the local communities in which we work. Taking the time to understand and develop our business in a culturally sensitive way will be a defining feature of our community development model.

- Where local cultures have an affinity to physical landforms – must develop operations footprint with full sensitivity to local beliefs
- Observe local traditions and cultural festivals
- Taking into account cultural issues when structuring work approaches, including internal reporting relationships and work shift patterns.
- Establish a security structure that builds on community frameworks – to protect both personnel and assets in a way that integrates with our community policing and associated working structures.

4. Develop working models that connect and benefit key interest groups

There are specific challenges that we face that will need tailored solutions to achieve long term sustainable working models:

- The creation of opportunities for the young, both in terms of jobs and skills development, must be a central priority in all of our community engagement strategies. While the imperative will vary from site to site – the need to engage the young should remain a central focus point for our community work.
- Artisanal mining is an issue for almost all of our operations in developing regions. Any constructive community engagement must deal with this phenomena within the context of the local site and the broader government policy construct. While not supporting illegal activities, the issue of artisanal mining in all of its forms is both a social and economic phenomena that requires targeted interventions where governments and companies connect to find sustainable solutions.
- Village and occupant relocations must be done in an appropriate and constructive way. The development of minimum standards must provide a framework for how we will deal with all our locally impacted stakeholders.

While the provision of jobs, revenues and other direct benefits will be material in the context of the benefits of our business – it is quite often these other issues that provide a more visible manifestation of what we contribute that drives the perception of our business in the community.

Appendix 3

Community Social Building and Public Infrastructure

The work opportunities available in this sector are extensive and range across the whole range of building, civil and structural engineering, including the following:

Construction and maintenance (routine, periodic and emergency) of:

- Major and minor roads
- Stormwater drainage – stone pitching
- Rubble masonry culverts and bridges
- Drifts
- Retaining walls
- Gabions
- Dams and waterholes
- Water and sanitation facilities (simple and complex)
- Maturation ponds
- Water storage tanks
- Reservoirs
- Spring protection
- Clearing, maintenance and signage of hiking/mountain biking routes
- Site clearance
- Fire breaks
- All types of airfields / landing strips
- All types of buildings and structures
- Food storage facilities, including silos and warehouses
- Walls
- Hawker facilities and supporting civil infrastructure
- Production of building and construction materials
- Fencing

All of the above can be carried out by SMMEs. The employment of a main / managing contractor will be dependent upon the size and complexity of the particular project.

Besides the entrepreneurial opportunities related to construction and maintenance, there are many opportunities related to the production of building and construction material components and materials.

Appendix 4

Malani Padayachee and Associates (Pty) Ltd, Consulting Civil and Structural Engineers

Malani Padayachee and Associates (Pty) Ltd, Consulting Civil and Structural Engineers has a thorough understanding of the need to address socio-economic objectives during development, including community development, and labour-intensive construction.⁸ MPA knows how to implement development projects effectively and how to replicate sustainably over the long-term. In point form this comprises an understanding of:

- The socio-economic context including the potential of labour-intensive construction. In particular that the use of labour-intensive methods in the provision and maintenance of infrastructure will create a *significant increase in employment per unit of expenditure* by comparison with conventional equipment based methods. Furthermore, the use of labour-intensive methods overcomes a major barrier to entry for SMMEs: the high cost of hiring, leasing, buying equipment.
- The *policy, definition, principles and guidelines* for individual site and long-term /large-scale practice.
- The *re-engineering* required at conceptual and project level. Project level implementation requires extensive re-engineering of the construction process from concept, through design, specification and documentation, to site operations.
- Large-scale / multi-site / long-term delivery requires the establishment and running of a formally *linked programme of construction and training*: the training programme produces the ‘hands on’ personnel required to run the construction and maintenance programme. (*The human resources required to implement the work are produced by the programme itself.*)

MPA wishes to emphasise that it is absolutely essential to have a programme of training formally linked to construction and maintenance (**without** the establishment of a linked programme of training and construction there will be very little long-term sustainable development: socio-economic development cannot be achieved in a 6 to 9 month time-frame).

⁸ The achievement of socio-economic objectives requires attention to several critical issues, in particular: employment creation, skills and SMME development with particular reference to women. A sustainable income through decent work is **the** major route out of poverty. But skills have to be developed for individuals to be able to access work opportunities. In many areas of Southern Africa the level of education and skills is very low. Training is essential. In relation to employment creation and related socio-economic objectives a wide and complex range of issues must be addressed. These include: severity and scale of poverty, unemployment and lack of education and skills; policy; potential for employment creation and achievement of other socio-economic benefits via labour-intensive construction; capital-intensive construction; re-engineering; long-term sustainable delivery via integrated training, construction and maintenance programmes.

From a long-term developmental perspective the Zambian government and the mine are fortunate: Zambia has a long-term developmental perspective and the mine is a long-term endeavour. Collectively they have the requisite mind-set to understand the need to set up a concomitant long-term community development programme.

MPA is a consulting civil and structural engineering company. It has an extensive track record related to consulting engineering in the following fields:

- Roads and Stormwater
- Water and Sanitation
- Traffic and Transportation
- Structural Engineering

It has established a Unit to address Employment Creation and Development. It is thus fully equipped to provide advice and management skills related to those projects which endeavour to create employment, skills and other socio-economic benefits. Furthermore, the establishment of an Employment Creation and Development Unit demonstrates MPA's own commitment to supporting both Government's employment creation and poverty alleviation objectives, and the social responsibility component of a mining house.

Thus, MPA is able to provide the necessary advice required for the implementation of a community development programme from the standpoint of a thorough track record in relation to various fields of civil and structural engineering.

There are major and SMME contracting companies in Zambia. It has been reported that they are capable of implementing projects using proper labour-intensive methods. These companies would therefore be able to generate a significant increase in local employment opportunities.

The combination of MPA and the major / SMME companies would enable visible physical progress to take place at the same time as the establishment of a long-term training, construction and maintenance programme. This solves the short-term problem of demand for physical progress long before the results of the training programme have had a chance to become apparent. The construction companies would also provide the field component of training off critical path. The training programme would focus upon the production of local people capable of the technical and managerial work required for the 'hands on' supervision of teams of workers.

In close association with the local government and the mine MPA would devise a long-term development programme. The programme would delineate the relationships between budget, time-scale, physical product, employment creation, individual skills and community capacity building. Within the programme attention would be paid to select (other) socio-economic benefits such as women's empowerment, youth and SMME development.

In the first place there must be meaningful community participation well ahead of the start of construction.

A pre-feasibility study must be carried out to ascertain whether community conditions are suitable for the implementation of appropriate skills development and labour-intensive methods of construction. This will also provide an opportunity to assess the extent to which greater use may be made of other local resources.

At the outset MPA would quantify the time, cost and output relationships between the following factors / variables:

- The budget.
- The quantities of housing, social building and physical infrastructure.
- Socio-economic output:
 - Employment⁹: skilled, unskilled, gender, youth.
 - Individual skills in the workforce, particularly women and youth.
 - Small, medium and micro-enterprises.
 - Capacity building in the local government and community (and within the mine itself).

MPA would also be able to make sensible recommendations regarding the greater use of local resources besides labour.

Appendix 5: Alternative Introduction and Motivation aimed at XXX Municipality and the Mining Industry and Original Quotes from SA Policy Statements¹⁰

XXX Municipality is committed to contributing to the alleviation of the three major problems identified in the National Development Plan (Nov 2011), the 2012 State of the Nation address and the 2012 Budget Speech: unemployment, poverty and inequality (for quotations see below).

At the same time, pressures have been brought to bear on mining houses to commit to the promotion of community development and sustainable benefits within the communities in which the mines operate (in addition to the employment generated inside the mine itself).

The intended benefits are both physical and socio-economic:

Physical: construction and maintenance of housing, social building and public infrastructure (roads and stormwater drainage; water and sanitation).

Socio-economic: employment creation, skills and SMME development, with an emphasis on women, youth and the disabled.

MPA Consulting Civil and Structural Engineers (MPA) and local XXX SMME contractors are able to provide a turnkey operation, which would materially assist XXX Municipality and the mine to achieve their desired community development and socio-economic objectives.

In collaboration with XXX Municipality, the mine and the community, MPA / SMME Contractors would prepare, establish and run a long-term community development

⁹ To repeat: There must be a **significant** increase by comparison with conventional equipment-intensive construction.

¹⁰ Some of these quotes would be useful for a presentation aimed at a South African audience.

programme for the provision and maintenance of the community's requirements related to housing, social building and physical infrastructure.

Motivation

The achievement of socio-economic objectives requires attention to several critical issues, in particular: employment creation and skills development. A sustainable income through decent work is the major route out of poverty. But skills have to be developed for individuals to be able to access work opportunities. In South Africa the level of education and skills is very low. Training is essential. A separate document¹¹ summarises issues related to the achievement of job creation and related socio-economic objectives: severity and scale of poverty, unemployment and lack of education and skills; policy; potential for employment creation and achievement of other socio-economic benefits via labour-intensive construction; capital-intensive construction; re-engineering; long-term sustainable delivery via integrated training programmes.

MPA Consulting Engineers has a thorough understanding ... see above Appendix 4.

Background and Context: Unemployment, Poverty and Employment Creation

Unemployment, poverty and inequality are three of South Africa's most serious problems. Consequently, employment creation is one of government's top priorities. At National level the central importance of the need to create employment has been emphasised in the Presidency Outcomes and the New Growth Path (2010) and the National Planning Commission (2011).

In President Zuma's 2012 State of the Nation address he said:

"(T)he triple challenge of unemployment, poverty and inequality persists, despite the progress made... The solution for the country therefore, is higher growth and job creation to reduce and ultimately eradicate poverty and inequality." (9th February 2012)

The priority accorded to employment creation may also be judged by the fact that the Minister of Finance's Budget Speech on Wednesday 22 February 2012 opened as follows:

"Honourable Speaker. It is my privilege to introduce the third budget of President Zuma's administration. Mister President, you have given us a clear and historic challenge to "write a new story about South Africa – the story of how, working together, we drove back unemployment and reduced economic inequality and poverty." ...This budget has been crafted at a challenging but hopeful time. We have to say to our people that...we have a programme of economic change that can steadily roll back unemployment, poverty and inequality...Our new story, our period of transition, is about building modern infrastructure, a vibrant economy, a decent quality of life for all, reduced poverty, decent employment opportunities."

Shortly thereafter he said:

"We remain steadfast in addressing the challenges of creating jobs, reducing poverty, building infrastructure and expanding our economy."

¹¹ Summary of Issues: a longer document which is available on request.

The high priority accorded to employment creation is reiterated in various ways throughout this Budget Speech.

Greater focus on Public Employment Programmes:

In November 2011 the National Planning Commission published its National Development Plan. In *Economy and Employment* (Chapter 3) the following is stated:

“Public employment programmes are an essential element of any employment strategy, taking on board lessons from successes and failures in our existing programmes. Up to 1 million opportunities will be created annually by 2015, mostly through community-based services. As market-based employment expands, so these opportunities can be reduced. However, they will be needed in large numbers over the entire period.” (2011: p 93)¹²

In the table *Indicative Scenarios - Employment Outcomes by 2030* (p95) the Expanded Public Works Programme (EPWP) is shown as having given employment to 420 000 people in 2010. For the year 2030, the numbers for *Indicative Scenarios One, Two and Three* are 5 483 000, 2 644 000 and 431 000, respectively.

Later in the conclusion to this chapter it was stated that during the first phase quoted in the National Development Plan (2012 – 2017) the commitment would include *“to expand public employment programmes rapidly.”* (p136)

The conclusion is that public employment programmes will be an extremely important component of the drive to create employment in South Africa.

¹² National Planning Commission, National Development Plan