

**CORPORATE SOCIAL RESPONSIBILITY, COMMUNITY PARTICIPATION  
AND DEVELOPMENT IN MINING SECTOR OF NORTH-WESTERN  
TANZANIA**

**By**

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**2021**

## DECLARATION

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## ABSTRACT

The study on which this thesis is based investigated the practice of corporate social responsibility (CSR), community participation and development in the mining sector of North-western Tanzania and focused on Geita Gold Mine (GGM) in Geita District. The study employed the pragmatic approach, supported by the mixed-methods approach. The sources of data collected for this study were divided into primary and secondary sources. The primary sources include focus group discussions, in-depth interviews, and a semi-structured questionnaire. Ten focus group discussions were conducted in the five selected wards of Mtakuja, Mgusu, Kalangalala and Bombambili of Geita Town Council and Nyamwilolelwa of Geita District Council. A total of 200 questionnaire copies were distributed to the respondents from the five selected wards. Moreover, 20 in-depth interviews were conducted with different groups that included GGM officials, civil society, academics and Government officials in both the central and local Government. The study was informed by the utilitarian, managerial, relational, classical and stakeholder theories developed in Western countries and related to the Tanzanian context to ascertain the differences that prevail in the various social and cultural settings. The study findings revealed that GGM's contribution to development and poverty reduction is insignificant, and that very few CSR projects had made a significant impact on the Geita community. The findings of the study further revealed that most participants were not impressed by the involvement of GGM in development or community-based projects, as GGM's intervention in several CSR projects in Geita District, and the impact of its contribution was minimal. It was also found that very few CSR projects had a positive impact on the community. Overall, the study concluded that the company implements most of the CSR projects without fully involving the Government (respective councils). Therefore, a gulf exists between GGM and the Government. Thus, to improve CSR practice in Tanzania, the study proposes several measures to address existing weaknesses, including involvement of stakeholders, existence of transparency and accountability and ensuring that Multinational Corporations (MNCs) execute CSR according to the stipulated laws and policies. In theorizing, this study makes a number of hypotheses. It posits that CSR follows five perspectives, namely, organizational perspective, political perspective, value perspective, community perspective and the social perspective. For instance, the Organizational perspective says that for CSR to work, the organization to undertake CSR must have the capacity, resources, structures and systems that support CSR. These are some of key contributions to knowledge.

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## DEDICATION

This work is dedicated to the Glory of the Almighty Allah who guided, protected and provided me with wisdom to start and complete the thesis.

I also dedicate this achievement to my parents, Mr. and Mrs. Nawanda, for their love, teachings and perseverance that made an indelible impact on my mind that “*education is the key to success*”.

## LIST OF ABBREVIATIONS

AD	Arusha Declaration
AGA	AngloGold Ashanti
AIDS	Acquired Immunodeficiency Syndrome
ASGM	Artisanal and Small-Scale Gold Miner
ASM	Artisanal and Small-Scale Miner
BGM	Buzwagi Gold Mine
BGML	Bulyanhulu Gold Mine Limited
CD	Community Development
CLP	Cleft lip and Palate
CSO	Civil Society Organisation
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
DC	District Commissioner
EITI	Extractive Industries Transparency Initiative
ERP	Economic Recovery Programme
ESRF	Economic and Social Research Foundation
FDI	Foreign Direct Investment
FEMATA	Federation of Miners Association of Tanzania
GDP	Gross Domestic Product
GEITA DC	Geita District Council
GEITA TC	Geita Town Council
GEREMA	Geita Region Miners Association
GEWOMA	Geita Women Miners Association
GGM	Geita Gold Mine
HIV	Human Immune Virus
ICMM	International Council on Mining and Metal
INGO	International Non- Governmental Organisation
LEAT	Lawyers' Environment Action Team
MDGs	Millennium Development Goals
MEM	Ministry of Energy and Minerals
MNCs	Multinational Corporations
NEMC	National Environment Management Council of Tanzania
NGO	Non- Governmental Organisation

NLGM	New Luika Gold Mine
OECD	Organisation for Economic Co-operation and Development
RC	Regional Commissioner
REPOA	Research on Poverty Alleviation
SAAR	Social Accountability, Auditing and Reporting
SAFM	Social Accountability for Multinationals
SD	Sustainable Development
SDG	Sustainable Development Goal
STAMICO	State Mining Corporation
TCME	Tanzania Chamber of Minerals and Energy
TEITI	Tanzania Extractive Industries Transparency Initiative
TIC	Tanzania Investment Centre
TMAA	Tanzania Minerals Audit Agency
URT	United Republic of Tanzania
USD	United States Dollar
VCT	Voluntary Counselling and Testing
WB	World Bank
WEO	Ward Executive Officer
WWI	First World War
WWII	Second World War

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## **CHAPTER ONE**

### **1.0 INTRODUCTION AND BACKGROUND OF THE STUDY**

#### **1.1 Introduction**

“We must benefit from our God-given minerals, and that is why we must safeguard our natural resource wealth to ensure we do not end up with empty mining pits,”  
President Magufuli, 2017.

Tanzania (formerly known as German East Africa and Tanganyika since the 1920s) was colonized through the German trading company Deutsch-Ostafrikanische Gesellschaft (German East African Company (GEA) from 1885 after the Berlin Conference (Chachage, 2005). After the First World War (WWI) in 1918 and the fall of Germany, Tanganyika was ruled by the British and attained independence in 1961, when under the leadership of Julius Kambarage Nyerere it became known as Tanzania after its union with the islands of Zanzibar and Pemba (formerly under the sultanate of Zanzibar) in 1964 (Dagne, 2011). Tanzania is estimated to have a total population of 55 million people (URT, 2018). The country covers 365,000 square miles (945,000 square kilometres). It is found in East Africa in the African Great Lakes Region area. The country shares borders with Uganda to the north, Kenya to the north-east, the Comoro islands in the Indian Ocean to the east, Mozambique and Malawi to the south, Zambia to the south-west and Burundi, Rwanda and the Democratic Republic of Congo (DRC) to the west.

Corporate social responsibility (CSR) in Tanzania is broadly known as a charity (“doing good with part of the profit”), and it indicates to generously support community projects (Mader, 2012). Formerly, CSR in Tanzania was regarded as a charity, and therefore was under the jurisdiction of multinational corporations (MNCs). Currently, section 105 (1) of the amended Mining Law of 2017 guides Mining Companies operating in Tanzania to prepare a Corporate Social Responsibility plan together with the respective Local Authority in discussion with the Minister for Local Government Authorities and the Minister accountable for Finance before implementation. Currently, the law requires MNCs to prepare a CSR plan and share it with the Government authorities before its implementation. The concept of CSR is aimed at focusing on the role of a company in the

community and making the best use of positive societal impacts of business operations (United Nations, 2007).

Participation is regarded as active, passive or collaborative (Mikkelsen, 2005). Active participation is very open, and each community member takes part actively in the decision making process. Decision making and other vital activities, such as managing, monitoring and evaluating projects, are done by the entire community members. On the other hand, during passive participation, the community maintains a distance and never intervenes in the activities; they are told what is going to happen or what has already happened. Interactive participation is when members of the target community take part in the analysis and planning process, improve their existing structures and take charge of their development (Roodt, 2001).

The concept of community participation implies spending time voluntarily doing something which targets to benefit groups of people, individuals or the environment (Williams, 2005). This definition covers individuals, social and public categories, and it should be known that people engage at all three levels throughout their lives (Brodie *et al.*, 2011).

Development, as a concept, has been debated both politically and theoretically, and due to its ambiguity and complexity it is difficult to define its meaning. According to Nyerere (1973), for any development to happen in a country, citizens must be engaged. Currently, development actors have limited the concept to mean that they should aim at reducing poverty (Thomas, 2004). Sen (1999) pointed out that development is not merely (or as formerly thought) based on fulfilling people's wishes (measured by economists as GDP per capita) which does not take into consideration their ability to sustain their lives. Income is the only indicator used, which Sen regards as an inadequate measurement of development. According to UNDP (2016), development is concerned with giving individuals more choice.

Tanzania is one of the countries in Africa blessed with abundant natural resources, such as gold, diamonds, tanzanite, uranium, coal, graphite, soda ash, gypsum, copper, salt and natural gas (URT, 2008), which contribute four percent to Tanzania's gross domestic product (GDP) (ICMM and TCME 2009). Nevertheless, based on Tanzania's

Development Vision 2025, Tanzania has identified that the mining sector should contribute at least 10% of GDP. Tanzania is one of the stable countries in Africa and has enjoyed political stability since independence in 1961. The presence of peace and stability in the country has provided reassurance to most foreign investors and MNCs to invest in it (Delloite, 2017).

Mining operations in Tanzania existed before independence but very few took place. Soon after independence, the Government took control of mining operations. Tanzania underwent economic liberalization in the 1980s and opened the doors for foreign investors and MNCs to come and invest in the country. However, massive production of mineral resources started gaining strength from the early 1990s. During that particular time, the Government of Tanzania permitted foreign investment in the mining sector, and six major MNCs started their operations, namely Golden Pride, Bulyanhulu, Buzwagi, Tulawaka, Geita and North Mara. The Government of Tanzania thought that the massive investment in the mineral sector would lead to socio-economic development through capital investment, foreign exchange, employment, technology, tax revenue and expertise (TEITI, 2018).

Tanzania's mining industry experienced an overall growth rate of 8.3% in 2017, with an estimated value of US\$ 960M, compared with 2016 when the growth rate was 3.09%, valued at US\$ 880M (Delloite, 2017). The mining sector in Tanzania is one of the fastest growing industries and a main contributor to its exports with a growth rate of about 15% per year. Since the mid-1990s, the mining industry has been growing tremendously and has continued to broaden its base and operations regarding size and production. Tanzania is ranked the third-largest gold producer in Africa with 1000 tonnes of gold reserves (Lokina and Leiman, 2014). A report published by the Ministry of Minerals (MoM) shows that Tanzania managed to collect total revenue of over 301.6 billion Tanzania Shillings in 2017/18, and in the Government's financial year of 2018/19 it collected over 218.450 billion Tanzania Shillings. The growth of revenue from the mining industry has contributed 4.8 per cent to the GDP (Ministry of Minerals, 2019).

Márquez and Magai (2011) state that between the 1980s and 1990s, the United Republic of Tanzania (URT) decided to undergo important economic policy reforms aimed at bringing positive economic changes to its economy, which included the National Economic Survival Programme (ESP), the Structural Adjustment Programmes (SAPs) and

the Economic Recovery Programme (ERP). In 1989, the Government made significant changes to the Economic Recovery Programme (ERP) by forming the Economic and Social Action Programme (ESAP).

The reforms aimed to provide a favourable environment for the private sector to invest in the mining industry to bring about socio-economic development. In connection with that, the country reviewed its economic policies to give room to the private sector to work and contribute to the economy.

All these economic policies formulated by the URT were aimed at improving the country's economy by introducing modern and workable management systems, which would allow MNCs to transfer technology to facilitate transformation of the economic sector, mainly the mining industry. The Government of Tanzania made policy changes that allowed the private sector to exploit, purchase and export minerals produced by artisanal small-scale miners in the entire country. The liberalization and privatization policy in Tanzania in the late 1990s brought about a boom in mineral mining all over the country, which is still happening today (Márquez and Magai, 2011).

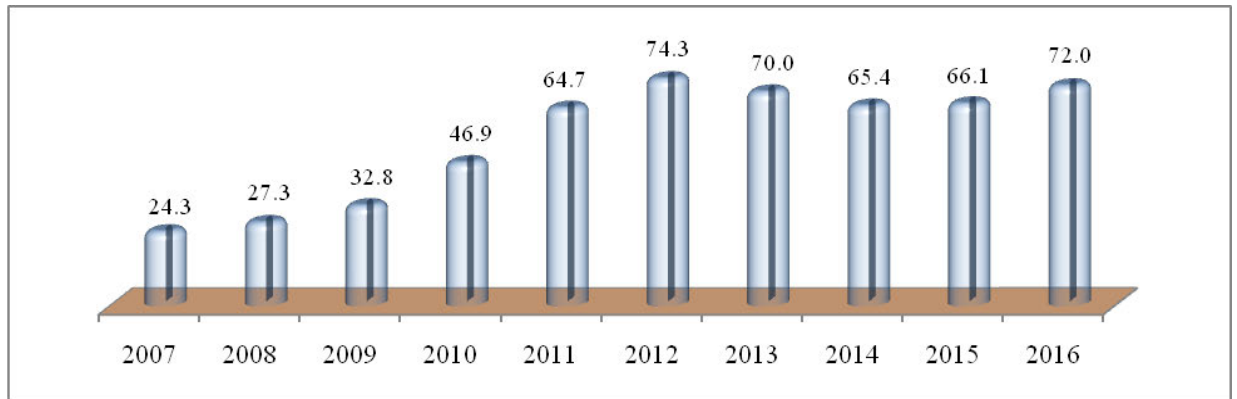
The mining sector in Tanzania contributes greatly to its economy. For example, in 1997, mineral exports increased from an average of one percent to an average of 52% in 2013 (URT, 2014). The expansion in the mining industry has led to growth of the employment rate from 1,700 to 15,000 in 2013. In addition, the expansion of gold production led to increase in gold production from one tonne in 1977 to 50 tonnes in 2013. Before the expansion in the mining industry, the sector contributed less than one percent of the GDP compared with the three and a half percent attained in 2013 (URT, 2013). The Government expects that the contribution of the mining sector to the country's GDP will reach 10% by 2025 (URT, 2015). The Government collected about USD 76.1 million and 195 billion Tanzania shillings as royalties and corporate tax paid by large-scale mines (TMAA, 2016).

Furthermore, the Government received an amount of TZS 4.2 billion of taxes and other levies from MNCs. The Geita Gold Mine Limited (GGML), which is owned by AngloGold Ashanti operating Geita Gold Mine (GGM), paid a corporate tax of TZS 111.647 billion in 2016. In total, GGM has paid the URT Government corporate tax

amounting to TZS 619.1 billion since the company started paying it in 2009 (TMAA, 2016).

**Figure 1: Historical Royalty Payments by Large Scale Gold Mines (USD mil.**

**2007-2016)**



Source: TMAA, 2016

Currently, the Tanzanian mineral sector is led by four MNCs, namely, Acacia which is currently known as Twiga Minerals Corporation and AngloGold Ashanti, which comprises GGM; Buzwagi Gold Mine; North Mara Gold Mine; and Bulyanhulu Gold Mine. In addition, there is a big number of small-scale miners operating all over the country. Based on the information from the Ministry of Minerals, there are about seven hundred thousand artisanal and small-scale miners engaging in mining activities in Tanzania (TEITI, 2018).

The Government under President Magufuli has formed different committees to review the mining laws and contracts so that both parties benefit from the God-given minerals. The new Miscellaneous Amendments Act, 2017, amended the Mining Act, 2010 among others that were put in place, and gave mandate to the Tanzania mining commission to control the mining industry in the country, insisting on Government control of the mining industry including increasing the royalties. Mineral rights owners are obliged to contribute to the development of the Tanzanian economy by using part of their profits from mining to fulfil their corporate social responsibility (CSR) and to give honest or trustful promise. Moreover, the new legislation stipulates that an additional one percent clearance fee must be paid for all minerals exported since July 2017, and income obtained from mining activities should be retained in monetary institutions within the country. Further changes were that the URT Government could renegotiate the current Mine Development

Agreements (MDAs), grounded on the fact that they were unconscionable. All disputes relating to mining activities must be settled in the country by the laws of Tanzania, and, lastly, no mineral resources shall be shipped or transferred for mineral extraction or mineral dressing outside Tanzania. Moreover, the Government should take serious measures to ensure that the mining industry brings positive changes rather than problems to both the host communities and the Government.

## **1.2 Problem Statement**

Tanzania is blessed with many mineral resources and is one of the major gold producers in Africa, but unfriendly contracts have meant that the country has received very little revenue and levies from the mining sector in fact less than five percent of what it received from development aid (Lange, 2011). Currently, there has been an increase in foreign direct investment (FDI) in third world countries (Nyankweli, 2012). By the mid-1980s, several countries adopted liberalization policies aimed at stimulating investment (Rugumamu, 2005). As a result, there was an increase in FDI in most developing countries. Many companies invested in Africa because of the friendly policies and favourable environments, which ensured security of their investments. Additionally, Africa experienced several investments targeting mineral resources, whereby large-scale mining companies started their operations causing environmental degradation and social problems (UNCTAD, 2005). In the same period, Tanzania experienced a mushrooming of MNCs investing in the mining sector in various areas of the country, including the North-western part, the focus of the research. The Tanzania Mining Act, 1998, was thought to be more appealing to MNCs than those of other Sub-Saharan African countries that were established in the similar period (Campbell, 2003). Four years later, after the formulation of the new legislation, the country witnessed the opening of four large-scale mines (Lange and Kinyondo, 2016).

The establishment of gigantic mining companies in Tanzania resulted in eviction of people in various places in the country. Due to this, there were many complaints regarding compensation, claiming that it was insufficient and was sometimes misused by local Government authorities assigned the responsibility to arranging for the payments (Lange, 2011). Many studies on CSR in Africa, in connection with mining, reveal communities' disappointment with efforts of MNCs in executing CSR activities (Idemudia, 2008 and Campbell, 2009). Moreover, most of these gigantic mines clash with small-scale miners,

and the clashes cause misunderstandings and sometimes lead to deaths (Curtis, 2008; Lange, 2011). Similarly, there were public outcries that some large-scale mining companies had been given favourable contracts associated with corruption (Cooksey, 2011) due to the fact that the Tanzanian Government refuses to make mining contracts open to the public. In this connection, Government revenue from large-scale mines has been lower than anticipated (Curtis, 2008; Cooksey, 2011; Lange, 2011).

The Bomani commission on mineral review (2007) discovered that most MNCs make empty promises to host communities. In most mining areas in the country, there are many effects associated with mining activities, which result to destruction of infrastructure and environment. Furthermore, mining zones experience lack of social services like safe water, hospitals, schools, boreholes and many other services, such as land for cultivation and grazing, thus leaving communities without any hope of socio-economic activities after being displaced. Additionally, the Bomani commission avows that local people blame investors for not fully participating when it comes to contributing to community services. Consequently, people are of the opinion that the country's mineral resources have not contributed to their socio-economic development.

Many Tanzanians, especially the new generation, anticipated that mining resources would transform the country's economy and greatly contribute to the GDP. They anticipated that MNCs would invest in socio-economic development (URT, 2011). But in reality, mining resources have benefited the country less than expected, but appear to have more helped the MNCs. Tanzanians today are observing shutdown of some of its large mining areas signifying the termination of activities (Kilonzo and Kontinen, 2015). The mining sector in the country has not been a panacea for the country's extreme poverty and the poor economy (ESRF, 2013). The majority of Tanzanians still live in abject poverty (URT, 2010). Literature shows that Ghana and Tanzania have gained little benefit from the investment in mining, unlike Botswana and South Africa (Maliganya and Paul, 2017).

Today, in Tanzania, MNCs are increasingly facing the challenges of improving their accountability and transparency and lessening social and environmental impacts on communities. Non-Governmental organizations (NGOs), media and host communities have been putting pressure on MNCs to address the direct and indirect effects of their operations and to improve the livelihoods of local communities (Doh and Guay, 2006).



Lack of strong support by the Government and key stakeholders, such as pressure groups concerned about CSR and corporate governance, makes CSR relatively weak in Tanzania (Melyoki, 2005). In view of the above statements, some studies reveal that there have been complaints and a public outcry, especially from communities living around the mines, about the few benefits and continuing environmental degradation caused by mining operations (Magai and Marquez, 2011; Kahyarara, 2015). Most concerns are associated with acquisition of land and resettlement of local communities by MNCs conducting large-scale mining operations that fail to provide reasonable and timely compensation (Lugoe, 2012; 2013; Kitula, 2006).

As a result of development in the mining industry, different laws were passed to obtain revenue from it (Maliganya and Paul, 2017). Because of the negative impact caused by operations done by gigantic mining companies in Tanzania, the Mineral Policy of 2009 replaced that of 1997 to improve the aspect of CSR, as it was not performing well. The 2009 Mineral Policy encourages MNCs to build a relationship with neighbouring communities so as to make a positive contribution to their development through CSR initiatives (URT, 2009).

The Mineral Policies of 1997 and 2009 were also aimed at creating employment opportunities and promoting economic diversification in rural areas (URT, 2009). In this connection, Section 105 (1) of the amended Mining Law of 2017 guides mining companies operating in Tanzania to prepare a Corporate Social Responsibility plan together with the respective Local Authority in discussion with the Minister for Local Government Authorities and the Minister accountable for finance before implementation (URT, 2017). Despite the establishment of several mining policies and mining acts, the situation in the field is very different, especially regarding the execution of CSR (Maliganya and Paul, 2017). Although the country has an abundance of mineral resources, the major challenge is how to manage them (HakiRasilimali, 2016). There is a concern that Tanzania might acquire the 'Dutch disease' syndrome, whereby its resources and focus would be diverted from other sectors of production towards oil and gas (HakiRasilimali, 2016).

MNCs operating in Tanzania often use CSR initiatives to place themselves as development partners and friends of local communities. However, such strategies are not

achieving the agreed objectives, and so animosity between MNCs and local communities persists. The Government, private sector and civil society should aim to ensure that CSR aligns with what the affected communities want (HakiRasilimali, 2016), as it should positively contribute to their development. The Government should work closely with extractive companies to ensure that CSR projects are executed in discussion with local communities and other key stakeholders such as civil society (HakiRasilimali, 2016). The study focused on GGM, one of the biggest mining companies in the country, to examine how to further incorporate local communities and other key stakeholders in the process of bringing sustainable development. The study therefore sought to assess CSR, community participation and development in the mining sector in North-western Tanzania.

### **1.3 Aim of the Study**

The research aimed to assess corporate social responsibilities, community participation and development in the mining sector in North-western Tanzania.

### **1.4 Objectives of the Study**

The following specific objectives guided the study:

1. To assess the contribution of GGM to the development of Geita District.
2. To evaluate the societal impact of the development projects/community-based initiatives by GGM in Geita District.
3. To assess the community's participation in development projects in Geita District.
4. To assess the developmental approaches of GGM as part of CSR in Geita District.
5. To develop a framework to facilitate better implementation of CSR.

### **1.5 Research Questions**

1. What contribution does GGM make to the development of Geita District?
2. What societal impacts do GGM development projects have on the Geita District community?
3. How is the Geita district community involved in developmental projects?
4. What developmental approaches does GGM use as part of its CSR?
5. What framework could be developed to facilitate better implementation of CSR?

## **1.6 Contribution of the Study**

This study contributes to the literature on CSR, community participation and development in the mining sector in Tanzania and other countries in Sub-Saharan Africa, which have comparable mining policy issues. The study develops a new CSR model to be adopted by mining companies, to generate new knowledge that informs policy makers and other stakeholders on the issues under investigation and to document best CSR practices in Tanzania. It is proposed that the model will be disseminated to mining companies and other institutions to improve CSR initiatives.

This study informs key stakeholders including the community, private sector, civil society and the Government, about the CSR initiatives and the mining sector regarding the planning and implementation of CSR projects/initiatives. In addition, the study findings can be used for future development and design of new policies to develop CSR in the mining industry. Furthermore, the study broadens the understanding of the concept of CSR and other basic theories and their contribution to management in the mining industry. Moreover, it strengthens local authority responsibility by strengthening the existing relationship between MNCs, civil society organisations, private sector, Government and the community, and it promotes involvement of the community in different CSR projects.

Since CSR initiatives have been introduced and executed in western countries; third world countries like Tanzania can learn key lessons to rectify the challenges that have arisen from CSR. In addition, the study findings can be used to evaluate the magnitude to which the CSR framework can be practised to the actual situation in Sub-Saharan Africa and Tanzania in particular. In this way, it makes a positive impact to the knowledge of how to develop the CSR approach in both the mining sector and in other sectors.

## **1.7 Significance of the Study**

### **1.7.1 Geita District**

The study was aimed at strengthening the existing relationship between the Government through local Government authorities, GGM and the community through immediate and long-term measures. The study further suggests the importance of all stakeholders working together to execute CSR projects, making sure that there is transparency to avoid conflict among stakeholders. The study describes the best method for handling disputes arising in mining operations.

In this regard, the study has documented what has been done so far in CSR since GGM started its operations in Geita District and shown the way forward for the next CSR projects. The study has documented CSR projects by showing which sectors and areas have benefited most and those which need immediate intervention in the near future. The study also shows differences in CSR benefits between one village and another. The study findings propose equal distribution of CSR projects to avoid inter-community conflicts, as some villages or wards have benefited more from CSR projects than others.

The study reveals the best CSR practices, which are friendly and involve all stakeholders, the Government, GGM and the community. The Government (local Government authorities, namely Geita Town Council and Geita District Council) and GGM continue formulating CSR projects which have positive impact on the community. Moreover, the findings of the study inform local Government authorities and GGM to formulate CSR projects in the community which have a multiplier effect. Few CSR projects in Geita District are sustainable and participatory, and so the study suggests the importance of establishing CSR projects which are sustainable and participatory.

The study findings can be used by both GGM and the Government of the URT through the Ministry of Minerals to adjust and sustain the momentum of the on-going policy of the sector. The study also enhances society's understanding of how the GGM project helps to promote sustainable development by improving their social and economic lives.

### **1.7.2 Tanzania in general**

Most Sub-Saharan African countries, including Tanzania, have undergone several changes in their mining sector by changing laws so that mineral resources have a positive impact on their economy and contribute to sustainable development. Many of these countries aspire for a win-win situation as they have mineral resources, and investors have the economic muscles, advanced technology and managerial skills. Nevertheless, the central question remains as to whether CSR, which is a product of western and third world countries, is applicable in Tanzania with its different levels of development. The main concern of this research was to answer this key question so as to provide a logical understanding of how to design and execute CSR in the mining sector in Tanzania.

The current literature on CSR in less developed countries emphasises more on telecommunications, industrial and financial sectors than on the mining sector. This particular study examines the CSR approach in the mining sector in sub-Saharan African countries, but Tanzania is hardly present in literature. This study seeks to fill in the gap in the literature by exploring whether CSR applies to the mining sector in Tanzania.

Likewise, the study recommends ways for improving CSR commitments that are good for both the company and the villagers and Government as key stakeholders of the mining sector. In addition, the study can be used by other researchers to utilize the gathered information as baseline data for those who want to venture into a similar field.

Lastly, the study has developed a CSR framework to be adopted by mining companies and has generated new knowledge that informs policy makers and other stakeholders of the best CSR practices. This study was meant to bridge the knowledge gap in the area of CSR in the mining sector and provide proposals for future restructuring in the Tanzanian mining industry.

### **1.8 The scope of the Study**

The study was conducted in Geita District in Tanzania. Geita Gold Mining Limited (GGML) is owned by AngloGold Ashanti, one of the biggest mining companies in Africa. Geita Gold Mine (GGM) is the leading mining company in Tanzania in terms of its annual production of gold and Tanzania's most productive mine. It is the biggest mining company in Tanzania.

Geita Gold Mine (GGM) is located in the Lake Victoria Goldfields of north western Tanzania, almost 85 kilometres from Mwanza City. The head office is situated in Geita town, 5 km west from Geita Town. GGM occupies a total area of 196.27 square kilometres and leads in its contribution of the mining industry to the Tanzanian Government's revenue. GGM operates both open pit and underground mining. The study focused on CSR, community participation and developments in the mineral industry in Geita, Tanzania.

## **1.9 Limitations of the Study**

There was a language barrier, as the participants who were unable to communicate in Kiswahili used their mother tongue, which the researcher did not understand, and so he employed a research assistant who served as a translator, which enabled him to meet the target.

Confidentiality was anticipated to be a challenge because GGM executives may consider CSR reports as confidential and thus refuse to provide them to the researcher. The researcher built rapport with the GGM management by telling them the objectives of the study, as well as the Regional Commissioner (RC), District Commissioner (DC) and District Executive Directors (DEDs). After understanding the objectives of the study, they allowed the researcher to conduct field activities in Geita District, which included all Government offices, CSOs, GGM and the community.

## **1.10 Ethical Considerations**

According to Raniga (2000), the researcher should take into consideration the rights and values of research participants. The study was approved by the Higher Degrees Ethics Committee of the University of KwaZulu-Natal. The researcher requested the consent of the participants at every level of the study, which included in-depth interviews, focus group discussions and a questionnaire-based survey. The researcher accessed the participants with an official letter of ethical considerations that served as a bond between the researcher and the interviewees.

The researcher assured the respondents that none would be harmed by participating in the research, which made them voluntarily participate in the project and sign ethical consent forms that assured them of anonymity and confidentiality of their answers, which would be used solely for academic purposes. Furthermore, the time and space required for discussions was determined and agreed upon without hitches. The researcher sought permission of the participants to be recorded, but where this was not granted notes were written to capture the information. In this way, he was able to gather all the data required for the study.

### **1.11 Organisation of the Thesis**

This thesis is organized as follows. Chapter one provides the introduction and background information on the study on CSR, community participation and developments in the mining sector in North-western Tanzania. Chapter two provides an understanding of the mining policy and laws in Tanzania. Chapter three reviews the literature. Chapter four presents the conceptual and theoretical frameworks. Chapter five describes the methods used to investigate the topic that was studied. Chapter six presents quantitative data. Chapter seven provides a discussion on the qualitative data and the research findings. Chapter eight further presents qualitative data on community participation, opportunities, encounters and challenges. Chapter nine presents the role and participation of civil societies in CSR in Geita. Lastly, chapter ten draws conclusions and makes recommendations.

### **1.12 Conclusion**

The first chapter started by focusing on the introduction and background of the study, purpose and objective of the study, research questions and the significance of the study. Furthermore, the chapter includes contributions and scope of the study, limitations of the study and ethical considerations. Central to the thesis is the concept of CSR, community participation and developments in the mining sector in North-western Tanzania. The next chapter focuses on gaining an understanding of the mining policy and legislation in Tanzania. A policy sets the goals and planned activities to be achieved by the Government and other stakeholders. It outlines important aspects to achieve the desired goals, while legislation is an important instrument used by the Government to organize and safeguard the interests of citizens.

## CHAPTER TWO

### 2.0 MINING POLICY AND LEGISLATION IN TANZANIA

#### 2.1 Chapter Overview

This chapter discusses the mining policy and legislation in Tanzania. The chapter provides an overview of the mining industry in Tanzania from the pre-colonial era, colonial era and independence era to the post-independence era. It further provides a synopsis of the mining policies and laws enacted in Tanzania since 1961, after the country attained independence, and provides an overview of mining licenses in Tanzania.

#### 2.2 Overview of the Mining Industry in Tanzania

Mining operations in Tanzania started way back before the country attained independence in 1961, but they experienced a lack of massive investment until the late 1990s (Muganyizi, 2012). The Tanzanian mining sector is governed at the national level and controlled by the Mining Policy, 2009, the Mining Act, 2010 and some regulations. The sector was previously regulated by the Mining Act, 1998 (old Act) and supported by some regulations. Tanzania is blessed with enormous natural resources such as minerals, gas and other precious metals (World Bank, 2018). The country is ranked fourth in terms of having abundant natural resources in the African continent after South Africa, the Democratic Republic of Congo and Nigeria (TEITI, 2017). The mining industry in Tanzania plays an important role in promoting socio-economic development. Mining activities bring in revenue and create employment opportunities for many Tanzanians. A recent report issued by the Ministry of Minerals (MoM) showed total revenue of over 301.6 billion Tanzania Shillings (US\$131M) in 2017/18 fiscal year and in the 2018/19 fiscal year over 218.450 billion Tanzania Shillings was collected. The increase in Government returns from the mineral industry has contributed 4.8 percent to the GDP (Ministry of Minerals, 2019). Despite policy and legislation changes in Tanzania, mineral resources have contributed less than five percent to the national economy. The lack of a strong and well-structured legal and policy framework in the country makes a positive impact difficult to attain.

The country has undergone several economic reforms to address existing challenges facing the mining industry so as to contribute positively to the country's economy (Maliganya and Bengesi, 2018). During the reign of President Nyerere and his philosophy of *Ujamaa* (African socialism), the central focus was to expand the agricultural industry,



while the mineral industry was largely controlled by the state, and its contribution to the country's GDP dropped from 10 percent to 2 percent (Lange and Kinyondo, 2016). The mining sector in Tanzania developed during three major periods—before independence, after independence and during the period of economic liberalization (Cooksey and Kelsall, 2011). All these epochs are well-defined by policy changes and production drifts (Nyankweli, 2012). Before independence, the colonialists owned all the mining activities. During that period, the mining sector in Tanganyika was controlled first by the Germans from 1885-1919 and by the British after WWI until independence in 1961, after which Tanzania's natural resources started being controlled by the state (Lange and Kinyondo, 2016). The pre-independence mining industry was very stable in terms of the volume produced and its contribution to GDP (Lange, 2006). Immediately after independence, production stagnated, particularly after the Arusha Declaration in 1967. During that time the Government of Tanzania decided to nationalize all mining operations and, eventually, the impact of the mineral industry to GDP became negligible (Lange, 2006).

After the Arusha Declaration, the State Mining Corporation (STAMICO) controlled the mineral industry and all mining activities in Tanzania. Insufficient capital, lack of expertise and poor governance resulted to the shutdown of many mines in the 1970s. Due to the collapse of the mining sector and its poor contribution to the country's GDP, the Government changed the mining policy in the late 1980s and allowed the private sector to invest in mineral exploitation, which resulted in a mineral boom and exports. A change in the mining policy in the 1990s attracted foreign investment and exploration companies in the mineral industry (Cooksey and Kelsall, 2011).

In the mid-1980s, the country implemented international Structural Adjustment Programmes (SAPs), which were necessitated by liberalization and privatization. This occurred in several countries in the developing world, and in Tanzania the World Bank used SAPs as an instrument for opening up foreign investment in the mining industry. It has also been proclaimed that the reason why many African states underwent policy reforms in the mining industry in the late 1990s was due to heavy indebtedness, which caused most of these countries to fail to negotiate with investors for a win-win situation (Hilson, 2012). Currently, the mining sector in Tanzania contributes less than 5 percent to GDP, but the Tanzania Development Vision 2025 projects the contribution to reach 10

percent by 2025 after several actions that have been taken by the Government, including changes to some of its mining laws (URT, 2019).

Following the liberalization process that took place in Tanzania in the mid-1980s and early 1990s, mining was dominated by gold mining, which accounts for 90 percent of the total mining output in the country (TEITI, 2017). According to the Mineral Audit Agency (2016), the mineral industry provides about 700,000 jobs to both local and foreign citizens, the majority being nationals. The mineral industry in Tanzania plays a significant contribution to Tanzania's economy (TEITI, 2017). Current national plans for economic reform have highlighted the importance of promoting private sector participation in the country's development (OECD, 2013). This was approved late in 2010, whereby the second National Strategy for Growth and Reduction of Poverty (NSGRP II) whose heyday was 2010/11 to 2015/16, known as MKUKUTA II for Tanzania Mainland, established an operating framework for attaining both the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) and Tanzania's Development Vision 2025 (TDV 2025). The objective of TDV 2025 was to make Tanzania a middle-income country by 2025. It required promoting the private sector to enhance economic development and promote agriculture as an important sector for economic growth (Ministry of Finance and Economic Affairs, 2010).

In Tanzania, there is a big number of artisanal and small-scale miners, two-thirds of whom are gold miners (Bryceson and Geenen, 2016). According to information obtained from the Government, the number of mining licences increased from 35, granted in 1999, to 5,171 which were granted in 2016 (Mutagwaba, *et al.*, 2018). Financial institutions in Tanzania loaned 357 billion Tanzanian Shillings (US\$155 million) to miners in 2018, compared with 306 billion Tanzanian Shillings (US\$133 million) in 2017 (The Citizen, 2019). Due to lack of a friendly environment, their impact to the national's economy and GDP is minimal (The Citizen, 2019). The Government has admitted losing so much revenue caused by unfriendly taxes in the mineral industry (The Citizen, 2019).

The mining industry in Tanzania is facing many challenges, which includes a high-level of taxation. Artisanal and small-scale miners are obliged to pay several taxes, such as 18 percent of their annual turnover plus value added tax (VAT), 6 percent royalties, 5 percent withholding tax, 1 percent inspection and clearance fee and 0.3 percent service levy

(Mutagwaba, *et al.*, 2018). Other challenges facing the mining industry in Tanzania comprise lack of access to credit from financial institutions, poor health and safety, lack of Government support for small-scale miners, unfriendly environment, bureaucracy in issuing mining licences, poor working environment, infrastructure and technology, environmental degradation and high interest rate charged by financial institutions (Mutagwaba, *et al.*, 2018). Moreover, there is lack of indicative prices of all the minerals produced by small-scale miners in Tanzania (The Citizen, 2019).

Due to the public outcry concerning poor contribution of the mining industry to the country's GDP, the Government established several committees to investigate the sector and came up with recommendations, which helped the formulation of the Mining Policy of 2009 and the Mining Act, 2010. The mining commissions established in Tanzania comprise the Kipokola Commission (2004), the Mboma Commission (2004), the Bukuku Commission (2005), the Masha Commission (2006) and the Bomani Commission (2008). These commissions contributed significantly to preparation of the Mining Policy of 2009 and enactment of the Mining Act, 2010. In this connection, the Bomani Commission came up with a recommendation that the country should join the Extractive Industries Transparency Initiative (EITI). Hence, based on the recommendations of the Bomani Commission for improving governance in the mineral sector in Tanzania, EITI was eventually implemented in February 2009. The Government's reason for joining EITI was to make the mining sector more competitive and profitable for the county's development.

The EITI is an international association of Governments, corporations, civil societies and investors dedicated to executing standardized and globally well-established values for transparency in disbursements and profits from natural resources (TEITI, 2017). The EITI helps communities, researchers, civil societies and the Government to know about different payments and revenue from the extractive industry. By publishing various reports on expenditure and revenue by extractive companies, the EITI promotes trust, minimizes the risk of conflict and enhances sustainable economic development (TEITI, 2017).

Acts, policies and other important documents relating to the mining industry established in Tanzania since independence to date are shown in Table 1 below.

**Table 1: Mineral Acts and Policies**

<b>No.</b>	<b>Mineral Acts and Policies</b>	<b>Year of enactment</b>
1.	The Written Laws (Miscellaneous Amendments) No. 2 Act, 2019	2019
2.	The Mining (Minerals and Mineral Concentrates Trading) (Amendments) Regulations, 2019	2019
3.	The Mining (Local Content) (Amendments) Regulations, 2019	2019
4.	The Mining (Mineral Value Addition) Guidelines, 2019	2019
5.	The Mining (Minerals and Mineral Concentrates Trading) (Amendments), Regulations, 2019	2019
6.	The Mining (Mineral Beneficiation) (Amendments) Regulations, 2019	2019
7.	The Mining (Mimerani Controlled Area) Regulations, 2019	2019
8.	TEITA Regulations of 2019	2019
9.	The Mining (Local content) Regulations, 2018	2018
10.	The Mining Act 2010 (CAP 123 Revised Edition of 2018)	2018
11.	Natural Wealth and Resources Act, 2017	2017
12.	Unconscionable Terms Act, 2017	2017
13.	Miscellaneous Amendments No. 7 of 2017	2017
14.	Procedure for Applying for Mineral Rights	2017
15.	Inspection Manual for Small-Scale Mines	2017
16.	Export and Import of Minerals Procedures	2017
17.	Smelting Refinery Licence	2017
18.	Tanzania Mining Industry Investor's Guide	2015
19.	TEITA Act and Mining Act Amendment	2015
20.	Tanzania Mineral occurrence	2015
21.	The Mining Act, 2010	2010
22.	The Mining Regulations, 2010	2010
23.	The Mining Policy, 2009	2009
24.	The Mining Act, 1998	1998
25.	The Mining Act, 1979	1979
26.	The Explosives Regulations of 1964	1964
27.	The Explosives Act of 1963	1963

Source: Ministry of Minerals, 2019

### **2.3 Mineral Licences in Tanzania**

Licensing of mineral exploration in Tanzania is under the jurisdiction of the Mining Commission and the cabinet. The Tanzania Mining Policy, 2009 and the Mining Act, 2010 established state control over natural resources and permits the Government to grant rights to develop, explore, exploit and process minerals in the country (Muganyizi, 2012). The new Written Laws (Miscellaneous Amendments) Act, 2017 established the Mining Commission, one of its functions being to issue all mining licences except for special mining licences (SMLs), which would be issued by the cabinet. The Government decided

to overhaul the fiscal and regulatory system of its natural resources to benefit the nation by contributing positively to socio- economic development.

The different types of mineral licences issued in Tanzania comprise the prospective licence (PL), special mining licence (SML), mining licence (ML), primary mining licence (PML) and dealer licence. A PL is granted to both nationals and foreigners, and deals with metallic minerals, energy and gemstones, with the exception of diamonds, kimberlitic building materials and industrial minerals. A PL can be granted for an initial period of four years up to a maximum of 300 square kilometres of land. However, a PL for gemstones is granted for only two years and is not renewable. A retention licence (RL) may be granted to one with a PL but not to one for both building materials and gemstones. An RL is issued for a period of five years and might be renewed for another five years.

An SML is issued for large-scale mining activities with a huge capital investment exceeding US\$ 100 million. An SML is also approved for the expected life of the minerals available in a specific area, as indicated in the feasibility report submitted by the applicant, or for not more than 25 years. The SML may be renewed for up to 25 years. The new Written Laws (Miscellaneous Amendments) Act, 2017 provides for the formation of a mining commission among others, which will be responsible for issuing mining licences with the exception of SMLs which will be issued by the cabinet (URT, 2017). In previous years, before the amendments, the minister responsible for minerals was responsible for issuing mining licences. GGM was granted an SML for 25 years, after the Government reached a development agreement with AngloGold Ashanti. GGM's SML expires in 2024.

An ML is granted to a medium-scale mining company with capital ranging between US\$100 thousand and 100 million. The ML is normally approved for a period of 10 years with the option of renewing it for another 10 years. MLs for mining gemstones are usually given to nationals. The Mining Act, 2010 demands that the area of an ML should be 10 square kilometres for all minerals, except for building materials and gemstones.

The PML is designed for small-scale miners having a capital of less than US\$ 100 thousand, and is only granted to Tanzanians for a specific period of five years and can be renewed for another five years. The Mining Act, 2010 permits the PML to be into an ML. PML bearers are permitted by law to extract all kinds of minerals in an area not more than

10 hectares, except for mining gemstones and building materials, which is limited to five hectares. A processing licence is authorized by the Commissioner for Minerals to allow mineral processors to process minerals within the country, while a stockbroker licence is only granted to citizens to allow them to purchase different types of minerals to sell to respective mineral dealers in the country.

The dealer licence permits holders to purchase minerals in Tanzania and export them. The licence may be issued to both Tanzanian citizens and non-citizens. If there is a joint venture, the local should hold no less than 25 percent of the shares. Finally, a smelting licence is granted to corporations or persons interested in setting up metal-smelting equipment. Moreover, the Mineral Act, 2010 permits establishment of a refining licence to process minerals in Tanzania.

**Table 2: Summary of types of mineral licences in Tanzania**

Type of licence	Rights	Obligation and restrictions
<b>Primary Mining Licence (PML)</b>	<ul style="list-style-type: none"> <li>• Special right to mine and prospect in a licensed area for 7 years (but renewable)</li> <li>• Can be upgraded to ML</li> </ul>	<ul style="list-style-type: none"> <li>• Area shall not be subjected to other mineral rights, except for gemstone mining in the licensed area for prospecting</li> <li>• Subject to presentation of Environmental Protection Plan (EPP)</li> <li>• Strictly for Tanzanians, partnership and corporate bodies consisting solely of nationals</li> </ul>
<b>Mining Licence (ML)</b>	<ul style="list-style-type: none"> <li>• Exclusive right to extract licensed minerals for period of not more than 10 years</li> </ul>	<ul style="list-style-type: none"> <li>• Capital invested should be between US\$ 100,000 and US\$ 100 million</li> <li>• International investors not allowed to mine gemstones without the approval of the minister</li> <li>• Grant subject to an environmental impact assessment</li> <li>• Royalty payments on gross value of production</li> <li>• Subject to present annual procurement plans</li> </ul>
<b>Special Mining Licence (SML)</b>	<ul style="list-style-type: none"> <li>• Sole right to extract licensed minerals for the expected life of the deposits</li> <li>• Subject to a 'development agreement' with the Government deposits subject to reductions or exemptions</li> </ul>	<ul style="list-style-type: none"> <li>• Capital invested exceeding US\$ 100 million</li> <li>• International investors not allowed to mine gemstones without prior approval of the minister</li> <li>• Royalty payments on gross value of production</li> <li>• Grant subject to an environmental impact assessment</li> <li>• Government has exclusive rights and free carried interest</li> <li>• Adduce evidence of technical and financial capacity</li> </ul>

Source: Schoneveld, *et al.*, 2018

## 2.4 Mining Policy in Tanzania

Since the 1980s, the Tanzania has made tremendous changes in its economic reforms with the aim of stimulating economic development (URT, 2009). Consistent with these reforms, the major role of the Government has changed from being the sole proprietor and

dealer in mining activities to having a regulatory role and formulating policies, guidelines and laws to promote and facilitate private investment in the extractive industry (URT, 2009). In spite of the efforts made by the Government of Tanzania to address challenges in the mining industry, there is still much to be done, particularly in relation to policy and legislation. These changes had a significant impact on the mineral industry, which led to drafting the mining policy of 1997, enactment of the Mineral Act, 1998 and many changes in finance bills which established a favourable environment for private investors (Schoneveld *et al.*, 2018).

Due to economic changes, the Government of Tanzania recognized the importance of establishing the Mining Policy so that mineral extraction would contribute more to the country's socio-economic development (Schoneveld *et al.*, 2018). In October 1997, the Government of Tanzania established the first Mineral Policy since independence in 1961 to give guidance of the mineral sector in Tanzania. The Mineral Policy of 1997 had the objectives of promoting investment in extractive operations, strengthening small-scale mining operations, alleviating poverty, improving the socio-economic infrastructure, strengthening the Government's collection of revenue, making Tanzania the leading gemstone centre in Africa and protecting the environment. The mineral policy also aimed to raise the country's foreign currency earnings and increase the support of the mineral sector to the country's economy and GDP.

Tanzania established the first mineral policy in 1997 after recognizing the importance and opportunities of natural resources to the country's economic development (Muganyizi, 2012). It was anticipated that the private enterprise would take an important role in the exploration and development of the mining industry in the country and play a significant contribution to the economic development.

In the first instance of implementing the Mining Policy of 1997, the Tanzanian Government had to make several changes to a number of financial bills in 1997 (The Financial Laws (Miscellaneous Amendments) Act, 1997). The changes sought to entice international companies to invest in the extractive industry. In 1998, the Government passed a mining law and carried out several amendments in the Foreign Exchange Act (1992) to accommodate the requirements of the extractive industry in line with the Mining Policy of 1997 (Mutagwaba, *et al.*, 2018).

Furthermore, the Mineral policy of 1997 promoted small-scale miners by providing technical and material support from the Government. Tanzanians assumed special rights and priority in the small-scale mining industry. The policy was aimed at promoting local small-scale miners. In this regard, the Mineral Policy of 1997 necessitated some changes in various tax laws to provide incentives and relief to investors. Some changes made were amendments to the taxation laws, including income tax (2004), customs duty, excise duty, fuel levies, stamp duty, local Government levies, and Value Added Tax Cap 148 that was amended to include mining companies as among those entitled to VAT relief. As a result of these changes and incentives, between 1994 and 2007, the country witnessed major investments in the mining sector. Some large-scale mines started their operations in Tanzania, particularly the ones described below:

- **Bulyanhulu Gold Mine (BGM) in Kahama, Shinyanga.** It is one of the largest gold mines in Tanzania owned by Twiga Minerals Corporation, previously known as Acacia Mining Plc (African Barrick Gold Plc). After discussion between the Government of Tanzania and Acacia mining owned by Barrick on 24<sup>th</sup> January 2020, it was agreed to establish a new mining company known as Twiga Minerals Corporation, which will operate and manage the Bulyanhulu, North Mara and Buzwagi mines. The Government of Tanzania will have 16 percent share in each of the above mines. BGM is estimated to have gold reserves around 13.2 million ounces (equivalent to 411 tons). Furthermore, BGM signed a contract with the Government to start its operations on 5<sup>th</sup> August 1994 (URT, 2008).
- **Golden Pride Mine in Nzega, Tabora Region.** It is owned by Resolute Tanzania Limited (an Australian Mining Company). The mine is estimated to have gold reserves around 2.47 million ounces (equivalent to 76.82 tonnes). The mine was officially closed in 2013 after 15 years of operations. It signed a contract with the Government to start operations on 25<sup>th</sup> June 1997 (URT, 2008).
- **Geita Gold Mine (GGM) in Geita Region.** It is the largest gold mine in Tanzania and contributes about 34.4 percent of total gold production in the country (TMAA, 2016). GGM is in Geita District, 5 km from Geita town and is owned by AngloGold Ashanti Limited (a South African Company). GGM is estimated to have gold reserves around



16.95 million ounces (equivalent to 527.02 tons) and produces an average of 560,000 ounces (equivalent to 18.43 tons) per year. It signed a contract with the Government to start operations on 24<sup>th</sup> June 1999 (URT, 2008). Moreover, GGM has paid corporate tax to the Government amounting to 619.21 billion Tanzania Shillings after the company began paying corporate tax in 2009 (TMAA, 2016).

- **North Mara Gold Mine Limited (NMGM).** It is in Tarime, Mara Region and is owned by Acacia Mining Plc, previously known as African Barrick Gold Plc. NMGM is owned by Twiga Minerals Corporation, which is a joint venture between the Government of Tanzania and Barrick Gold Company. NMGM is estimated to have gold reserves around 3.8 million ounces (equivalent to 116.23 tonnes) and produces about 267,000 ounces (equivalent to 8.51 tons) per year (URT, 2008). NMGM also paid corporate tax to the Government totalling 78.52 billion Tanzania Shillings in 2016 (TMAA, 2016). NMGM signed a contract with the Government to start operations on 24<sup>th</sup> June 1999 (URT, 2008).
- **Tulawaka Gold Mine.** It is in Biharamulo, Kagera Region and is located 160 kilometres from Mwanza town in the western part of Lake Victoria. The mine started production in March 2005. The mine is estimated to have gold reserves about 565,000 ounces (equivalent to 17.57 tons) and produces about 120,000 ounces (equivalent to 3.88 tons) per year (URT, 2008). The mine ceased to operate in 2013 after a gradual decline in its gold reserves. The mine was first owned by African Barrick Gold and was later sold to the State Mining Company (STAMICO) in January 2014. The mine signed a contract with the Government to start operations on 29<sup>th</sup> December 2003 (URT, 2008).
- **Buzwagi Gold mine (BZGM).** It is in Kahama, Shinyanga Regions and is owned by Acacia Mining Plc, previously known as African Barrick Gold Plc. BZGM is currently owned by Twiga Minerals Corporation, which is a joint venture between the Government of Tanzania and Barrick Gold Company. BZGM estimated to have gold reserves around 2.4 million ounces and produces about 225,000 ounces per year (URT, 2008). Since it started commercial operations in 2009 to date, the mine has managed to produce around one million ounces. The mine will cease operating in 2020 and has started its closure plan by engaging different stakeholders, including the Government,

employees and surrounding communities. BZGM signed a contract with the Government to start operating on 17<sup>th</sup> February 2007 (URT, 2008).

The establishment of the Mineral Policy of 1997 has seen some achievements in the mining industry and the country's economy. Some of the achievements include growth in foreign direct investment (FDI) in the mining industry from US\$ 1.3 billion to US\$ 2.5 billion from 1997 to 2007, operationalization of major six gold companies producing more than 50 tons of gold, increase in mineral exports, development of the mining industry, increased employment opportunities in large-scale mines, increase in Government revenue from US\$ 2 million to US\$ 78 million and increased contribution by the mining industry to the GDP from 1.4 percent to 2.7 percent in 2001 (URT, 2009). The Mineral Policy of 1997 promotes establishment of profitable and secure employment in the mining industry and provides alternative livelihoods, especially for rural communities (Butler, 2004). Despite this progress, the mining industry has consistently experienced difficulties, especially with regard to lack of combination with other sectors of the economy, its poor contribution to the country's GDP, slow growth of small-scale mining, lack of value addition to minerals and deterioration of the environment (Roe, 2016).

To make sure the mineral industry has a beneficial impact on the country's economy, on 12<sup>th</sup> November 2007, the fourth Government of Tanzania under President Jakaya Kikwete formed a presidential commission known as the Bomani Commission to examine and review the mining industry in Tanzania. It reviewed both the Mineral Policy of 1997 and the Mine Act, 1998, and the final report was published in 2008. In the review period, the legal framework existing in the mining sector consisted of the Mining Policy of 1997, the Mining Act, 1998 and Mining Regulations of 1999. Some challenges in the mining industry were reviewed and addressed. Consequently, a new Mineral Policy was established in 1997 that emphasised the participation of the private and public sector in the mining industry. The Bomani Report recommended strong participation of the private enterprise in the mining industry in order to attain sustainable development by encouraging economic growth and poverty alleviation (Finnish Consulting Group, 2009).

Furthermore, the mining industry in Tanzania is characterized by small, medium and large-scale mines, but most people engage in small-scale mining operations (Finnish Consulting Group, 2009). Several studies have revealed some weaknesses in the Mining

Policy and Mining Regulations in Tanzania. The Government of Tanzania also supported several studies mainly focusing on important issues in the mining industry, for example, mineral review committees (Kipokola Report, 2004) and the Bomani Report, 2008) (Finnish Consulting Group, 2009). The mineral review committees (Kipokola Report, 2004) and the Presidential Committee on the minerals sector (Bomani Report) revised the draft of the Tanzanian mineral policy in 2008 and provided recommendations to the Government, which facilitated the establishment of the Mineral Policy of 2009.

According to the NSGRP, commonly known in Kiswahili as '*Makati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania*' (*MKUKUTA*), the mining sector is mentioned as one of the important sectors for promoting development and poverty reduction in the country (URT, 2010). The Mining Policy and legislation were given priority to ensure the success of NSGRP (Magombeyi and Odhiambo, 2019).

The Mining Policy of 2009 was then established to replace the Mining Policy of 1997 after the Government conducted an evaluation of the latter. The Mineral Policy of 2009 seeks to strengthen the mineral sector in the country and other sectors of the economy, to promote a favourable environment for foreign investments, to maximize benefits from the extractive industry, to improve the legal framework, to build the capacity of mining administrators, to stimulate small-scale mining and miners, to enhance value addition to the minerals, and to reinforce environmental management (Roe, 2016). The Government plays facilitation and regulatory roles in the mining sector by promoting a conducive environment for foreign investments in the mineral industry (URT, 2009).

Other objectives of the Mineral Policy of 2009 are:

- First, to promote a favourable economic environment to entice both local and foreign investments in the mining industry.
- Second, to improve economic inclusion with other sectors of the economy in order to contribute further to the country's economy.
- Third, to reinforce the regulatory and legal framework for the mining industry and strengthen the capacity to monitor and evaluate the mineral sector.
- Fourth, to improve institutional capability to efficiently manage the mining industry and provide good governance.

- Fifth, to create a favourable environment so that Tanzanians can participate fully in mining projects and ownership of the mines (medium and large-scale).
- Sixth, to assist and improve the growth of small-scale mining in order to upsurge its support to the country's economic development.
- Seventh, to encourage, assist and foster the involvement of Tanzanians in gemstone extraction.
- Eighth, to develop clear and appropriate land compensation, transfer and relocation plans in extractive operations.
- Ninth, to promote the participation and engagement of local societies in various CSR projects.
- Tenth, to promote and encourage women's involvement in extraction operations and enhance implementation of rules and guidelines addressing child labour in extractive operations (URT, 2009).

Furthermore, the Mineral Policy of 2009 addresses different challenges facing the mineral sector in the country, including attracting the private sector to invest in the extractive industry by mining and searching for a conducive market for the minerals. The central focus of this policy is to upsurge the contribution of the mining sector to the country's economy and reduce poverty by integrating the extractive industry with other sectors of the economy (Lobe, Nhleko and Mtegha, 2019).

The Government realized the necessity to promote the life standard of its citizens, and so the Mineral Policy of 2009 was established in accordance with the Tanzania Development Vision 2025, which meant to improve the quality of lives of people by building a strong economy. Furthermore, the Mineral Policy emphasizes on establishment of a conducive environment for private enterprise investments in the mining sector. The Government has instituted measures to provide a sound, transparent and strong macro-economic environment to promote investment in the mining industry. Among these efforts include a friendly taxation system, improvement of infrastructure and reliable financial facilities (IMF, 2011).

In addition, the mineral industry promotes development of other sectors and stimulates economic benefits for the people. Thus, the Government is pursuing feasible strategies to strengthen economic inclusion between the mineral industry and other economic sectors.

Small, medium and large scale-mines need several services and supplies to facilitate their operations. The policy further recognizes that the participation of Tanzanians in the provision of these services to the mining companies is very limited. Therefore, there is a need to empower citizens to make use of the opportunities of mining activities (United Nations Economic Commission for Africa, 2016).

Regarding small-scale mining, although the Mineral Policy of 2009 notes that Government efforts started with the Mineral Policy of 1997 to institutionalize small-scale activities and provision of other services, these measures have not helped to transform the majority of small-scale miners in the country and have failed to bring a substantial contribution to the national economy. Addressing this challenge, the policy, among others, gives an overview of how the Government needs to establish and execute projects to change and improve small-scale mining operations into more advanced mining. The issues of market linkage, geological information, environmental protection and other financial and technical support are also stressed in the policy. These activities are coordinated by the ministry responsible for mining (United Nations Economic Commission for Africa, 2016).

The policy also prohibits engaging children in mining operations as most small-scale mining operations in Tanzania engage children (people below the age of 18 years), which means they are deprived of their right to education and other social services. It also exposes them to various social problems, including diseases. To address this challenge, the Government engages different stakeholders in monitoring the situation and enforcing the rules and regulations on the exploitation of children in mineral operations (United Nations Economic Commission for Africa, 2016).

About governance in the mining sector, the policy believes that the former regulatory framework was insufficient to ensure transparency, foresee ability and security of tenure and suggested that monitoring and laws need to be reinforced. Consequently, the country has been applying a licensing system to implement the regulations stipulated in the Mining Act of 2010.

Concerning research and development, the Mineral Policy of 2009 emphasizes on the need for development and proper application of research findings and trained personnel for the

future development of the mining industry. The Government has been taking measures to initiate and strengthen training in the respective areas of the mining sector, but these efforts have been considered inadequate. Moreover, research findings concerning geological surveys from different training institutions and universities have not been sufficiently exploited. To address these issues, the Government established and emphasized partnership with the private enterprise to strengthen, assist and encourage training institutions in order to provide training and technical skills in the mineral sector (URT, 2010).

On the aspect of social and environmental issues, the policy has recognized that large scale-mining operations may result in resettlement of communities and interruption of socio- economic activities. To address this, the policy clearly states that, where resettlement is unavoidable, the Government is liable for estimating the value of the land and other property items affected by the process of relocation, and the investor shall be liable for the disbursement of compensation and relocation. There is also a need to make sure and recognize that compensation procedures are transparent, the land is properly assessed so that enough compensation is given and is paid on time. Regarding community development, extractive companies are responsible for executing reasonable CSR strategies and the policy further stresses that the Government should promote and encourage participation of local communities in prioritizing their community development programmes and well-being for the entire period of mining operations (United Nations Economic Commission for Africa, 2016).

Furthermore, the policy states the role of the Government in promoting linkages among the mining industry and other sectors of the economy, which it recognizes is presently weak. The issue of local content has also been stressed in the policy. Local content reveals that over 56 percent of the entire procurement in large-scale mines is imported (United Nations Economic Commission for Africa, 2016). Therefore, the Government is taking several measures to promote local content in the mineral sector including, preparing regulations guiding local content in the mining industry and promoting and executing harmonized programmes to upsurge economic integration of the mining industry and other sectors of the economy. Moreover, local content is aimed at promoting Tanzanians to take a lead in the mining sector by delivering goods and services to the mines. In addition, the policy proposes monitoring and evaluating the major mining companies regarding local

content and founding a national committee to promote local content in the mineral industry (United Nations Economic Commission for Africa, 2016).

The policy encourages further involvement of women in mining activities as a crucial aspect of promoting economic development in Tanzania. The Government has been carrying out advocacy campaigns and encouraging the establishment of women's associations in the mining sector. The policy also recognizes that women who are small-scale miners confront both socio-cultural and economic challenges that limit their effective participation in mining operations, making them benefit much less than men. Addressing the above challenges, the Tanzanian Government continues to assist the involvement of women in mining operations by ensuring that programmes linked to the mineral sector are gender based (United Nations Economic Commission for Africa, 2016).

On market linkages and economic diversification, the Mineral Policy of 2009 proposes that the Tanzanian Government needs to stimulate investment in the manufacturing industry and encourage mineral beneficiation and the jewellery making industry. The policy also indicates the importance of the Government to work closely with the private sector and international companies to promote investment in smelting and the refinery sector. The policy further aims to enhance development in the gem stone industry by providing citizens with the support they need to participate fully in gemstone mining. Moreover, the policy seeks to make Tanzania a leading centre for the gemstone industry in Africa (United Nations Economic Commission for Africa, 2016).

## **2.5 Mining Legislation in Tanzania**

Tanzania is a comparatively new mining country (Lange, 2008). The German colonial Government in Tanganyika did not participate much in mining activities unlike the British colonial Government (Lange, 2008). The British, after WWI, took over Tanganyika and started mining operations. The 1929 Ordinance Act was passed, and private companies conducted mining activities in collaboration with the Government (Lange, 2008). The Ordinance was effective up to 1969 when the Tanzanian Government passed the Mining Ordinance Act and gave the minister of minerals full responsibility for controlling mining operations in the country (Lange, 2008). Ten years later in 1979, the Mining Act was passed to give control of all the mineral resources to the state (URT, 2001).

The predominant policy and legislation controlling the mining industry in Tanzania are the Mining Policy (2009), the Mining Act (2010), and the amended Natural Wealth and Resources (Permanent Sovereignty) Act, 2017. The mining sector was strictly controlled and managed by the state from the late 1960s after the Arusha Declaration up to the 1980s. The World Bank analysis of the shortfalls facing the mineral industry in most of the developing world, including African countries, in the 1960s and late 1980s, is well documented and proposed some measures to address the issue. The shortfalls include poor enabling environment that is not conducive for the private sector to invest in the mining industry, lack of current geological information, weak or absence of environmental legislation and standards and lack of human resources with the ability to effectively manage the sector (Butler, 2004).

The World Bank (1992) proposed that African Governments should focus on the mining industry as one of the efforts to generate revenue and promote the economy. The World Bank suggested equal treatment for local and foreign companies investing in Africa. African Governments were also advised to use their mineral resources to create jobs and reduce the unemployment rate. The revenue and other collections from the mining industry should be invested to create employment opportunities and promote sustainable development in the country (Butler, 2004).

The World Bank prepared documents focusing on legal and fiscal framework in the mineral industry, reform and investment (World Bank, 2018). Most of the reforms in the mining industry were stipulated in the World Bank technical report published in 1992. Moreover, a World Bank report published in 1993-94 introduced the Mineral Industry Technical Support Programme for Tanzania, which was intended at introducing the legal and fiscal framework for private investment in the mineral sector (Butler, 2004). The most notable project initiated by the World Bank was its support for rewriting several important laws (Investment Act, 1997 and the Mining Act, 1998). It was during that time on July 1, 1998 when President Benjamin Mkapa instituted the new Mining Act, which replaced the Mining Act, 1979 enacted under the Government of President Julius Nyerere (Helliesen, 2012). The notable mining laws in Tanzania are the Mining Act, 1979, the Mining Act, 1998 and the Mining Act, 2010 (URT, 2010).



Ten years after the 1969 Ordinance amendment, the Mining Act of 1979 was passed, which aimed at providing citizens with the opportunity to participate fully in mineral operations through prospecting rights in mining zones. Two decades later in 1998, the Government passed the Mining Act of 1998, which became operational in August 1999, to meet the requirements of the Mining Policy of 1997 (URT, 1997). Under the Mining Act of 1998, the Commissioner for Mining was bestowed with immense power to deal with all issues regarding prospecting rights in mining zones in the country. The Act established special provisions for small-scale miners (URT, 1998). The reasons for the provisions were to control illegal mining activities and trading, to address the impact on the environment, to offer technical support to small-scale miners and to enhance feasible small-scale mining operations and support them to become more formal and organized (Tesha, 2000).

A criticism of the Mining Act, 1979 was that it did not provide a guarantee to private investors (Lobe, Nhleko and Mtegha, 2019). Security of land tenure of exploitation rights was not effectively safeguarded by the legal framework. There was also too much power vested in the minister responsible for mines, creating insecurity and potential managerial delays (Butler, 2004). The Act gave prospective mining licences to private mining companies that were clearly committed to providing employment opportunities to Tanzanians and to using products produced in the country (Butler, 2004). The Government had the right to obtain benefits from private mining companies as well as awarding prospecting licensees. The Mining Act, 1979 had no dispute settlement mechanism separate from the minister responsible for mines. There was a lack of geological information given to the companies by the ministry responsible for mining. Furthermore, the Mining Act had no clear environmental legislation and standards (Butler, 2004). In 1996, the Government decided to amend the Mining Act, 1979 after failing to attract both local and foreign investors in the mines (Lobe, Nhleko and Mtegha, 2019). These necessitated economic reforms carried out by the Government between the 1980s and 1990s to amend the legislation (Tanzania Minerals Audit Agency, 2016; Muganda, 2004; Ngowi, 2009). The purpose of all these reforms aimed to entice investors and bring capital, new technology and expertise into the mining sector (Lobe, Nhleko and Mtegha, 2019).

The Mining Act, 1998 and the Investment Act, 1997 were established based on the World Bank five-year economic reform programme (1993/94–1998/99), when the country was attempting to be eligible for the highly indebted poor countries (HIPC) initiative World Bank debt relief programme. HIPC requirements involved macroeconomic reforms aimed at introducing a free market economy and improving exports, which necessitated the URT Government to undergo economic reforms in the mining industry. The World Bank's analysis of the shortfalls facing the mining sector in Tanzania was responded to by the Mineral Policy, which identified the need for a sound economic policy that would ensure a conducive environment for private sector investment in mining. The Mining Act, 1998 responded to the question of supporting the environment for private sector investment (Butler, 2004).

The Mining Act 1998 governed mineral extraction, exploitation and marketing, replacing the Mining Act 1979 which failed to entice foreign investment in the mineral industry (Muganyizi, 2012). The Mining Act 1998 recognized the significant contribution of small-scale and large-scale miners and provided exclusive rights to small-scale miners, including claim holder, broker and dealer rights (Muganyizi, 2012).

After the 1998 Mining Act was passed, artisanal and small-scale miners could obtain a PPL for twelve months that was renewable. The PPL licensees were only Tanzanian small-scale miners, and the license could be changed to an ML or SML, but on the condition that they agreed to form a joint venture with another company that was capable of meeting the annual expense requirements stipulated by the law (Butler, 2004). The PML was mainly given to small-scale miners and could be applied for at any zonal mining office in the country. The decentralization of the mining zonal offices helped to fast track applications by small-scale miners, and the process cost-effective. (United Nations Environment Programme, 2011).

The Mining Act, 1998 granted many authorities to the minister in charge of mining to participate fully in Mining Development Agreements (MDAs) with mining investors and to sign legal contracts on behalf of the Government of Tanzania without involving the cabinet, parliament, Ministry of Finance, Tanzania Revenue Authority (TRA), Bank of Tanzania (BoT) and local Government authorities where mining operations were conducted. This raised many questions about mining contracts among citizens,

intellectuals and civil society groups, who claimed that the abundant mineral resources had failed to benefit the country and transform people's lives (ESRF, 2013).

The Mining Act of 1998 deals with compensation and the modality of payment to the communities impacted by mining operations. Nevertheless, compensation issues are well discussed in the National Land Policy (1995), sections 4.2.19 and 4.2.20 of which openly stipulate that compensation for land obtained for public benefit, such as mining, will be assessed in terms of its value and the owner will lose ownership. The important issues to be considered regarding compensation as per the Land Policy are the current market value of the land being compulsorily obtained, the provision for the landowner who will be losing economically by vacating that land, and the buildings that will be demolished after seizing the land. The Land Act (1999) and Village Land Act (1999) are the main Acts accountable for all land issues in Tanzania, including compensation. The law does not stipulate anything regarding execution of CSR in the mineral industry nor the role of mining companies in the community where the mining activities are conducted.

The Mining Act, 1998 has served for 10 years, but there have been some shortcomings. Therefore, it requires some changes. Hence, the Government made changes in some sections relating to royalties for precious stones processed in the country. For instance, zero percent was charged in lieu of 5 percent for unprocessed stones, and 5 percent for processed stones. In addition, it stipulated a fine on any person who failed to pay the licensing fee or royalty on time and gave the Minister responsible for Mining the right to formulate a Gemstones Board. All these changes were intended to strengthen the mineral industry. Nevertheless, the Mining Act, 1998 faced some challenges and dissatisfaction of the public, civil society, politicians and even investors, with the result that the entire Mining Act, 1998 was abrogated and changed by the current Mining Act, 2010.

The new Mining Act, 2010 established a legal framework focusing on mineral exploration, development and marketing. It also supports the strengthening of economic integration among different economic sectors in order to promote the contribution of the mining industry to the GDP and increase employment opportunities. It was the first time in the history of the country that a mining act clearly stated the aspects of CSR and involvement of local communities in different community projects supported by mining companies. Moreover, the legislation requires MNCs investing in the mining sector to engage local

communities and respective local Government authorities in identifying priorities for community-based development programmes. The mining companies need to consider the distribution of employment opportunities to local communities living close to the mines.

The Mining Act of 2010 proposed two Government bodies to manage and supervise the mining industry in Tanzania, specifically the Commissioner for Minerals and the Mining Advisory Board. The Commissioner for Minerals is accountable for daily mining administration in the country while the Mining Advisory Board seeks to advise the minister responsible for minerals on various issues relating to them. The President of Tanzania is obliged to appoint the chairperson of the Board; other members are chosen by the minister responsible for minerals. Additionally, the law laid down the Geological Survey of Tanzania as the entity responsible for providing advice to the Minister on geological issues in the country (United Nations Economic Commission for Africa, 2016).

Moreover, the Mining Act of 2010 provides for establishment of several other regulations under it to regulate mining activities, which include, The Mining (Environmental Protection for Small Scale Mining) Regulation, 2010; The Mining (Minerals Beneficiation) Regulation, 2010; The Mining (Mineral Trading) Regulations, 2010; The Mining (Radioactive Mineral) Regulations 2010; and The Mining (Safety, Occupational Health and Environment Protection) Regulations, 2010. The law also established mineral rights which comprise prospecting licence, retention licence, gem stone prospecting licence, special mining licence, processing licence, primary mining licence, refining licence and smelting licence (United Nations Economic Commission for Africa, 2016).

The Mining Act, 2010; among other things; created the Tanzania Mining Commission to regulate the mining sector in the country, emphasizing to the Government to control the mining industry and increased royalties. Mining rights owners are obliged to contribute to the development of the Tanzanian economy by supporting local content and CSR, and the investor is obliged to make an honest pledge to the community. The legislative change advocates an additional 1 percent clearing fee on all minerals exported from July 2017, and the profits attained from mining activities must be retained in financial institutions in Tanzania. Further changes were that the Government could renegotiate the current MDAs on the grounds of them being unconscionable. All disputes related to mining activities must be arbitrated in the country by the rules of Tanzania and, lastly, no mineral resources

shall be shipped or transferred for mineral extraction or mineral dressing outside Tanzania (URT, 2017).

Since November 2015, when the fifth Government came to power under President John Magufuli, the governance of natural resources has been its focus. Later, in October 2016, the Government issued the Mining and Minimum Shareholding and Public Offering Regulations 2016, which demand SML bearers to issue a minimum of 30 percent shares to the general public and register in the Dar es Salaam Stock Exchange market within a year after obtaining a new mining licence (URT, 2016).

In 2017, the Government also formed two presidential probe committees commissioned to investigate the mineral resources in the country. The reports changed several issues in the mineral sector, including exporting mineral concentrates. The Government banned exporting mineral concentrates to make sure that citizens and the Tanzania Government benefit from its mineral resources. The Government insists that minerals should be processed in the country. Following these two reports, the Government amended the Mining Act, 2010 and passed the Written Laws (Miscellaneous Amendments) Act 2017, establishing the Mining Commission, which is responsible for regulating the mining industry; advising the Government on issues regarding governance of the mineral industry; regulating, monitoring and evaluating mining operations in the country; reducing mineral smuggling and tax evasion by extractive companies; and increasing Government earnings from the mineral industry. The Parliament passed a new legislation which promotes Government dominance over natural resources such as minerals, oil and gas (URT, 2017) to fully benefit from them.

The new laws passed by the Government to control natural resources in Tanzania include the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, 2017. These laws concentrate on mining and other changes in the extractive sector in the country, provide for creation of the Mining Commission which is responsible for examining present mining contracts, and control and supervise the mining sector and mining activities in the country. A few months later in January 2018 the Ministry responsible for land issued new guidelines as amended in the Mining Act, 2010, namely

the Mining (Local Content) Regulations, 2018 and the Mining (Mineral Rights) Regulations, 2018 (URT, 2018).

The mineral sector comprises many more laws to complement the mining law and other regulations relating to the sector, which comprise the Constitution of the United Republic of Tanzania, 1977 and the Income Tax Act, Cap 33 of 2004 (which provides special treatment on the issue of taxation for the mineral sector in Tanzania). These taxes comprise Corporate Income Tax, Withholding tax, royalties and transfer pricing. Mining investors in Tanzania enjoy several legal tax exemptions and other benefits. For example, section 15 (3) allows mining companies to redeem provisional funds dedicated to environmental protection. The Income Tax Act goes concurrently with the Finance Act of 2016, which presented new tax measures for mining activities in Tanzania. Section 65K (2) of the Act presents corporate income tax for mining operations. Sections 65F (1) (a)-(c) of the Act provide for a limit on deductions of losses from separate mineral operations. The Value Added Tax Act of 2014 provides for VAT on goods and services in the mining industry. Most of these services in the mining sector are free from VAT. For example, the Government excuses mining companies from excise duty for fuel and free custom duty. All these benefits aim at promoting investment in the mining industry in Tanzania.

The Environmental Management Act (Act No. 20 of 2004) controls mining operations to the extent that they do not harm the environment, and this goes together with the Environmental Impact Assessment and Audit Regulations, 2005. These guidelines provide for how an Environmental Impact Assessment (EIA) and inspection are carried out. The Tanzania Investment Act, 1997 performs a regulatory role in issues concerning investment in the country.

The Ministry of Minerals (formerly known as the Ministry of Energy and Minerals) is accountable for regulating all issues relating to mineral operations in Tanzania and has taken various measures to make sure that natural resources benefit the citizens of Tanzania. The Mining Act of 2010 and the Written Laws (Miscellaneous Amendments) Act of 2017, control mining activities in the country, including issuing mineral rights and licences. The laws allow both citizens and foreigners to fully participate in mining operations in various ways. In addition, sections IV and V of the Mining Act, 2010 explain the modalities of offering or changing mineral licences.

The new Written Laws (Miscellaneous Amendments) Act 2017 specify that all mining development contracts signed before the new law shall remain operative depending on the Contract Review Act. Section 10 of the Amendments Act further revokes Section 11 of the Mining Act (permitting development contacts to cover the period of a special mining licence) and Section 12 of the Mining Act (provides an assessment of such development contracts every five years) (Rumisha, 2019). The new Written Laws (Miscellaneous Amendments) Act 2017 has reviewed the Permanent Sovereignty Act, and important amendments to the Mining Act have been taken into consideration. These amendments were applied through endorsement of the Amendments Act. They also aimed at ensuring that the Government fully participates in the mining sector and benefits from its natural resources. Some of the changes are described below.

## **2.6 Government Participation in the Mining Industry**

The changes stipulate that, of any mineral operations extracted under an ML or SML, the Government of Tanzania shall possess at least sixteen percent non-dilutable shares of the capital invested by a mineral company. In this connection, the Government is eligible to obtain up to 50 percent of the total shares of the respective mining company. The Permanent Sovereignty Act demands a mining company to provide the Tanzania Government an equitable stake in its business. The challenge is that the Permanent Sovereignty Act makes no attempt to define the equitable stake (Rumisha, 2019).

### **2.6.1 Establishment of the Mining Commission**

The Miscellaneous Amendments Act proposes the formation of the Mining Commission responsible for administration of all matters concerning mining operations in Tanzania, while the Ministry of Energy shall concentrate on policy formation and implementation. The Mining Commission's role is to supervise and regulate mining activities in the country, advise the Government on all issues concerning revenue from mineral operations, resolve disputes emerging from mining operations, and enforce health, safety and environmental laws in the mining industry (URT, 2017).

The Mining Commission is also responsible for managing mineral warehouses in Tanzania, which will be the fundamental custodian of all types of minerals including gemstones produced in the country. Minerals produced in Tanzania may not be kept for

more than five days at a mining site and therefore shall be removed under the control of a Government official and reserved at Government mineral warehouses. In this connection, mineral rights holders are obliged to present to the newly-formed Geological Survey of Tanzania precise geological maps, information and plans and other relevant information at no cost. However, the Geological Survey of Tanzania can authorize the rights holder to make use of the information for marketing purposes. The Government of Tanzania has exclusive right to keep possession of all mineral concentrates generated in Tanzania and the established Mining Commission is responsible for controlling the storage and valuation of all raw minerals (Rumisha, 2019). Some important changes to the Mining Act, 2010 as stipulated in the new Written Laws (Miscellaneous Amendments) Act, 2017 include the following.

### **2.6.2 Establishment of Geological Survey of Tanzania**

Section 21A of the Written Laws (Miscellaneous Amendments) Act, 2017 established the Geological Survey of Tanzania (GST) to oversee all prospecting and mining activities, to inform the Minister responsible for minerals on geological matters, to conduct geological mapping in the country, to engage with stakeholders in the dissemination of information regarding geology and mineral resources in the country and to share this information with the public. The GST is also accountable for offering geo-scientific information to the Government, providing both small and large-scale miners with geo-scientific information, providing a geo-scientific laboratory and services, enhancing investment in the mining sector by providing necessary geo-data and maps and performing all other duties assigned by the Government.

### **2.6.3 The Minister of Minerals**

The Ministry of Minerals is currently separate from that of energy unlike previously and stands on its own (Schoneveld, *et al.*, 2018). Before the recent changes to the Mining Act, 2010 and the formation of the Ministry of Minerals, mining activities in the country were supervised by the Mineral Department under the former Ministry of Energy and Minerals through a decentralized structure supported by regional offices. The offices responsible for supervision, implementing and enforcing mining activities comprised 10 Zonal Mines Offices (ZMOs) and other 16 Resident Mines Offices (RMOs) (Schoneveld, *et al.*, 2018). The 2017 amendments to the Mining Act eliminated the ZMOs and transferred all their duties to the Mining Commission. In carrying out their responsibilities, the ZMOs



currently report to and are accountable to the Mining Commission, but none of the amendments changed the RMOs' roles and responsibilities (Schoneveld, *et al.*, 2018). The Mining Commission has now replaced Mineral Audit Agency, and all its activities will be executed by the Mining Commission.

Section 11 of the Amendments Act substitutes Part III (Administration) of the Mining Act 2010 ("Mining Act") and establishes important amendments to the institutional framework applied for administering the Act. A number of these important changes aim at minimizing the duties of the minister in charge of mining. In the past, the minister was in charge of approving SMLs but now the cabinet and the minister are accountable for awarding retention licences and MLs but not SMLs. The minister is no longer permitted to sign development agreements. The commissioner of minerals is accountable for providing advice to the minister on all issues relating to mining. Section 6 (1) of the Sovereignty Act provides a new requirement of the need for endorsement by the National Assembly on matters relating to mining or petroleum agreements. In this connection, section 18 of the Amendments Act provides a new demand that the Mining Commission should submit all requests for SMLs to the cabinet for endorsement provided that all the important requirements are met (Rumisha, 2019).

#### **2.6.4 Establishment of Mines Resident Officers**

The Mines Resident Officers located at each mining site oversee daily operations, including monitoring and reporting on all mining operations at mining sites. The Mines Resident Officers are entrusted with the responsibility of keeping records, data and production reports preserved by a mineral right holder and are responsible for supervising the mineral storage facility at the production site and transporting minerals to the respective Government Minerals Warehouse (Section 27 of the Mining Act).

In the past, all these activities were done by the Mines Resident Officials. Their roles were not stated in the Act, and now the difference between the former Miners Resident Officers and the new ones is that they have been allocated to specific geographical areas as opposed to being located to respective mining sites (Rumisha, 2019). By locating these officers at the mining sites means that the Government can receive information on production trends that seek help to prevent mineral smuggling, so that the mineral resources benefit citizens.

### **2.6.5 Establishment of the National Mineral Resources Databank**

The Amendments Act guides the Geographical Survey of Tanzania (GST) to create the National Mineral Resources Databank. The Act clearly stipulates that all mineral information produced under the Mining Act belongs to the Government and demands mineral rights holders to provide GST with copies of this information without charge. It also establishes that the Geographical Survey of Tanzania (GST) can permit mineral rights holders to use the geological information as agreed with (URT, 2017). The availability of geological information is very important for the development of the mining industry as it can be used by researchers and other mining experts for developing the best practices in the mining sector. It is also important for local and foreign investors to know about the quantity and availability of minerals. It promotes investment in the mining industry.

### **2.6.6 Establishment of Mineral and Gem Houses**

The Mining Act amendment established mineral and gem houses in Tanzania with the following provisions:

- Buying and selling minerals in Tanzania shall be conducted at mineral and gem houses as provided for by the Mining Act. Small-scale miners and PML holders are required to sell their minerals to the designated buying and selling stations established in different parts of the country.
- SML and ML holders can sell their minerals at any market of their choice. The law does not restrict them to selling their minerals in the designated mineral and gem houses established in every region of the country.
- The establishment of mineral and gem houses is under the jurisdiction of the Mining Commission.
- To participate in a buying station, a broker needs to secure a licence issued by the Mining Commission.

## **2.7 Conclusion**

The chapter has provided an overview of the policy and legislation governing the mining industry in Tanzania from 1961 to the present (2020). The chapter clearly stipulates the types of mineral licences in Tanzania. The mining policies discussed in this chapter comprise the Mining Policy of 1997 and the Mining Policy of 2009. The Mining Acts discussed in this chapter are the Mining Act, 1979; the Mining Act, 1998 and the Mining

Act, 2010, together with the new Written Laws (Miscellaneous Amendments) Act, 2017. The chapter further discussed Government participation in the mining industry, establishment of the Mining Commission, the Geological Survey of Tanzania, the Minister of Minerals, Mines Resident Officers, the National Mineral Resources Databank and establishment of Mineral and Gem Houses. The next chapter reviews literature on CSR, community participation and developments in the mining sector in North-western Tanzania.

## CHAPTER THREE

### 3.0 LITERATURE REVIEW

#### 3.1 Chapter Overview

This chapter contains a literature review in which the concepts of CSR, community participation and development of the mining sector in north western Tanzania were explored. The section primarily deals with other authors' empirical studies and identifies the gaps that the research was set to fill in. The section starts by explaining the historical evolution of the mineral industry in Tanzania, the history of CSR, and the dimensions and key components of CSR. The chapter further discusses the role of Government in CSR, CSR benefits for a company, CSR benefits for a society, and CSR practice in Latin America, Asia, Sub-Saharan Africa, Tanzania and Geita. The chapter ends by discussing the challenges facing CSR in Tanzania, community participation and development.

#### 3.2 Overview of the Mining Sector in Tanzania

Since independence in 1961, Tanzania's natural resources have been controlled by the state, and the concept of local content experienced a dramatic change (Lange and Kinyondo, 2016). In the period of *Ujamaa* (African socialism), the main agenda was expanding the agricultural sector while the mining industry was largely controlled by the state, but its contribution to GDP dropped from 10% to 2% (Lange and Kinyondo, 2016). The mining sector in Tanzania developed in three major periods—before independence, after independence and the period of economic liberalization (Cooksey and Kelsall, 2011). All these epochs were well-defined by political changes and production drifts (Nyankweli, 2012). During the period before independence, the colonialists owned all the mining activities. After the Berlin conference of 1884-5, Tanzania, then Tanganyika, was under German rule until the end of WWI in 1918, after which Tanganyika was administered by the British under the command of the League of Nations.

During these periods, the mining sector in Tanganyika was controlled first by the Germans and later by the British until independence in 1961. The pre-independence era mining industry's production was stable regarding its volume and contribution to GDP. Immediately after independence, production stagnated, particularly following the Arusha Declaration in 1967 when the Tanzania Government nationalized all mining operations, and so the impact of the mineral industry to GDP became negligible (Lange, 2006).

After the Arusha Declaration, the state mining corporation (STAMICO) dominated and controlled all mining activities in the country. In 1972, the Government decided to establish STAMICO. Lack of capital and expertise and poor management resulted to shut down of most of the mines in the 1970s, resulting in meagre contribution to GDP, and the Government changed the mining policy in the late 1980s and allowed the private sector to invest in mineral exploitation that resulted in a mineral boom and increased exports. The changes in the mining policy in the 1990s attracted foreign investment and exploration companies in the mineral industry (Cooksey and Kelsall, 2011).

In the mid-1980s, the country implemented Structural Adjustment Programmes (SAPs) that necessitated liberalization and privatization policies. This occurred in several states in the developing world which the World Bank used as an instrument for opening up foreign investment in the mineral sector in the country. It has also been proclaimed that the reason why many African states instituted policy changes in the mining sector in the late 1990s was because they were heavily indebted (Hilson, 2012). Despite changes in the policy and legislation, the mineral resources have contributed less than five percent to the Tanzania national GDP.

### **3.2.1 The pre-independence period**

The pre-independence period refers to the time when both large- and small- scale activities of foreign-owned corporations were all under the colonial rule, first under German rule from 1885-1919 and then from 1919-1961 under British rule. Mining activities in those periods were extensive and all kinds of precious metals to industrial minerals were extracted. The mining zones during the pre-independence era in Tanganyika included Sekenke (Iramba), Mpanda (Katavi) and Geita where gold was mined and Mwadui (Shinyanga) for diamonds. During that period, the mineral production constantly grew until WWII (Mkinga, 2006; Cooksey, 2011), soon after which it kept growing, and mining exports surpassed pre-war production levels. From 1950 and 1959, the country produced a total of 3005 carats of diamonds, 0.7 million ounces of precious metals (gold) (equivalent to 22.4 metric tonnes) and 3 million ounces of silver were produced (Kulindwa *et al.*, 2003).

Throughout the period from 1950-1959, the production of gold in the country increased by 30 percent, and diamonds recorded the greatest increase in production at 1,359 percent.

The dramatic increase in gold production took place in several mining zones in the country, especially GGM, and the development of Mwadui Diamonds Mine contributed to an increase in diamond production (Chachage, 1995, Lange, 2006; Cooksey, 2011). The amount produced drastically declined just before independence, as a result of increasing political and economic qualms, which disheartened big foreign investors and reduced the price of gold (US\$35 per ounce) (Sanga, 2007; Lange, 2006; Cooksey, 2011).

Between 1930 and 1944, one of the premier exports were gold, amounting to 24 metric tonnes in 1940, but production fell to less than half in 1941 to 4.4 during WWII and peaked at 3.32 metric tonnes in 1960. After independence in 1961, production fell dramatically to zero by 1970, mainly due to low price of gold in the United States. However, it went up again from 1970 to 1980, and reached a price, in the open market, of US\$27.4 per gram in 1987 (Journdan, 1990). In 1988, the Tanzania mining industry contributed about 0.5 percent to GDP and in 1987 the total number of persons employed in the mining industry was eight and half thousand (8,500) representing 1.1 per cent of the total formal workforce (Journdan, 1990).

### **3.2.2 The Post-independence period**

The governance of Tanzania's mineral resources has experienced significant changes in regulations and policies since independence in 1961 (Pedersen and Jacob, 2017). The contemporary developments of mining regulations and policies in Tanzania weighs heavily on several developments that took place in the past (Pedersen and Jacob, 2017). The main characteristics of colonial rule over land and natural resources did not change after independence in 1961 (Pedersen *et al.*, 2016). The most noticeable change in mining operations came immediately after independence when the country passed the Land Acquisition Act of 1967, which is still applicable today and provides the legal foundation for the statutory acquisition of land for public use, comprising the extractive industry (URT, 1967). The Government's direct participation in the extractive industry started in 1958 when Tanganyika at that time was under the British rule aimed at controlling natural resources (Knight and Stevenson, 1986).

Tanzania changed its economic policy in 1967 by nationalizing all big companies significantly involved in the mining industry (Cooksey and Kelsall, 2011). During that time, private mining companies were forbidden, and only STAMICO was legally allowed

to conduct mining operations in Tanzania. From 1967 to 1989, annual exports dropped from US\$ 35.2 million to US\$ 16.9 million, a decrease of 52%. Contrary to that, exports of other commodities grew from US\$ 208.8 million to US\$ 363.3 million, a growth of about 74% (Cooksey and Kelsall, 2011). The establishment of the National Development Corporation (NDC) in 1962, formerly called the Tanganyika Development Corporation (TDC), was aimed at dealing with the financial crisis that affected most development projects established during the colonial period under the Colonial Development Corporation (CDC) in 1950. Four years after independence in 1965, the Government re-established the NDC to facilitate socio-economic development in Tanzania.

Moreover, the Government formed the Tanzania Petroleum Development Corporation (TPDC) in 1969 aimed at developing the domestic petroleum sector and safeguarding the Government's share in operations (Jourdan, 1989). In the late 1970s, the country faced a serious economic crisis, caused by the war between Tanzania and Uganda, which brought consequences on Tanzania's economy and forced the Government to truncate some of its development projects that accelerated the strengthening of the private sector and economic rights (Pedersen and Jacob, 2017). The lack of capital had a serious impact on most Tanzanian parastatals, which depended heavily on the Government for their operations. Consequently, the Tanzania Government enacted the Mining Act of 1979 and in 1980 the Petroleum Act, which led to legislative amendments in the mining industry for the first time in the history of Tanzania (Pedersen and Jacob, 2017).

Through the Mining Act, 1979 Government control of mining industry remained the same, but being involved in exploration activities was no longer compulsory (Chachage, 1995). Nevertheless, the Petroleum Act, 1980, among others, provided greater security and a favourable environment for investors in the exploration and production process. Later in 1989, the Production Sharing Agreement was introduced to steer negotiation and dispute settlement (TPDC, 1989).

Liberalization in Tanzania was aimed at stimulating various direct foreign investments in the late 1980s and early 1990s and reducing state control over mineral resources (Campbell, 2009). The Tanzanian Government carried out substantial economic policy reforms, which comprised the National Economic Survival Programme in 1981, the Structural Adjustment Programme in 1983, and the donor-sponsored Economic Recovery

Programme in 1986, which was modified in 1989 to create the Economic and Social Action Programme. The main objective of these reforms was to provide a conducive environment for private enterprises to stimulate socio-economic development in Tanzania. This led to many of the current economic policies being revised to enable the private sector to contribute to economic growth, particularly through investing in production. These economic policies focused on improving the Tanzanian economy by establishing advanced control systems to attract investment and bring technology transfer, which is needed in different sectors of economy particularly the mineral industry. The Tanzanian Government changed all these policies to begin capturing revenue from the mining sector by allowing licensed private corporations to purchase, cut and export all kinds of jewels being produced by small-scale miners all over the country. Nevertheless, the country would not come to realize the significance of the mining industry until the next decade. In 1990, there was growing consciousness of the economic potential of the mineral resources and so the Tanzanian Government initiated liberalizing and privatizing the mining industry.

Privatization assumed greater importance in the late 1990s after President Benjamin Mkapa came to power in 1995. The Tanzania Government enacted the Mining Act, 1998 to replace the 1979 Mining Act (URT, 1998) to create a conducive atmosphere for investors by promoting and safeguarding foreign investments, doing away with the Government's right to obtain shares in mining activities and providing assurance against confiscation (Pedersen and Jacob, 2017). The Mining Act of 1998, clearly stipulated the responsibility of the Ministry of Energy and Minerals (MEM) to conduct geological studies and make the information available to both nationals and foreigners and exempt MNCs from paying tax in order to promote investment in the industry (Butler, 2004).

Due to the policy of liberalization and privatization in the late 1990s, Tanzania experienced a mineral boom in different parts of the country that is still occurring today. As highlighted in Curtis and Lissu (2008), Tanzania has six major gold mines, most of which are operated by foreign companies such as Barrick Gold Corporation from Canada, and AngloGold Ashanti from South Africa. These six large-scale gold mines are the ones contributing much to the country's gold production and revenue. As a result of the six mining companies, the country's gold production increased dramatically. For example,



from 1998 to 2005, the country's gold production increased from 2 to 50 tons per year (Curtis and Lissu, 2008), placing the country among the top four gold producers in Africa.

Regarding small-scale mining, both the Mining Acts of 1980 and 1998 brought significant changes to the industry. The Mining act of 1980 and Tanzania Small-Scale Mining Policy Paper of 1983 promoted artisanal mining to supplement their earnings with mineral operations (Jønsson and Fold, 2009). This action was followed in the late 1980s by liberalizing the mineral business which was previously controlled by Government agencies since 1967 and resulted in the upsurge of the country's gold production (Gibbon, 1995b; Bryceson *et al.*, 2012; Nyankweli, 2012). Small scale miners were clearly stated in the Mining Act of 1998, and emphasis was on their homogenization and upgrading (Pedersen and Jacob, 2017). In practice, the process of formalization of small-scale miners becomes difficult as most of them lack legal documents compared to large scale-miners. There is increasing emphasis on securing legal documents among small-scale miners so that they can have full control over the mineral resources (URT, 1999b, 1999a; Tenga and Mramba, 2014).

One of the major achievements of the current reforms was the establishment of CSR and local content necessity intended at improving community benefits obtained from mining activities (Lange and Kinyondo, 2016; Calignano and Vaalund, 2016; Kinyondo and Villanger, 2017). The Mining Act, 2010 indicates that a special mining licence must obtain services and goods accessible in Tanzania (URT, 2010). But; since the enactment of the Mining Act, 2010; the mineral companies have been importing services and goods from outside Tanzania even those which are available in the country such as rice, meat, fish, cooking oil and vegetables. Due to that weakness in legislation, the Government decided to ratify the Local Content Regulation GN 3 of 2018 (URT, 2018). The local content regulation requires mining companies to give priority to the goods and services produced in the country to promote the local economy. Furthermore, the regulation aims at developing local employment and local market. The mining companies are required to employ local experts in order to promote capacity building to the nationals. In addition to that, the regulation requires local ownership of mineral resources, economic diversification, local linkages, and increase of local revenues from the extractive industry and promotion of community projects.

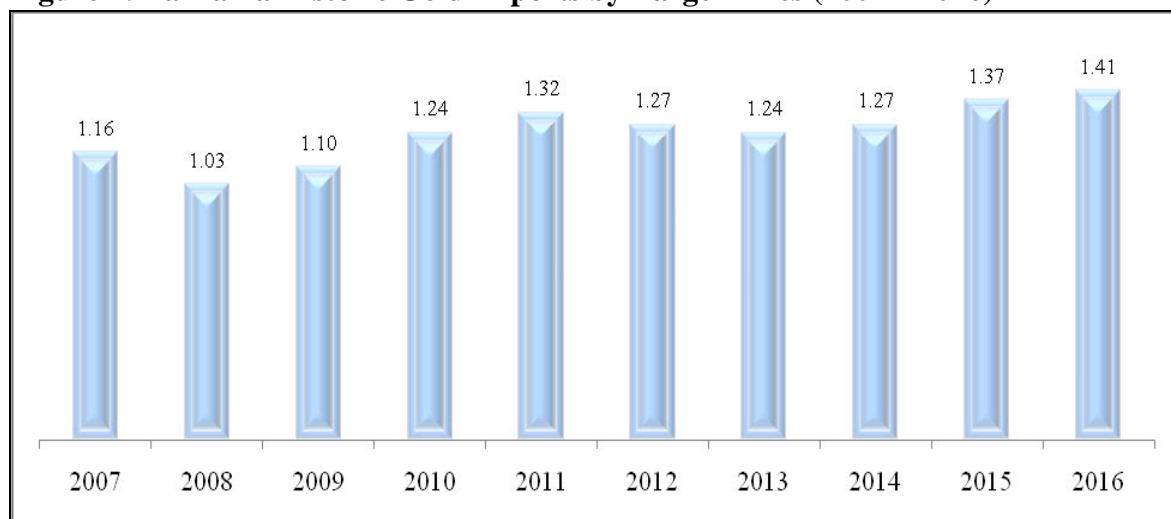
### **3.2.3 The period of liberalized economy**

The country made a revolutionary change to its economic policy in the late 1980s and permitted private enterprises to take part in mineral operations. Due to these changes, private corporations and individual miners might function legally. The mines that were taken by the Government during nationalization in 1967 started to be owned by private companies and individual miners (Kulindwa *et al.*, 2003; Lange, 2006). More citizens were then engaged in small-scale mining leading to aggregated mineral exports, mostly gold. During the years between 1990 and 1998, the country's mining activities and exports were predominantly from precious minerals coming from artisanal and small-scale miners. Artisanal and small-scale mining is a type of mining mainly for subsistence living.

The mine workers in the artisanal and small-scale mining are not formally working with the mining companies, but they normally work for self-sufficient to earn their living; they mine using their limited resources and very crude technology. The artisanal mining includes individuals who employ other people informally to mine on their behalf using poor tools such as hand tools, and sometimes they conduct mining activities seasonally. For example, during the rainy season they mainly do agriculture, and during the dry period they mainly do mining. However, sometimes they travel to mining sites and engage in mining activities (Nyankweli, 2012). The process of running for the gold by these small-scale miners is called 'gold rush'.

Mineral exports in 1991 and 1992 constituted 13% of the country's export earnings with a total of US\$ 44 million and US\$ 53.2 million cumulatively. However, mineral exports increased following economic liberalization, but generally the volume of mineral exports in the country remained insignificant in comparison with other African mineral exporting countries. Substantial increase in mineral exports was noticed during the period of the late 1990s because most of the mining companies started their operations (Mkinga, 2006). The following figures show gold exports in Tanzania from large-scale mines for the period of ten years from 2007-2016.

**Figure 2: Tanzania Historic Gold Exports by Large Mines (2007 – 2016)**

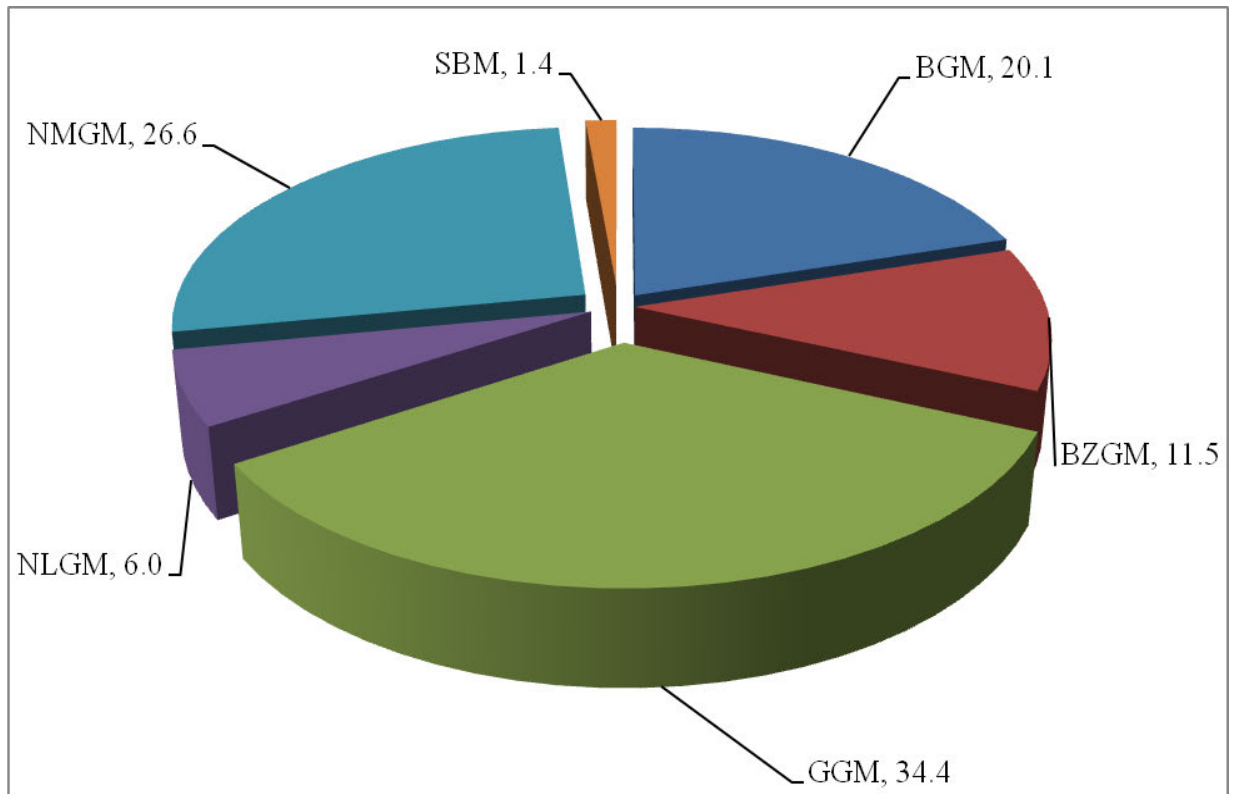


Source: TMAA, 2016

Large-scale mineral corporations in Tanzania produced over and above 50% of the total mineral exports in the country. There are four major gold mining companies, Geita Gold Mine Limited (GGML), Bulyanhulu Gold Mine Limited (BGML), North Mara Gold Mine (NMGM) and Golden Pride (T) Limited. There is also one Diamond Company in Mwadui (Shinyanga) and a Tanzanite Company known as Tanzania One Mining Company. Due to the major foreign investment in the mining industry in Tanzania, the mineral production and mineral exports progressively increased regarding value, volume and contribution to the national economy.

In Tanzania, the gold mining industry has been increasing tremendously compared with other foreign direct investments (FDI) support sector (URT, 2005). Consequently, Tanzania is one of the major gold producers in Africa after South Africa and Ghana. Currently, gold production in the country increased by 4.4 per cent from 1.36 million troy ounces in the year 2015 up to 1.42 million troy ounces in the year 2016. The growth of the production was mainly contributed by large mining companies, namely GGM, NMGM, BGM and NLGM. Generally, GGM is the biggest mineral firm in Tanzania; it was leading in gold production in 2016 and in other subsequent years and contributed about 34.4% of the total country's production (TMAA, 2016). In connection to that, the mineral royalty paid to the Government by all these major mines in 2016 increased by 8.8% to US\$ 71.95 million in comparison with US\$ 66.13 million obtained in 2015 (TMAA, 2016).

**Figure 3: Tanzania Gold Production by Percentage Contribution by large Mines, 2016**



Source: TMAA, 2016.

Tanzania has been changing its mining sector regarding policy and laws since independence in 1961 to date. Production kept on changing from one period to another starting from the pre-colonial period, during the colonial period, in the post-independence period, during the economic liberalization era up to date. Gold production marked the highest record of 1.43 million troy ounces in 2016 (TMAA, 2016). These changes in the achievement of the mining industry are the inspiration for the study on which thesis is based, which sought to assess the CSR, community participation and development in the mining sector of North-western Tanzania. In the late 2010, particularly in 2017, the Government enacted new laws to make sure there is total supervision over the natural resources such as minerals, oil and gas. The laws included the Natural Wealth and Resources Contracts Act, 2017, the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and the Written Laws (Miscellaneous Amendment) Act, 2017 which amended the 2010 Mining Act.

### **3.3 The Corporate Social Responsibility (CSR)**

#### **3.3.1 The historical background of corporate social responsibility**

The concept of CSR has been debated over time by both academics and development practitioners. Currently, there is no agreed definition of CSR in academic circles, which suits all social, economic and political aspects, but the perception differs depending on philosophical opinions behind it. Therefore, there are different opinions regarding the meaning of CSR among scholars and CSR practitioners, as it depends on how the company deals with its shareholders (Mohamad, 2009). Over the past years, the concept of CSR has grown in importance and significance (Carrol and Shabana, 2010). Today, it is hard not to find a magazine, publication or journal without confronting some discussion on CSR. Specific blogs, books, websites, encyclopedia, journals, magazine and development reports have been debating about CSR on a regular basis (Carrol and Shabana, 2010).

The conception of CSR developed mostly in the western countries, especially in the United States of America (Jhawar and Gupta, 2017). Since then communally responsible business enterprises have a long history in the western countries (Madrakhimova, 2013). Moreover, the literature reveals that the concept of CSR was pioneered in the United States of America. The UN Report in 2002 on Development Strategies and Social Responsibility of the private enterprise states that “with the existence of big companies the element of corporate social responsibility turns out to be important in any successful business and public relations approach”. The conception of CSR is embedded in the relationship between businesses, state and the community (Madrakhimova, 2013). In this regard, the study on which this thesis is based assessed CSR in relation to corporate business, the Government and the community.

The development of CSR went through various stages. The first to consider is the work of Bowen’s (1953) *Socially Responsible Businessman*. It contemplated the meaning of CSR and laid down fundamental approaches to the concept. Several studies on CSR by Davis (1960), McGuire (1963) and Network (1975) sought to explain the idea and the content of social responsibility. Further analysis was developed by Patrick Murphy, who contended that in the 1960s and mid-1970s there was great awareness of CSR (Murphy, 1978). According to Frederick, the 1960s and 1970s were called the period of corporate social responsiveness (Frederick, 2008). In addition, the 1960s were characterized by the absence of integrating social responsibility with economic performance (Lee, 2008), meaning that

social responsibility was motivated initially by external factors, and during that time companies were doing it as a charity (Carrol and Shabana, 2010).

Furthermore, the history of CSR can go all the way back as far as 1917, after Henry Ford declared that the goal of Ford Motor company was to make sure that ‘it has to do as much as possible to take into consideration the people’s needs by giving employment back to the community (Lee, 2008). A few years thereafter, Ford’s grandson William Clay Ford Jr insisted that Ford had a role in valuing its stakeholders’ interests and providing social services to employees and stakeholders. He stated that “they want to find the best ways to please customers by providing more returns to stakeholders by making sure that the world becomes a healthier place for us” (Meredith, 1999).

Therefore, Ford became one of the first companies to initiate social responsibility programmes. Many scholars from a research perspective also consider that the book by Bowen on “Social Responsibilities of the Businessman” (1953) could be the first work on the relationship existing between companies and society (Carrol 1979; Wartick and Cochran 1985). Bowen (1953) states that companies should be aware of corporate ethics to accomplish long-term achievement. CSR creativity is significant in corporate ethics (Maignan and Ferrell 2004). In the last half century, several discoveries have caught the attention of CSR experts and scholars.

According to ESCAPE (2011), at the end of the nineteenth century many corporate businesses attended to the well-being of their workers and the general impact on community. Due to the blossoming of the workers’ movement during the industrial revolution companies began to look after the welfare of the community by building hospitals and houses and providing food to the workers. At the same time company philanthropists started to be active in the United States of America, a good example being Rockefeller and Cornelius Vanderbilt (Jhawar and Gupta, 2017). Even though the legality of philanthropy was not yet recognized, the benefits provided by the benefactors were acknowledged by societies and different social groups (Jhawar and Gupta, 2017). The Great Depression in 1929 promoted the establishment of public trusteeship management.

Carrol (2008) underlines corporate philanthropy in the current period as spearheading the growth of the CSR concept. Nevertheless, in practice, CSR was developed largely after the

WWII and did not become important until the 1960s (Carrol and Shabana, 2010). Therefore, originally CSR was in the form of charity by companies, but after the 1950s it experienced a major change. The work by Carrol in the 1950s and mid-1990s made the most comprehensive contribution to the definition of CSR and accredits Howard R. Bowen as the founder of CSR in his book titled 'Social Responsibilities of Businessmen' in 1953 (Jhawar and Gupta, 2017), which emphasizes that it is the responsibility of businessmen to pursue plans and make decisions which have a direct positive impact on the community. He further insisted that businessmen should be socially responsible by paying back part of their profit to society. Moreover, private companies have a role in promoting economic development of the community. Scholars who supported the work of Bowen (1953) included Davies (1960) and Frederick (1960).

Official explanations of CSR started to grow rapidly in the 1970s, and the general emphasis was on corporate social performance (Carrol 1999; Sethi 1975) and responsiveness and performance (Carrol and Shabana, 2010). According to Ackerman (1973) and Murray (1976), most companies in the 1970s assumed responsibility as a response to the social context. Frederick (1978) made a clear distinction between CSR and corporate social responsiveness. His analysis highlighted that companies should undertake a communally responsible posture while corporate social responsiveness concentrated on attaining a responsive posture regarding the community.

The 1980s witnessed the development of CSR mainly in empirical research covering different themes of the concept (Carrol and Shabana, 2010). These developments included corporate public policy, the stakeholder theory and corporate ethics (Carrol, 1999). According to Frederick (2008), the 1980s was the starting point of business ethics where the focus was on ethical business culture. The 1980s time has been argued as the period when CSR began to get more influence from academic researchers and other development practitioners, which persisted in the 1990s when CSR grew in different ways across the world (Carrol and Shabana, 2010), while the early 1990s and 2000s developed into the epoch of global corporate citizenship (Frederick, 2008).

Similarly, in the 2000s the world experienced rapid development of CSR with most companies emphasizing on business legitimacy and business ethics. The main debate was on companies focusing on society for their sustainability. It emphasized the importance of

business considering community needs to ensure its longevity (Carrol and Shabana, 2010). Furthermore, it was during this period when Governments regulated CSR activities. Likewise, it has been argued that a corporation should fully participate in CSR initiatives in order to build its reputation in the community. Today, the community believes that businesses should not only emphasis on maximizing profits, but also concentrate on their employees, society and other shareholders (Bernstein, 2000).

In the past few years, the number of CSR initiatives increased dramatically in developing countries by promoting development projects, especially in the mining industry (Emel, Makene and Wangari, 2012). MNCs in Africa make a significant contribution to various development projects, for example provision of water, health services and infrastructure (roads, schools, health centres and recreational areas) (Idemudia, 2008). Most of these projects are voluntary, aimed at strengthening the relationship with different stakeholders, including surrounding local communities (Emel *et al.*, 2012). Most of the literature on CSR in the mining industry in Africa reveals community despondency with corporate efforts (Idemudia, 2008).

Some studies have suggested that CSR provides insurance and protection in case of negative actions (Godfrey *et al.*, 2009). That is to say CSR programmes influence not only business growth but also bring employment opportunities and asset domains (Sen *et al.*, 2006) and that businesses with higher CSR rankings may have more of a comparative advantage than businesses with lower rankings (Carmeli 2005; Hunt *et al.*, 1989). Therefore, to attain sustainable development and the best standing in an aggressive competition in the market, more and more businesses are now publishing their CSR activities and CSR reports.

The European Commission (2002) describes the concept of CSR as actions whereby corporations consolidate both social and environmental issues in their business activities and their interconnection with other shareholders on a non-mandatory basis. According to Aras and Crowther (2010), CSR is the relationship between MNCs, Governments and the community. In this study, CSR is considered the relationship between a company, the Government and the local community surrounding the business. It can be said that CSR is about the relationship between a company and its shareholders. All these explanations



about CSR represent the concept of triple bottom lines such as people, the planet and profit.

In Tanzania, the new hope of CSR came after the formulation of the Mineral Policy, 2009. This policy was formulated based on the implementation of the Mineral Policy of Tanzania of 1997 which performed poorly regarding CSR. Considering the negative effects caused by large-scale mineral corporations, the Mining Policy of 2009 included the concept of CSR and promoted the relationship between MNCs and neighbouring communities. The Policy stresses that MNCs could contribute outstandingly to socio-economic development of people surrounding the mines through CSR initiatives (URT, 2009). In this regard, Section 105 of the Written Laws (Miscellaneous Amendments) Act 2017 requires that “a mineral rights holder shall, on an annual basis, prepare a credible corporate social responsibility plan jointly agreed by the relevant local Government authority or local Government authorities in consultation with the Minister responsible for local Government authorities and the Minister of Finance and Planning” (URT, 2017).

### **3.3.2 Conceptualizing CSR from the 1950s to the present**

Since the 1950s, CSR and its associated terms, for example corporate social responsiveness, corporate citizenship, corporate social performance and corporate philanthropy have been analyzed and mainstreamed in the management discipline (Carroll 1979; Matten and Crane 2005; Wood 1991). Based on previous business and management information, many of the CSR themes and associated concepts derive from stakeholder relations, marketing, integrated strategy, social obligations and leadership themes.

The term ‘corporate social responsibility (CSR)’ has a different meaning to different people and therefore a different theoretical perspective. It derived its history from a long time ago and changed with the development of business and emerging needs of society. CSR has been practised in western countries for a long time and in a different form and keeps on changing. The modern interpretation of the concept and form of CSR started during the early twentieth century. From that period, demands for CSR emanated from outside the business in the form of unions (Kuhn and Shriver, 1991).

CSR has a long history in corporate business. Most of the literature suggests that CSR started in the 1950s. The evolution of CSR is associated with changes in economic

policies and global business operations. CSR execution in the industry has also passed through different phases over the years. In Tanzania, the evolution of CSR in the mining industry can be traced to the late 1990s when the Government established the mineral policy in 1997, mining and investment laws of 1997, financial laws (miscellaneous amendments) Act of 1997 and the Mining Act of 1998. These were some measures taken by the Government to unlock the mineral wealth in Tanzania. The amendments were motivated by a number of economic reforms in the mid-1980s and early 1990s, followed by the Mineral Policy of 2009, Mining Act of 2010, Mining regulations of 2010, miscellaneous amendments No. 7 of 2017, the mining (local content) regulations 2018, the mining (minerals and mineral concentrates trading) amendment regulations 2019 and the mining (mineral value addition) guideline 2019. Changes in the mining policies and laws contributed significantly to the development of CSR in the mining industry Tanzania.

This section mainly reviews interpretations of CSR by different scholars. The study assessed CSR, community participation and development in the mining sector of North-western Tanzania. The study sought to investigate the relationship between the mining sector, the Government and the community and the involvement of different stakeholders in GGM in the execution of CSR projects. Therefore, it is important to understand the historical background and development of CSR from the 1950s to the present. The purpose of reviewing the literature is to identify the knowledge gap.

### **3.3.3 The commencement of the modern period of social responsibilities: The 1950s**

The development of CSR is significantly important as it has a positive impact on the business, Government and the community (Luo, Meir and Oberholzer-Gee, 2012). The idea of CSR has a long history connected with the way an organisation deals with the surrounding community (Rosmaria, Moura-Leita and Padgette, 2011). Most researchers and business experts have observed the evolution of CSR as a widely received concept by business entities during the last half century (Lee, 2008). During the 1950s, the main focus of CSR was on company responsibilities to the community and pursuing good actions for society (Rosmaria *et al.*, 2010).

There are many ways in which to understand CSR in political theories, ethical theories and instrumental theories (Jankalova, 2015). CSR originated in different forms and sizes (Carrol, 1979; Buciova, 2008; Dahlsrud, 2008; Kuldova, 2010; Remisova, 2011; Lorinczy,

Sroka, Jankal, Hittmar, Szanto, 2015), but it is normally classified into three areas (Elkington, 1994), namely economic, social and environmental. Bowen (1953), known as one of the founding fathers of CSR, poses the question “what responsibilities are businesses expected to assume in society?”. Bowen (1953) started with preliminary explanation of the responsibilities of businesses, which are social responsibilities, referring to the obligations that businesses have to society in the pursuit of policies, decision making and activities which are necessary in terms of the values and objectives of the society.

Since the early 1950s, when the concept of CSR was realized, much scholarly work has been influenced by focus on broader company strategies for executing CSR (Frederick, 2016). A critical analysis on CSR shows that it is deeply embedded in the relationship with stakeholders in business entities (Lee, Park, Rapert and Newman, 2012). The establishment of a sustainable and positive relationship with different stakeholders promotes smooth running of the business and stresses on social and environmental concerns of the community (Du, Bhattacharya and Sen, 2010). CSR is not only centred on the economic welfare of the company, but also on the participation in various social activities in order to enhance the quality of life of its workers, customers and shareholders (Deng, Kang and Low, 2013).

Heald (1957), another expert on CSR in the modern era, explained that it was seen to be the responsibility of business management. CSR not only determines the economic performance of MNCs, but it also promotes the growth of local communities. Therefore, it is clear that CSR began in the 1950s. Business executives and board directors began sensing that they existed because society existed and so they had a responsibility for society. Some current literature debates on whether businesses were responsible for setting standards and policies for the people. During the 1950s, there was little discourse associated with CSR, which normally benefited corporations (Carrol and Shabana, 2010).

### **3.3.4 Experience of corporate social responsibility: The 1960s**

The concept of CSR entails a business considering the needs of stakeholders in surrounding society and gained importance in the early 1960s (Wang, Tong, Takeuchi and George, 2016). Since then, the concept became famous among academics and development practitioners around the world (Wang, Tong, Takeuchi and George, 2016).

Scholars in the 1960s, one of them being Keith Davis, explained CSR as “businessmen’s choices and activities engaged in for motives aimed at partly assisting outside the firm’s economic or practical interests” (Davis, 1960). Other intellectuals like William Frederick made a very significant contribution to the early explanations of CSR. According to Frederick (1960), social responsibility maintains that businessmen must supervise the process of a commercial system to accomplish the prospects of the community. In another words, the process of doing business should be conducted in such a way that both production and distribution promote socio-economic well-being of the community (Frederick, 1960).

The 1960s was a time of changing social awareness and identification of general responsibility and participation in community affairs (Carrol and Shabana, 2010). According to Frederick (2008), the 1960s and 1970s were characterized by so-called corporate social responsiveness. It was also characterized by the absence of integrating social responsibility with financial achievement. By the 1960s, the key focus of CSR was people (community), which led to changes in society (Rosmaria *et al.*, 2010).

Walton (1967) presented different models of CSR in the contemporary world, including an explanation of social responsibility, which recognized that the relationship existing between a company or business and society should be kept in mind by its top executives, and associated groups should follow their particular goals. Citing the work of Zaplata and Kazmierczak (2011), Lindgreen and Swaen (2010) and Pisz and Rojek-Nowosielska (2009), CSR is considered to be a method of conducting business activities aimed at developing human capital, establishing a relationship with neighbouring communities and protecting the natural environment.

### **3.3.5 Further development of CSR conceptualization: The 1970s**

Tracing the commencement of CSR in the 1970s, Heald (1970) stated that Milton Friedman explained CSR in different ways. He mentioned that there is one and only one social responsibility of corporations—that of being involved in activities and increasing their income so long as they observe the rules of the game, that is to say, being involved in competition without dishonesty or fraud (Friedman 1970).

By the late 1970s, CSR was perceived as a joke, having many refutations in terms of investment and its engagement with the community (Lydenberg, 2005). Both scholars and development practitioners have argued that CSR is a controversial concept by both business operations and philosophical discourse (Frankental, 2001; McWilliams, 2001; Coelho, McClure *et al.*, 2003; Post, 2003; Weymes, 2004; White, 2004). These scholars and business practitioners have argued for and against the concept explaining that companies under a capitalist system should participate in community-based initiatives (Lantos, 2001; McWilliams and Siegel, 2001; Windsor, 2001; Badaracco, 2003; Paine, 2003; Prahalad and Porter, 2003; Kotler and Lee, 2004). However, the debate remained on how CSR should be defined, implemented, evaluated and reported (Alstete and Halpern, 2006).

Carrol (1979), one of the scholars who contributed a lot to the development of CSR, offers the following explanation. The obligation of corporations to the community is to incorporate economic, lawful, moral and discretionary aspects. CSR developed well in the 1970s when corporations engaged in philanthropy and social relationships, and stakeholders were involved to ensure that CSR brought long-term advantages to the society. Four aspects of community performance developed during this era. These were community accountability, community accounting, community indicators and community audit.

Many scholars realized that the obligation of a company in society is to promote social and environmental welfare (Aras and Crowther, 2010), and the main focus is on company performance, whereby some scholars related CSR to the social performance of a corporation and its relationship with the surrounding community (Aras and Crowther, 2010). Balabanis, Phillips and Lyall (1998) described CSR as the process whereby companies and their executives are involved in community welfare. Some scholars in the 1970s declared that a company should refrain from engaging in social responsibility and concentrate on maximising profits. This statement was echoed by Milton Friedman in the 1970s who emphasized that the key function of a company is to use its available resources for making a greater profit and participate in open and free competition without fraudulence (Aras and Crowther, 2010). Drucker (1984) also believed that a business should concentrate on economic benefits rather than on engaging in social activities.

### **3.3.6 Further exploration on CSR: The 1980s**

CSR has been debated by many scholars of modern business. In the 1980s, there was a close relationship between a company and its stakeholders. Likewise, most scholars in the 1980s concentrated on providing new explanations of CSR (Modimoeng, 2016). According to Crane, McWilliams, Matten, Moon and Siegel (2008), CSR was embedded in business practices concentrating on environmental pollution, customer abuse, discrimination, workers' safety and healthy, the working environment and the malpractices of MNCs. During the 1980s, the major debates were based on the stakeholder theory and business ethics (Modimoeng, 2016). The stakeholder theory mainly focused on defining the role that business needed to fulfil in society. According to Kakabadse, Rozuel and Lee-Davies (2005), the discourse on the stakeholder concept was on how business should be accountable and the relationship between stakeholders and business ethics. Crane *et al.* (2008) explains that in the 1980s business was associated with ethical scandals.

Jones (1980) explained that, as regards CSR, businesses have a responsibility related to communities in the society other than stakeholders and do more than is prescribed by regulation and union contracts. Two sides of this argument are important. First, the responsibility should be willingly accepted. Second, the responsibility is very broad, ranging beyond the old obligation to shareholders to others in the community such as consumers, staff, dealers and adjacent communities (Jones, 1980). During this time, two prominent intellectuals, Tuzzolino and Armandi (1981), wanted to develop the best mechanism for evaluating CSR by suggesting a needs-hierarchy framework as a challenge to Maslow's (1954) needs-hierarchy theory. The o needs-hierarchy framework proposes that Governments have standards that require to be met. Rich Strand (1983) showed how community responsibility, community responsiveness and community responses are linked to the organisation's environment.

Carrol (1983) explained that CSR comprises the conduct of corporate business, which is economical, profitable, law abiding moral, and supportive of the community. Being accountable, profitable and law abiding is very important in discussing the business ethics and to the extent that it assists the community in which it exists by contributing money, time and talents. Therefore, CSR is associated with the economy, law, morality and voluntarism or philanthropy.

### **3.3.7 CSR explanations revealed: The 1990s**

In the 1990s, there was increased curiosity in CSR, and it was during this epoch that the concept gained international acceptance (Agudelo, Jóhannsdóttir and Davídsdóttir, 2019). According to Carrol (2015), in the 1990s, globalization promoted the activities of most MNCs in different countries, some of which faced diverse business environmental difficulties and others had a weak regulatory framework. During this decade, many MNCs realized that being responsible provided a safe pathway for their businesses by balancing both the challenges and opportunities of the globalization and so CSR initiatives became very strong (Carrol, 2015). In the late 1990s, the concept of CSR was widely accepted, whereby Governments, the community and non- governmental organisations began to promote the significance of businesses engaging in CSR initiatives (Lee, 2008). Furthermore, international organisations such as the United Nations, International Labour Organisation, World Bank, Organisation for Economic Co-operation and Development endorsed and established CSR guidelines by forming a permanent research office to promote CSR initiatives (Lee, 2008).

The European Union (EU) also contributed significantly to promoting the execution of CSR, and hence many companies in 1995 started emphasizing on CSR initiatives in their operations (Agudelo, Jóhannsdóttir and Davídsdóttir, 2019). Despite CSR becoming strong in the 1990s, the concept did not develop as expected (Carrol, 1999). However, there are three important scholars who contributed significantly to the CSR literature during the 1990s, firstly, Wood (1991), who integrated CSR with the theory built by Carrol (1979), second, Carrol (1991) who established the pyramid of CSR aimed at providing a necessary approach to the concept and the last ones are Burke and Logsdon (1996) who linked CSR with financial performance. According to Burke and Logsdon (1996), CSR could be used as a tactical instrument for promoting core business activities and meeting company objectives.

Furthermore, during the 1990s, Hopkins (1998) described CSR by emphasizing on internal and external shareholders by saying that CSR is about treating these stakeholders in a moral or friendly manner. Therefore, working communally will promote the development of stakeholders inside and outside the company.

Woodward-Clyde (1999) describes CSR as an agreement between corporations and the community whereby society grants a firm licence to function and behave acceptably. On the other hand, stakeholders' 'participation' is one of the essential elements of CSR. The support of workers and society is also a very important component of CSR. Khoury *et al.* (1999) maintain that CSR is the connection of a company or firm with its stakeholders, who include consumers, workers, societies, proprietors, the Government, dealers and contestants. In addition, features of CSR include outreach to society, relations with workers, the formation and maintenance of services and economic performance. Elkington's (1997) 'Triple Bottom-line' emphasizes on three major issues: community responsibility (people), ecological responsibility (planet) and financial responsibility (profit). Therefore, a responsible firm can be assessed on its fiscal prosperity, social equity and environmental protection. The triple bottom line approach became important in the late 1990s and remains applicable in the CSR debate today because it shows that businesses need to consider the social and environmental impact while pursuing their economic goals (Agudelo, Jóhannsdóttir and Davídsdóttir, 2019).

During the 1990s, Carrol and Buchholtz (2000) explained that CSR needs the individual to take into consideration his (or her) actions in terms of the entire social system and hold him (or her) accountable for his (or her) actions in that system. During that period, very few explanations or debates on CSR arose. Since then CSR has attained a solid foundation, based on the concept of people, planet and profit, meaning that what is good for the environment and the community is also important for the economic performance of the company. Similarly, Carrol's (1991) contribution to the development of CSR through his famous article 'Evolution of a Definitional Construct' played a very significant role in understanding CSR history, literature and debates in the 1990s.

### **3.3.8 CSR dimension at the beginning of the 21<sup>st</sup> century**

The 21<sup>st</sup> century is experiencing an evolution of CSR. There is a long and diverse history linked with its development (Latapí Agudelo, Jóhannsdóttir and Davídsdóttir, 2019). The current literature reveals that businesses engagement in the community support is not new (Latapí Agudelo *et al.*, 2019); actually, the company's concern for the community started many years ago (Carrol, 2008). The way CSR is conceived and performed in the developing world differs according to the organisational structure, socio-cultural context and pressure of shareholders (Jamali & Mirshak, 2007; Dobers & Halme, 2009; Muthuri



and Gilbert, 2011). For example, corporations in the Middle East choose charitable activities (Jamali *et al.*, 2009), and businesses in South Africa concentrate on black empowerment programmes (Frynas, 2009) while executing CSR.

CSR designates the relationship between the corporation and the community, although this relationship developed greatly in the past few years (Muthuri and Gilbert, 2011). Such changes can be elucidated by the growing pressure of different shareholders and institutional factors (Lattemann *et al.*, 2009; Jamali and Neville, 2011; García-Sánchez and García-Meca, 2017; Moomen and Dewan, 2017). In the era of globalization, MNCs have largely contributed to changing the relationship between them and the community (Jamali, 2007; Jamali and Neville, 2011). Therefore, the current development of CSR across different countries is part of the worldwide increase in management ideas distinguished as the Americanisation of the management system (Matten and Moon, 2008).

Today, the concept of CSR is directly linked to companies and Governments in addressing both social and environmental issues (Doane, 2005). The main argument in favour of companies engaging in CSR activities is connected with the need to establish a relationship with the community (Alstete and Halpern, 2006), and they also help to resolve problems facing the community. Different companies are continuously focusing on governing both internal and external shareholders in business operations regarding companies' CSR strategies in order to improve societal wellbeing (McWilliams and Siegel, 2001). CSR activities are normally delineated to take into consideration stakeholders' supposition regarding the 'triple bottom line', which comprises social, economic and environmental achievements (Aquinis, 2011). Frederick (2016) argued that much of the CSR literature includes both macro and micro theories, comprising a number of studies conducted by various business scholars who tried to understand the relationship existing between CSR initiatives and company-level performance such as financial performance (Waddock and Graves, 1997; Orlitzky *et al.*, 2003).

However, macro-level studies have also moved forward the CSR practice by underlying how CSR is shaped by institutional, economic, political and societal contexts (Matten and Moon, 2008; Frynas and Stephens, 2015). Furthermore, workers are important stakeholders of the business who can influence its development (McWilliams and Siegel,

2001; Aguilera *et al.*, 2007). Sometimes certain CSR activities and programmes are initiated by company workers, who participate in the execution of CSR activities (Jones, Williness and Glavas, 2017).

Moir (2001) discussed a general understanding of the meaning of CSR and explained how corporations might agree on such actions at the commencement of the 21<sup>st</sup> century. The European Commission (2002) defines CSR as a close interaction between corporations and communities to address societal and environmental concerns. They also explain CSR as the concept whereby businesses integrate societal and environmental anxieties in their corporate processes and their contact with their shareholders is on a charitable basis.

The CSR conception has produced substantial discussions in academic and in business circles. Jamali and Miurshak (2007) argue that the existing debate recognizes the significance of CSR in the industrialised countries, but raises questions concerning the extent to which companies functioning in developing countries have CSR. CSR is also highly appreciated in business financial reporting (Davids *et al.*, 2008). It is usually about the relationship between international companies, the Government of particular states, and the society in which these corporations incorporate both socio-economic and environmental obligations in their commercial activities and in their contact with their respective stakeholders on a professional basis (The European Union Commission, 2002). In other words, CSR is a method by which corporations attain a sense of balance in a commercial environment and communal necessities (Rai and Bansal, 2014).

The CSR concept has also paid attention to business and economic concerns as a result of the changing worldwide trade atmosphere and shareholders' admittance to corporate information (Herrmann, 2004). Carrol and Shabana (2010) insist that corporate enterprises have an important role to play in the community apart from making profits for their stakeholders. The participation of corporations in community activities not only improves its image, but also it promotes its business and market niche (Mandina *et al.*, 2014).

Lei (2011) explained that CSR is based on sustainability and obligations to the community, such as commercial, lawful, moral and discretionary. Dahlsrud (2008) discussed thirty-seven (37) explanations of the CSR concept and found that they are all centred on five dimensions of conservation, community, business, shareholders and

voluntary dimensions. Shafiq (2011) propounded ten dimensions of CSR, which are responsibility to the community, shareholder participation, promoting quality of life of society, economic growth, moral business practices, willingness, law-abiding, citizens' rights, environmental protection, openness and responsibility.

Currently, big companies have a CSR section and even employ CSR directors and advisors. Accounting and law companies are tackling CSR matters in their respective fields. Higher learning institutions, including universities and colleges are conducting CSR symposiums, and scholars are developing contemporary literature on CSR topics with a great passion; editors are writing books and periodicals; and CSR matters are being broadcast in mass media including newspapers (McBarnet *et al.*, 2009).

The World Bank (WB) describes “CSR as the obligation of corporations to contribute to sustainable growth by working with workers, their relatives, surrounding community and the world at large by improving their well-being in many ways which are best for corporate and for sustainable development” (Starks, 2009). On the other hand, CSR originated in different forms and dimensions (Carrol, 1979; Buciova, 2008; Dahlsrud, 2008; Kuldova, 2010; Remisova, 2011; Lorinczy, Sroka, Jankal, Hittmar, Szanto, 2015), which have three aims (Elkington, 1994): economic, helping the community, and conservation. Dahlsrud (2008) came up with five CSR dimensions, namely, conservation, community, economic, shareholders and philanthropy.

CSR brings positive advantages to the company including financial and strategic. Correspondingly, by participating in community activities and publishing CSR reports, the company builds the confidence of shareholders, which gives it a competitive advantage (Aguilera, Williams, Conley and Rupp, 2006; Money and Schepers, 2007; Gill, 2008; Kolk and Pinkse, 2010). Moreover, the company endorses its image and improves its status (Gray *et al.*, 1995b; Li *et al.*, 2010; Vanhamme, Lindgreen, Reast and van Popering, 2012), and interaction with shareholders creates a competitive advantage and benefits (Bear, Rahman and Post, 2010). This suggests that communally accountable corporations tend to relish better brand trustworthiness (Mackenzie, 2007), consumers' gratification and workers' commitment (Matten, 2006). For this reason, proper engagement in CSR reduces the danger that the company's performance is affected by employee disputes and customer deception (Waddock and Graves, 1997).

Therefore, companies having high CSR records in the community also have lower business risk (Salama *et al.*, 2011). Commitment to and reportage of CSR has a direct influence on the companies' threats and effectiveness, and investors progressively reflect their social conduct in their investment choices (Aguilera *et al.*, 2006; Matten, 2006 in Ghoul *et al.*, 2011). Likewise, a study conducted by Ghoul *et al.* (2011) on USA companies points out that investment in worker relationships, conservation strategies and CSR product policies assists in lowering the companies' cost of capital. Correspondingly, investors need managers who can engage fully in CSR and eventually by keeping on reporting on this engagement improves the brand of the company (Scholtens, 2008; Kolk and Pinkse, 2010). The company's commitment to CSR is not simply calling attention to long-standing profit, but also has a positive impact on its stakeholders.

An explanation of CSR given by Shafiqur (2011) focused on historical background during the past few decades and developed some dimensions of CSR in the contemporary world. To summarize, Shafiqur developed these dimensions in various decades from the beginning of the 1950s to the present. These dimensions are listed as follows. In the 1950s, CSR dimensions mainly focused on the responsibility to the community, while in the 1960s CSR dimensions focused on the association between the company (business) and society. In the 1970s, CSR dimensions geared towards shareholder participation, the well-being of the community, communal interest, resolving neighbourhood glitches, improving the quality of life, economic obligation and obligations. In the 1890s, CSR dimensions focused on philanthropy, economic profitability, legal obligation, moral and community initiatives. In the 1990s, CSR dimensions focused on shareholder participation, responsibility to the community and conservation, and in the 21<sup>st</sup> century CSR dimensions focus on the incorporation of community and conservation matters, moral behaviour, philanthropy, economic growth, improving the quality of life of people, civil rights, workforce rights, environmental protection and combating corruption. Table 3 gives a summary of CSR's main focus and scope from the 1950s to the 21<sup>st</sup> century.

**Table 3: Scopes of CSR Explanations from the 1950s to the 21<sup>st</sup> century**

<b>Time &amp; CSR Area of concentration</b>	<b>Summary of Scopes</b>
<b>1950s- 1960s</b> Spiritual & Humanitarian philosophies Society improvement Unregulated philanthropy Poverty mitigation Commitment to the community	Philanthropy
<b>1970s-1980s</b> Expansion of CSR obligations CSR as a sign of community citizenship Shareholder relationship management Company reputation Socio-economic and political priorities Connecting the governance gap Shareholders' rights Legal & Moral obligations	Controlled CSR
<b>1990's – 21st Century</b> Competitive policy Environmental conservation Sustainability and sustainable development International standards on CSR Openness & responsibility	Instrumental/Intentional CSR

Source: Hamidu *et al.* (2015)

### **3.3.9 Key components of corporate social responsibility (CSR)**

This part discusses the five CSR components as described by Smith (2003), namely, corporate governance, supply chain, customers, the environment and the community. As regards corporate governance, the main issues are responsibilities, openness and adhering to the rules and regulations. A good corporate governance strategy helps the company to understand its corporate goals, protect shareholder rights, meet legal obligations and create openness for all shareholders or stakeholders.

Another component is business or corporate ethics, which refers to the way a company or firm incorporates the core values of the business, such as trustworthiness, trust, admiration and justice, into its strategies and decision-making. Corporate ethics can also be explained as company's obedience to legal values and devotion to internal guidelines and regulations.

Workplace and labour relations deal with matters related to human resources management, such as recruitment, managing performance, developing skills, remuneration, disciplinary issues, separation and industrial relations. The supply chain of a company involves its goods and services and stakeholders, who must observe all issues related to social, environmental and human rights and the well-being of the company.

Customers are crucial for the survival of any company and are the main target of goods and services produced by it. The company needs to produce quality goods which are affordable and meet the customers' demand. Customer satisfaction is the number one concern of any company.

A company should make sure that CSR goes beyond the mandatory requirements and provide environmental benefits to the community. MNCs should put in place environmental conservation strategies to safeguard the environment for the well-being of the present and future generations. The mining companies should aim to reduce environmental hazards such as pollution/emission and introduce environmentally friendly practices.

The community is a main stakeholder of the company in which it operates. The participation of the community in CSR strategies or initiatives is very important for the sustainability of the company. CSR aims to benefit both the company and community, and so it is crucial to engross the society in the planning and execution of CSR programmes to bring sustainable development.

### **3.3.10 Aspects of corporate social responsibility (CSR)**

This study considered the work by Wu and Wang (2014), who identified five key aspects of CSR namely, customer-based CSR which mainly deals with provision of high-quality goods and services to satisfy customer needs. Therefore, the relationship between company and customer is very important for the sustainability and performance of the business.

Employee-based CSR deals with provision of rewards for employees, for the purpose of promoting accountability and efficiency at the workplace. Incentives motivate workers to fulfil their duties and attain higher productivity, which improves the performance and increases the earnings of the company.

Environmentally based CSR focuses on companies protecting the environment and integrating environmental sustainability into their operations. While making a profit, they should consider the promotion of sustainable environmental management in their

operations. Therefore, they should strive to mitigate the effects on the environment, such as water, noise and air pollution, soil damage and other hazardous impacts.

Economic based CSR deals with goods and services produced by the company at an affordable price to meet societal needs and to share the profit with stakeholders. By producing quality goods, it ensures high profits and sustainability of the business, as well as the trust of stakeholders.

Community-based CSR deals with supporting social, sporting and informative activities to achieve the obligation of improving society's well-being. Companies should not only emphasise on making lucrative profits, but also on society's needs. The sustainability of any company depends on having a good relationship with the community. The study measured CSR initiatives of GGM based on these aspects and came up with outcomes grounded on the applicability of CSR in Geita, Tanzania and the world in general.

### **3.3.11 Why Governments are interested in corporate social responsibility (CSR)**

The European Commission (2001, 2002, and 2006) elucidates CSR as an idea whereby businesses incorporate social and environmental issues in their operations and their relationship with other stakeholders. The main idea of CSR is also understood as the triple bottom line approach whereby companies should not only focus on economic but also on social and environmental issues (Elkington, 1994). In the past few decades, Governments, corporations and NGOs in developing countries speeded up the adoption of the CSR agenda in their development plans (United Nations, 2007). CSR initiatives and strategies have emerged in different countries, such as South Africa, Brazil, China and many other countries. There was also increased recognition among companies in developing countries, including Tanzania.

Today, Governments are establishing various methods to promote better CSR practices in business operations. Most importantly, the Government should play a role in raising community awareness and building the capacity for CSR among stakeholders. When people become aware of their social challenges, they are likely to find solutions to overcome them. According to Steurer (2010), Governments are attentive to CSR initiatives because corporate efforts help to meet strategic goals on a charitable basis, which connects policy objectives, environmental protection and human development

(Haufler, 2013). Moreover, Liston-Heyes and Ceton (2007) stated that CSR is about redistributing corporate resources to the community, while Henderson (2001) commented that CSR is a philosophy that demands corporations to play an important role in attaining common goals of public policy and improving society's standard of living.

CSR strategies are considered as an appealing accompaniment to hard laws in cases when new ones are politically based (Haufler, 2013). Governments consider CSR initiatives important for making companies accountable to the community. Therefore, CSR helps corporate businesses to conduct their operations in conformity with the rules and regulations of a given country.

The United Nations (2007) explained that the reasons for CSR are defensive and proactive. These are impact of CSR on communities, the environment and business. Governments of middle income and developing countries have taken several initiatives to promote CSR for the social and economic development of their countries. The second reason for Governments to engage in CSR is to promote the benefits to the community of CSR practices.

Many Governments in collaboration with corporations have succeeded to promote the social development of local communities. CSR also helps to promote their economy by linking Government and business strategies. Furthermore, the Government uses CSR initiatives to promote business practices to be communally responsible (United Nations, 2007). Through CSR, Governments can work closely with companies, and NGOs promote social development.

### **3.3.12 Corporate Social Responsibility (CSR) benefits for a company**

“We are committed to creating economic value, but we are not indifferent to how we do it...Progressive businesses are gaining competitive advantage by responding to societal signals... We prosper by helping society to prosper.” (Idar Kreutzer, CEO Store brand, 2005).

Executing CSR has many advantages (Książak, 2016). Many studies show that a socially accountable corporation benefits its business as well as the community. Arnold (2010) maintains that CSR engagements improve the relationship between businesses and



communities, and act as an ethical enterprise to stimulate community trust and open up relations among stakeholders (Księżak, 2016).

Many researchers have reported how businesses can take advantage from CSR initiatives (Balcerowicz, 2015; Perry and Towers, 2013; Gupta, 2012). They recommend that executing socially responsible programmes by businesses brings numerous positive impacts, including increased revenue (Księżak, 2016). Moreover, Kurucz, Colbert and Wheeler (2008) assert that CSR is important for maintaining a business's image and improving its performance and reputation among its stakeholders (Księżak, 2016). Further, businesses implementing CSR get a social licence to operate in the community (Balcerowicz, 2015), through which they build trust and achieve their goals. A company with a bad image can lead to conflict with local communities and reduce its performance (Księżak, 2016).

In addition, the best option of a company is to observe ethical rules in its operation (Perry and Towers, 2013). Companies participating in CSR initiatives build the trust of local communities and are able to perform their operations unruffled (Diviney and Lillywhite, 2007). CSR is also a way of differentiating a company from others (Księżak, 2016). By implementing CSR activities, a company promotes itself to the local community as being socially responsible, and a growing number of companies are implementing CSR, whereby they set aside part of their profits for CSR activities. It is ethical for a business to support to the social development of the society, and by doing so it can significantly increase its revenue after executing CSR initiatives (Kurucz *et al.*, 2008; Mullerat, 2010; Perry and Towers, 2013). On the other hand, Mullerat (2010) says that socially responsible businesses are at less risk of being criticized by stakeholders. Porter and Kramer (2006) further contend that a socially responsible company not only reduces business risk, but also opens up relations with local communities.

Gołaszewska-Kaczan (2009) argues that the advantages of CSR to the business include creating a good image of a company, influencing customers and other stakeholders by maintaining a collective responsibility, shaping relations with other stakeholders by increasing transparency in the projects, respecting human rights and environmental protection. CSR inspires workers' loyalty and stimulates efficiency in the workplace. Implementing social responsibility by a company is crucial for the sustainability of the

business (Gołaszewska-Kaczan, 2009). Companies abiding by CSR rules work better in society than those companies which do not.

Most companies in developed countries follow international standards in conducting their business (Mullerat, 2010). Therefore, being communally responsible, a business gets an entry point into the community (Księżak, 2016). Thanks to CSR, a business can perform better after being socially responsible to society (Diviney and Lillywhite, 2007). Additionally, the advantage of companies executing CSR is that it reduces business risk and conflict (Diviney and Lillywhite, 2007; Perry and Towers, 2013). Table shows CSR benefits for a company.

**Table 4: CSR benefits for a Company**

<b>Social benefits</b>	<b>Economic benefits</b>
Risk avoidance	Sustainability of business
Community loyalty	Reduces operational costs
Builds company image	Employee accountability
Improves social services	Profit making
Avoiding community conflicts	Organisational growth
Promotes good relations with stakeholders	Easy access to capital
Building local capacity	Positive corporate reputation
Increases creativity	Improves financial performance
Increases worker satisfaction	Improves brand recognition

**Source:** Author

### **3.3.13 Corporate Social Responsibility (CSR) benefits for society**

Bringing benefits to the community should be the key role of any business (Perry and Towers, 2013). Therefore, CSR is thought to contribute strongly to the well-being of the community. However, most scholars emphasise on the benefits of CSR to businesses and the importance of implementing it in society (Księżak, 2016). Companies' participation in society's problems has a positive impact on the surrounding communities (Gołaszewska-Kaczan, 2009), which brings happiness and improves their living standards (Księżak, 2016).

Furthermore, when companies embrace community's well-being, it makes everyone feel protected and more importantly reduces corruption in society (Księżak, 2016). A business's philanthropic initiatives have advantages for marginalized people, and serving the deprived promotes trust among stakeholders (Carrol and Buchholtz, 2008). According to Arnold (2010), CSR also stimulates fair competition among companies. Both companies and society benefit from CSR initiatives. Corporate involvement in social

responsibility and adherence to CSR rules helps to reduce complaints and conflicts with stakeholders (Mullerat, 2010). In addition, CSR implementation not only helps companies reduce their running costs, but customers also benefit from price reduction (Carrol and Buchholtz, 2008). As a result, more products are affordable by the community (Księżak, 2016).

Socially responsible companies also inspire people as they have a positive impact on society. Moreover, CSR allows the community to benefit from such initiatives (Carrol and Buchholtz, 2008). Likewise, companies also provide better employment opportunities to the societies as part of CSR activities (Księżak, 2016). In this regard, companies provide training to local communities as one of the advantages of CSR. These companies further provide knowledge and useful skills to the community (Księżak, 2016). Some companies engage in promoting health care through CSR.

The above activities promote both healthcare and a better educated community (Arnold, 2010). Another advantage of company's involvement in CSR is that it helps to protect the natural environment and reduces its impact on the community (Księżak, 2016). For example, minimizing environmental pollution helps society to have better health (Arnold, 2010). Companies that share part of their profits promote the growth of the community and the sustainability of their business. More engagement in CSR practices strengthens relations with Governments (Księżak, 2016). The next table shows CSR benefits for society.

**Table 5: CSR benefits to society**

<b>Social benefits</b>	<b>Economic benefits</b>
Promotes health care	Economic development
Better education services	Urbanization
Availability of water services	Increases living standards
Better environmental protection	Development of infrastructure
Improves relationship with investors	Increases employment opportunities
Reduces unnecessary conflicts	Technology transfer

**Source:** Author

### **3.3.14 Corporate Social Responsibility (CSR) practice in Latin America**

It is important to draw lessons from developing regions in Latin America and link with Asia, Africa and Tanzania in particular. Moreover, the objective of doing this is to provide a general understanding of CSR practice in Latin America. This section seeks to ensure a descriptive analysis of CSR in Latin America, CSR performance and impact on both

companies and the community. Latin America is one of the developing regions like Africa, where there is growing adoption of CSR by Latin American companies (Visser, 2008). Therefore, understanding how CSR is implemented by Latin American firms is important (Amini and Dal Bianco, 2017).

Since the period of colonization, Latin America has been incorporated in foreign trade (United Nations, 2010). Latin American economies are primarily based on exports, which play a significant role in the economic development of Latin American countries and have significantly contributed to them (United Nations, 2010). The majority of Latin American nations rely heavily on their natural resources for their development. Despite this, Mexico and Brazil lead in exporting manufactured goods in the region followed by Costa Rica, but the majority of Latin American countries are highly dependent on extractive and agricultural goods (Barton, 2006; Schaper and Onffroy de Vérèz, 2001).

Social contributions to the community have been the major emphasis of companies in Latin America, usually because of religious beliefs of the founding members of these companies (Casanova and Dumas, 2009). As reported by Contreras (2004), leaders and corporate family members in Latin America have shown their concern for helping the community. For 100 years, company owners have had the dream of contributing significantly to the development of society and creating employment opportunities (Casanova and Dumas, 2009). Many of the current CSR practices in Latin American countries began around 1997 (Casanova and Dumas, 2009).

The social responsibilities of these MNCs in Latin America have been growing over time. The same development has been witnessed among domestic corporations and their impact to social development in the region (United Nations, 2010). CSR in Latin America emerged during the last two decades as an essential element of company strategy to promote socio- economic development in local communities (United Nations, 2010). Furthermore, the development of CSR practice in Latin America can go all the way back to the early 1980s (Welford, 1998; Welford and Starkey, 2001), or even much further to the middle of the twentieth century (Carrol, 1999). Latin American countries are experiencing a growing gap among social groups (Gutierrez, 2007). The existing economic inequality between the rich and poor has tremendously been growing. On the other hand, what is known as CSR focusing on promoting the lives of local communities is not a common phenomenon in Latin America (Gutierrez, 2007).

The literature on CSR concludes that the concept is continuously in the process of developing (Milet, 2010). Many studies show that the CSR concept has been developed and researched on more in western countries than in developing countries, including Latin America (Orlitzky *et al.*, 2003; Jamali, 2008; Bird *et al.*, 2007). The reason for this is that most western companies have larger economies than economies of companies from developing countries (Amini and Dal Bianco, 2017). Likewise, there is growing pressure from stakeholders demanding that companies become socially responsible (Visser, 2008). Additionally, the impacts of industrialization in developing countries, mostly invested in by multilateral agencies, are probably to have an effect on the environment (Grossman and Krueger, 1995; Dasgupta *et al.*, 2002) and society (Lall, 2002). Further, CSR is currently regarded as capable of reducing poverty and bringing about sustainable development (Blowfield, 2005 and Moon, 2007).

Historically, companies in western countries and least developed countries have mixed reactions regarding CSR's increased popularity (Amini and Dal Bianco, 2016). In this regard, some companies have been allocating more resources to the community to protect the environment, but others have been reluctant to engage in CSR initiatives for fear of affecting their business operations (Amini and Dal Bianco, 2017). Furthermore, many studies, with the exception of the work by Cheng and Shan (2009), have revealed that a great number of scholars have failed to realize that CSR is expected to be endogenic. Nevertheless, companies performing better in the market are most likely to participate in CSR practices (Amini and Dal Bianco, 2017). On the other hand, most studies on CSR in Latin American countries show a great difference across countries. Some least developed countries in Latin America, such as Columbia and Bolivia, show a linkage between CSR and company performance, while other countries including Argentina and Mexico reveal linkage between CSR and innovativeness (Amini and Dal Bianco, 2017). Therefore, this shows that Governments and international agencies have been providing meaningful advice for companies in Latin America to adopt CSR (Amini and Dal Bianco, 2017).

Furthermore, many studies on CSR and company performance in least developed countries are qualitative, most often focusing on case studies (Amini and Dal Bianco, 2017). With respect to regional coverage, the number of studies on CSR has concentrated more on Asia than Latin America (Visser, 2008). A comparative study by Welford (2005)

indicates that some Asian countries; including Thailand, Hong Kong and Malaysia; constantly do less regarding CSR. It is also imperative to note that many studies reveal regional differences in CSR reporting, whereby 75 percent of big companies in India have CSR internal policies compared with only 32 percent of Malaysian companies and 30 percent of companies in the Philippines (Amini and Dal Bianco, 2017). Similarly, Luken and Stares (2005), using data from the United Nations, revealed that only 22 small and medium enterprises (SMEs) in Asian countries have been practising CSR, mainly involving social and environmental issues.

Additionally, Visser (2008) emphasizes that, among least developed regions, Latin America lags behind regarding CSR research. The available information focused on Argentina (Newell and Muro, 2006), Brazil (Vivarta and Canela, 2006) and Mexico (Weyzig, 2006). The latest literature reveals that CSR in Latin America is growing (Amini and Dal Bianco, 2017). For instance, Araya (2006) reports that 34 percent of large enterprises issued a document on sustainability. Moreover, Vives (2006) gives an overview of the importance of CSR for SMEs in eight selected countries of Latin America. He considers that almost all CSR practices by SMEs concentrate on internal programmes, for instance, employee well-being, and charitable and environmental protection measures. Furthermore, Amini and Dal Bianco (2015) report that Latin American companies which are socially responsible are more effective than those not adopting such practices.

Chile is one Latin American countries which have been implementing CSR in corporate business. CSR has been introduced in Chilean business practices, mostly in the mining industry (Milet, 2010). Mining companies in Chile are obliged to adopt and integrate CSR into their business operations. Milet (2010) emphasizes that both small and medium-scale companies need to incorporate CSR into their operations like large-scale mining companies. The Chilean extractive industry has been extremely active in implementing the social responsibility of protecting the environment, ensuring quality and security at the workplace and improving the relationship with stakeholders (Milet, 2010). Similarly, the extractive companies in Chile have actively been ensuring that their managements abide by CSR standards. However, some companies in Chile are still hesitant about publicizing their CSR accomplishments for fear of being criticized by the community. In this

connection, about 50 percent of the companies in Chile failed to publicize their CSR initiatives, while the other 50 percent publicized their CSR reports (Milet, 2010).

Companies in developing countries, including Chile, are under pressure from stakeholders to implement CSR (Rwabizambuga, 2007), but it is not easy in developing countries. Generally speaking, CSR improves corporate reputation among actors, for example, customers (Groza, Pronschinske, and Walker, 2011; Hsu, 2012), workers (Brønn and Vidaver-Cohen, 2009; Lai, Chiu, Yang, and Pai, 2010), and citizens (Fombrun, 2005; Sen, Bhattacharaya, and Korschun, 2006). Moreover, CSR practices in Chilean mining companies have to prioritize areas for intervention as part of social investment support. These areas include social services such as water, health, education and energy (Milet, 2010).

Nonetheless, MNCs in extractive industries operating in third-world countries in Africa, Asia and Latin America face criticism for failing to mitigate the environmental impact, violating human rights and for endless conflicts with neighbouring communities (Hilson and Murck 2000; Idahosa 2002; Kapelus 2002; Frynas 2005; Imbun 2007; Hamann *et al.*, 2009). The CSR of mining companies from western countries functioning in developing countries is contested (Yakovleva and Vazquez-Brust, 2012).

A study conducted by Aguero (2004) proposes three interconnected factors for the development of CSR in Latin America: pressure from the community, change in the opinions of corporate managers, and an evolution in management practice and theory. In spite of emerging studies in recent years, the question of what caused the growth of CSR in Chile is still unanswered (Beckman, Colwell and Cunningham, 2009). According to a study conducted by Beckman, Colwell, and Cunningham (2009), academic circles did not contribute to the emergence of CSR in Chile, but there is direct connection to religious beliefs and philanthropy (Beckman *et al.*, 2009). However, many studies show the difference between traditional CSR and modern CSR. Recent studies in Chile reveal that MNCs played an important role in shaping today's CSR in Chile (Beckman *et al.*, 2009), which focuses on five major thematic areas, namely, morals, employees' working environment, trustworthy business, community support and environmental protection (Beckman *et al.*, 2009). But the primary focus of the Chilean CSR practices is on community support. Additionally, mining companies and CSOs in Chile highlight lack of

commitment by the Government in promoting and developing CSR practices (Milet, 2010).

Moreover, MNCs in Latin America, especially in Brazil and Mexico, started to implement CSR initiatives by helping communities in various programmes (Casanova and Dumas, 2009). Despite their contribution to social investment, companies have been blamed by various stakeholders for using CSR to improve the corporate image instead of improving the well-being of the community. One of the leading private banks in Brazil, Banco Itaú, has made the education sector number one CSR priority (Casanova and Dumas, 2009). Their education project known as 'roots and wings' has become one of the most famous projects in Brazil aimed at helping students from poor families. Moreover, some corporations, for example, Mexican building firms, have been supporting the entrepreneurship spirit among the poor in Mexico (Casanova and Dumas, 2009).

Furthermore, the giant Brazilian oil company, Petrobras, is committed to supporting CSR initiatives and has had a positive impact on communities (Casanova and Dumas, 2009). Its involvement in various socio-economic activities has made a substantial contribution to the well-being of communities. The company adopted CSR and integrated it in its mission and corporate business. Petrobras has been ranked the seventh biggest firm in the world as listed by Fortune Global 500. Moreover, the company represents 10 percent of the total GDP of Brazil and contributes 6.5 percent of total exports (Casanova and Dumas, 2009).

Argentina is now becoming an extractive country like many other countries in Latin America where extensive mining operations are taking place in the form of open-pit mining (Yakovleva and Vazquez-Brust, 2012). After the reforms in mining law in the 1990s, Argentina witnessed an inflow of FDIs in the extractive industry amounting to US\$ 1.8 billion in 2000-2005 (Swedish Trade Council in Argentina, 2006). The Government of Argentina encourages FDIs in the extractive industry (Boccardi *et al.*, 2008; Schiaffini 2004), but there is still resistance from civil society groups, NGOs and local communities. People in Argentina are blaming MNCs for causing environmental degradation, taking their precious metals and wealth and leaving holes (Galafassi and Dimitrou 2007).

Studies investigating CSR practice in Argentina are usually very critical (Zicari 2006, Wagenberg 2006; Guidi 2008; Comelli *et al.*, 2010). Some scholars describe CSR



initiatives in Argentina as a whitewash (Zicari 2006), or community deception (Boccardi *et al.*, 2008; Comelli *et al.*, 2010); while others say it is ineffective (Wagenberg, 2006) and fails to take into consideration the needs of communities (Guidi 2008). Other studies in Argentina condemn CSR for being philanthropic (Vives 2006; Roitstein, 2004; Irigoyen 2010), stating that social and political matters are weakened and replaced by philanthropy (Guidi, 2008). Additionally, some local companies in Argentina do not regard the environment as being part of CSR, which leaves MNCs as the only ones considering that the environmental aspect is part of CSR (Yakovleva and Vazquez-Brust, 2012). This forces extractive companies in Argentina to be specifically concerned about social issues and consider community ambitions (Newell and Muro 2006). Moreover, many companies with poor performance on environmental issues use philanthropic contributions, sustainable reporting and social investments to establish social legitimacy (Roitstein 2004; Comelli *et al.*, 2010). Furthermore, CSR initiatives in Argentina focus mainly on humanitarian responsibilities, environmental responsibilities, economic responsibilities, ethical responsibilities and legal responsibilities (Yakovleva and Vazquez-Brust, 2012).

CSR and company performance are inseparable. Most studies on CSR have primarily focused on the developed world and MNCs in developing economies (Muller and Kolk, 2009). Based on the theoretical literature, there are two competing approaches regarding the impact of CSR on corporate performance (Amini and Dal Bianco, 2017). The foremost is termed the social impact assumption and the other is the shift in focus assumption. While the first states that CSR practices have a positive influence on a company's fiscal performance, the second one proposes the opposite. In consonance with the social impact assumption, four main issues emerge seeking to describe the relationship between CSR and company performance, which are improving labour productivity by offering better working conditions (Turban and Greening, 1997), strengthening managerial skills thereby increasing corporate efficiency (Orlitzky *et al.*, 2003), improving the company's reputation and inspiring confidence in it (Bowman and Haire, 1975), and corporate image and commodity competitiveness (Porter and Van der Linde, 1995). This assumption works effectively when the media promote the company's relationship with other stakeholders (Chen and Shang, 2009).

The shift assumption argues that initiatives, such as promoting the relationship between employees and society and assisting protection of the environment, tend to make the

company shift its primary goal of making a profit and increase its costs (Becchetti, Ciciretti and Hasan, 2009). However, some studies suggest that companies engaging in CSR practices face competitive market and poor performance because of using resources inefficiently (Friedman, 1970), restricting goods development (Bragdon and Marlin, 1972) and promoting unprofitable community development activities (Aupperle *et al.*, 1985; Vance, 1975; Ullmann, 1985).

### **3.3.15 Corporate Social Responsibility (CSR) practice in Asia, the case of India**

It is also imperative to conceptualize CSR in other countries outside Africa in order to build a case and link it with Tanzania. Asia is one of the biggest continents in the world and has about 48 countries including India, Japan, and Malaysia, United Arab Emirates, Indonesia and many others. The continent is divided into the eastern, southern, western and south-eastern regions. This study draws lessons from India as one of the biggest countries in Asia having a vast amount of literature on CSR. India is an emerging country trying to become a developed country (Kathiriya, 2017). The CSR concept in India is not new (Kathiriya, 2017).

Since 2000, there has been a need to establish CSR legislation in India to promote social development and other charitable activities (Shin, Jung, Khoe and Chae, 2015). Because CSR faced strong resistance from different corporations, it could not be introduced until 2010 (Shin, Jung, Khoe and Chae, 2015), when it was agreed that corporations should participate in community development programmes and charitable activities. Following the need for CSR legislation, the Companies Bill covering CSR provisions was approved in 2011, by the Indian House of Representatives (*Lok Sabha*) (Shin *et al.*, 2015). Finally, on August 9, 2013, the Upper House of the Indian Parliament (*Rajya Sabah*) passed the bill that officially became the Indian Companies Act, 2013 (Shin *et al.*, 2015), which replaced the former Companies Act, 1956. The new act considers CSR compulsory, which is aimed at promoting social development in the country (Kathiriya, 2017). Companies in India have the role of not only attaining economic benefits, but also of supporting community development programmes.

Additionally, the Indian Companies Act, 2013 asserts that social obligation is one of the key aspects of companies (Kathiriya, 2017). The Companies Act describes the social responsibilities of businesses, which include being involved in education programmes,

social welfare, philanthropy and environmental protection. The Indian Companies Act, 2013 makes CSR compulsory for all companies having a profit above that stipulated by it but exempts small businesses. It also has a mechanism for controlling the internal and external CSR operations of companies. Section 135 of the Act provides for the establishment of a CSR committee, which is accountable for drafting and recommending CSR to the Board and overseeing CSR activities undertaken by the respective company (Kathiriya, 2017).

India is also one of the first countries in the world to make CSR compulsory, after amending the Companies Act, 2013, which states that businesses with a net profit of US\$ 73 million or more shall contribute two percent to CSR programmes. In India, companies can decide to invest their profits in community development programmes such as education, gender equality, poverty, healthcare and hunger (Berad, 2011). Prominent companies in India such as Tata and Birla started implementing CSR many years ago even before it became popular (Berad, 2011). There are many examples showing that companies have played a significant role in addressing social issues such as education, health care, environmental protection, and other livelihoods through their CSR initiatives across the country (Bread, 2011).

Further, the Indian Companies Act, 2013 calls for all companies in India to be ethical and to spend two percent of their average net profit on CSR programmes. The Act requires all companies to participate in CSR initiatives, and more companies are engaged in CSR activities than before when they used to spend only one percent (Shin, Jung, Khoe, and Chae, 2015). According to Verma (2014), in 2001 to 2012, about 30 companies spent less on CSR activities. One challenge of the Companies Act, 2103 is that areas having many companies benefit more than areas with less companies (Kathiriya, 2017). Deodhar (2016) added that it would be better if the Government collected two percent of companies' profits as their contribution to CSR and distribute the resources fairly to different regions to avoid development imbalances.

Kathiriya (2017) argues that the evolution of CSR in India can be traced to the 1850s when CSR focused on community activities supported by faith groups. The years 1850-1915 were characterized by industrialization and British colonial rule when companies implemented CSR as philanthropy. During 1915-1947, the focus was on

supporting the freedom movement. From 1947-1960, India had five-year development plans and businesses concentrated on supporting rural development. From 1960-1990, India witnessed the growth of corporate trusts, and from 1991-2013 the mushrooming of family trusts, NGOs, Public Private Partnerships (PPP) and other sponsorships for social and economic development.

Sundar (2000) pointed out four phases of corporate philanthropy in India. The first phase was 1850-1914 when CSR in India was dominated by corporate philanthropy, which supported several social projects such as hospitals, schools and colleges. The second phase was 1914- 1960 when corporate philanthropy was involved in supporting freedom movements against the British rule. The third phase was 1960-1980 when companies were mistrusted in Socialist India, which led to decline in corporate philanthropy and increased state monopoly as rebates development. The last phase was in the 1990s when strong CSOs emerged that were engaged in community service programmes (Mohan, 2001; Sundar, 2000).

Kumar, Murphy, and Balsari (2001) proposed various CSR components in India, which are: the ethical component, mainly focusing on Gandhi's trusteeship theory, emphasizing voluntary involvement in public activities. The statist component, focusing on Government-driven policies, comprising Government ownership and considerable business regulation. The liberal component, focusing on Friedman's understanding of CSR of owner objectives; and the stakeholder component, focusing on Freeman's notion of stakeholder receptiveness. However, Kumar *et al.*, (2001) suggested that these components do not match those developed in Europe and America.

Currently, the leading companies in India are participating fully in CSR initiatives in various social and economic programmes, such as skill development, healthcare, livelihood creation, and community empowerment (Berad, 2011). Notable CSR efforts have been made by Tata, Bharti enterprises, India Oil Corporation and Infosys, which were mentioned by Forbes in 2010. Today, CSR in India is much more developed and organized and has gone beyond charity and donations. Most companies have specific departments focusing on CSR programmes and have been allocating resources to support community services (Berad, 2011). Some important factors which have pushed companies towards CSR implementation in India include the diminishing role of Government,

demand for greater revelation, increased client interest, increased investor pressure, competition in the labour markets and supply relations (Berad, 2011).

Contemporary scholars have also investigated why businesses engage in CSR (Dhanesh, 2015), although most have focused on the functionalist approach describing strategic factors for engaging in CSR (Chaudhri and Wang, 2007; Kim, Kim, and Cameron, 2009), or the critical perspective that interrogates a company's motives for engaging in CSR (Cloud, 2007). However, the interpretive perspective is important because the implementation of CSR is characterized by competing forces and contradictions (May, Cheney, and Roper, 2007), but it provides a greater an understanding of CSR (May, 2011).

In India, scholars suggested that moral and strategic factors drive CSR (Dhanesh, 2015). The moral approach suggests that companies participate in community activities because it is important to do so (Bansal, 2003; Heugens, Kaptein, and Van Oosterhout, 2008; Letting, 1994). The strategic approach proposes that corporations engage in CSR for external reasons, for example market and institutional forces, and because it creates benefits such as workers' increased commitment and consumer loyalty (McWilliams and Siegel, 2011). Companies may be motivated by both intrinsic and extrinsic reasons, combining the moral and strategic approach (Child and Tsai, 2005).

Many studies suggest the strategic approach to CSR is used as most businesses in India participate in CSR initiatives to gain trust, and for financial and social purposes (Mehra, 2006; Mitra, 2007; Sagar and Singla, 2004; Sharma, 2011; Sood and Arora, 2006), although some literature has revealed that CSR is predominantly motivated by moral standards and top managerial commitment (Arevalo and Aravind, 2011; Gopinath, 2005; Lee, 2010). However, PriceWaterhouse Coopers (2013) revealed that the approach to CSR is more strategic.

### **3.3.16 Corporate Social Responsibility (CSR) practice in Sub-Saharan Africa**

Sub-Saharan Africa comprises Zimbabwe, South Africa, Tanzania, Democratic Republic of Congo, Nigeria, and many other countries. Indeed, CSR in most African nations varies from that in industrialised countries in terms of its manifestation and application (Cheruiyot and Tarus, 2017). Many scholars in Africa have shown the need of a comprehensive analysis on how CSR programmes should be engaged in (Egri and

Ralston, 2008; Kolk and Lenfant, 2010), and what is meant by CSR (Brammer and Millington, 2008; Surroca, Tribo, and Waddock, 2010; Wood, 2010). The institutional differences between developed countries and Sub-Saharan African countries (Hoskisson *et al.*, 2000) resulted in economic differences in CSR practices. Currently, the CSR literature in Africa gives clear examples of companies participating in both social and environmental programmes (Visser, 2005; Fourie and Eloff, 2005). CSR strategies in African countries are context specific and unique in terms of institutional, socio-economic and cultural values that determine CSR activities (Frynas, 2005; Jamali and Neville, 2011; Jamali and Sidani, 2011; Muthuri and Gilbert, 2011; Visser, 2008).

Today, many people believe that CSR is a western idea, but literature from Africa reveals that CSR existed in the African cultural tradition of philanthropy (Cheruiyot and Tarus, 2017). Good examples are the *Ubuntu* (humanity) concept in South Africa, *Nhimbe* (oneness) in Zimbabwe, *Msaragambo* (creating a strong community by helping others) in Tanzania, *Umuganda* (community coming together to complete a certain task) in Rwanda and *Harambee* (tradition of community self-help) in Kenya.

There are few studies on CSR in Africa, except for South Africa (Hinson and Ndhlovu, 2011; Visser, 2005), Nigeria (Amaeshi, Adi, Ogbechie, and Amao, 2006; Amao, 2008), Kenya (Cheruiyot & Maru, 2012, 2014; Muthuri and Gilbert, 2011), and Tanzania where research is focusing on CSR (Egels, 2005). Nigeria and South Africa have researched heavily on institutional analysis (Muthuri and Gilbert, 2011), sectors liable to about CSE, for instance, the horticultural and tourist industries (Cheruiyot and Maru, 2012; Opondo, 2006) and human rights (Cheruiyot and Maru, 2014).

Most of the CSR literature in Africa focuses on ideas, issues and processes (Hinson & Ndhlovu, 2011; Muthuri, 2013), cultural issues (White, 2008), circumstantial factors of CSR (GTZ, 2009), CSR and corporate governance (Cheruiyot and Maru, 2014) and practices from the past and pathways for the future (Visser, McIntosh, and Middleton, 2006). The current debate on CSR in Africa has engrossed many African scholars (Cheruiyot and Maru, 2012). However, the emerging consensus in most of African countries is that the CSR concept is different from that of western countries (Klins, Van Niekerk, and Smit, 2010).

The private enterprise plays a significant role in promoting the sustainable development of communities, as it impacts both society and the environment (Visser and Tolhurst, 2017), but in many African countries, CSR practices are not as well developed as in developed countries (Visser and Tolhurst, 2017), as it is considered to be a western agenda imposed on developing countries (Visser and Tolhurst, 2017). Several studies on CSR in Africa have focused on ethics, fighting corruption and social service delivery (Visser and Tolhurst, 2017). Therefore, CSR initiatives seek to address the challenges confronting societies, which Governments may not be able to address. CSR in Africa is still in its infancy and predominantly practised by MNCs (Visser and Tolhurst, 2017). Moreover, CSR initiatives in Africa largely focus on establishing a good corporate image and social service delivery, such as education, health care, water and capacity building and fight against child labour. CSR in Africa is predominantly practised in the extractive industry by mining, oil and gas companies.

Sub-Saharan countries lack a comprehensive CSR policy except for South Africa with its broad-based Black Economic Empowerment initiative (Visser and Tolhurst, 2017). CSR in Sub-Saharan Africa is also linked to corporate philanthropy CSR, mainly focusing on poverty alleviation, health and HIV/AIDS, education and skills development, youth development and empowerment and other socio-economic programmes. For instance, the DRC focuses mainly on improving awareness of civil responsibility, social service delivery, economic empowerment and linkage between the public and private sectors (Visser and Tolhurst, 2017). In Ghana, an association of companies has reached an agreement under the Ghana Business Code to align CSR practices with UN Global impacts and their principles (Visser and Tolhurst, 2017). CSR in Malawi includes building schools, hospitals, marketplaces and boreholes and provision of computers and clothes (Visser and Tolhurst, 2017). Malawi also focuses on the war against corruption for which companies have formed an association known as Business Action against Corruption. In the past few years, the Kenya Bureau of Standards (KBS) participated in preparing a draft of CSR guidelines and incorporated ISO standards for the purpose of measuring CSR in Kenya (Visser and Tolhurst, 2017).

In South Africa, CSR priorities geared towards Broad-Based Black Economic Empowerment (BBBEE), capacity building and fighting HIV/AIDS. The BBBEE clearly specified the role of companies in promoting social and economic development,

concentrating on education, health care, capacity building, the environment, sports, and arts and culture (Njenga and Smit 2007). Large mining companies have been engaging in CSR initiatives in various sectors (Siyobi, 2015). From 2012 to 2014 Anglo American Platinum company spent more than ZAR 100 million (US\$ 9.4 million) on various CSR projects ranging from education to other social services in Limpopo and North Western provinces (Siyobi, 2015). This indicates that extractive companies have been supporting various CSR projects in the country. However, their CSR initiatives face many challenges, such as poor coordination and engagement with key stakeholders, weak CSR policy and legislation and poor supervision and assessment once the programmes have been instituted (Siyobi, 2015).

CSR in Zambia has been dominated by the mining industry, mainly based on companies mining copper. There has been much discussion on CSR mainly focusing on the mining industry (Blowfield and Murray, 2014; Hamann, 2007). There have been a few studies on CSR in Zambia mostly on the extractive industry (Mayondi, 2014). There is also relationship between the growth of the copper mining sector and the historical development of Zambia (Republic of Zambia, 2012). CSR in Zambia has been focusing on improving the livelihoods of people and supporting social services, such as education, healthcare and poverty reduction. A study conducted by Lungu and Shikwe (2006) revealed that CSR initiatives in Zambia are philanthropic and are perceived as a way of helping the local community. CSR in Zambia faces many challenges, including a weak CSR policy and legislation, which resulted in corruption, violation of human rights, poor engagement of stakeholders, an increase in HIV/AIDS and lack of CSR knowledge among local communities (Cronjé, Reyneke and Chenga, 2017).

Ghana also has a long history in the mining industry. Its development can be traced back to the end of the 15<sup>th</sup> century and even further (Addy, 1998; Hilson, 2002a; Aryee, 2003). The CSR concept in Ghana appears to be a recent phenomenon (Andrews, 2016). Available literature indicates that the current practice of CSR initiatives in Ghana started as philanthropy and charity in 2001 by Goldfield Ghana Limited Company (Andrews, 2016). Many scholars considered that the actions taken by Goldfield Company paved the way for the emergence of CSR in Ghana (Andrews, 2016). Extractive companies in Ghana started by supporting organizations and needy communities, a form of charitable donations (Andrews, 2016). CSR activities in Ghana are spearheaded by MNCs (Amponsah-Tawiah



and Dartey-Baah, 2011) in telecommunications and extractive companies. Some sectors which have benefited from CSR initiatives are health, education, environmental protection and community capacity-building programmes (Chamber of Mines, 2005).

CSR in Uganda started in recent years, being called the CSR Consultative Group (Visser and Tolhurst, 2017). Uganda lacked a CSR policy and legislation and so it was difficult to enforce CSR (Katamba and Gisch-Boie, 2008). Most CSR activities are implemented on a philanthropic basis. Some laws not directly linked with CSR but provide essential elements of CSR in Uganda are the Employment Act 2006, Labour Disputes Act 2006, Labour Union Act 2006, Occupational Health and Safety Act 2006, Mining Act, National Forestry and Tree Planting Act, Water Act, National Environment Act, and Noise Standards and Control Regulations (Katamba and Gisch-Boie, 2008). Several companies in Uganda understand the importance of being communally responsible for their stakeholders, particularly in giving back to society (Katamba and Gisch-Boie, 2008). Companies have been engaging in various CSR initiatives, including education, healthcare, HIV/AIDS campaigns, supporting companies' marketing events and employee voluntary services (Katamba and Gisch-Boie, 2008). They also engage in environmental protection programmes such as tree planting. Currently, CSR is also incorporated in the curriculum of higher learning institutions in Uganda (Visser and Tolhurst, 2017).

CSR and corporate governance in Kenya are controlled by the Companies Act of 2009, the Capital Markets Act (CAP .4854) and Capital Market Authority. In Uganda, CSR and corporate governance are managed under the Companies Act, Cap .110 of 2012, the Capital Market Authority Act of 1996 Cap. (84 R.E. 2000) and the Capital Market guidelines of 2003 (Magalla, 2018). CSR in Malawi is governed by the Employment Act, 2000 and the Corrupt Practices Act, 2004. CSR guidelines in Kenya are embedded in the vision 2030, Kenya's National Environment Action Plan and the newly established Kenya Bureau of Standards (Visser and Tolhurst, 2017).

The study also draws lessons from Kenya as one of the East African countries having a stronger economy than the rest of the countries in the region. Understanding how other East African countries engross in CSR activities is very important in order to link them with the Tanzania context. Therefore, this section gives an overview of CSR practice in Kenya. Kenya has a population of approximately 46.2 million and its geographical area is

582.646 square kilometres. The county's GDP is approximately US\$ 22.78 billion and the country has an annual economic growth rate of 5.8 percent (World, Bank, 2016). In 2014 Kenya was declared a lower middle-income country (Cheruiyot and Tarus, 2017) but it has failed to transform its economy and the lives of most of its people (World, Bank, 2016). The country's GDP per capita has grown immensely, and its financial sector is ranked the third largest in Sub-Saharan following South Africa and Nigeria (Cheruiyot and Tarus, 2017). However, the country faces many socio-economic and political challenges. The statistics show that for every ten Kenyans, four live in extreme poverty (Cheruiyot and Tarus, 2017).

In the past two decades, Kenya has witnessed fiscal and policy changes in the private sector and civil society. According to Mwaura (2004), in underdeveloped countries such as Kenya, some roles previously performed by the Government now have shifted to the private sector, partly because the state has failed to handle socio-economic and environmental problems. Therefore, MNCs have opted to develop CSR initiatives (Awour, 2010) that benefit the community (Johnson, 2003).

The Mining sector in Kenya is guided by Mining Act and Mining Policy 2016 and Environmental Management and Coordination Act, Cap 387 (IGF, 2018), which guide the management of its natural resources. The Mining Act, 2016 provides direction and guidance on small-scale miners' activities stipulated in Sections 92 – 100 (IGF, 2018) concerning mining licences, establishment of a county office, land compensation and selling of minerals. The Mining Act, 2016 Section 176–181 deals with environment, health and safety (IGF, 2018).

Kenya's Vision 2030 development plan (Vision, 2007) recognizes three key important issues namely, economic, political and social. The conceptualization of CSR is problematic (Moon, 2002), but its operationalization, execution and application are context based (Cheruiyot and Tarus, 2016). CSR is a concept that considers business activities and measures for mitigating the risks, but is comparatively underdeveloped, focusing on some few case studies and MNCs (Cheruiyot and Tarus, 2016; Muthuri, Matten, and Moon, 2009). CSR in Kenya is identified as charitable actions based on humanitarian grounds and is weakly regulated (Cheruiyot and Tarus, 2017).

Kenya faces distinctive socio-economic, cultural and environmental challenges that impact CSR implementation (Muthuri and Gilbert, 2011), as businesses cannot flourish in such an environment (Tarus, 2015). There is no institution to manage CSR practices (Muthuri and Gilbert, 2011) and enforce the regulations, although Kenya has strong CSOs that initiated CSR in corporate businesses, in one case raising the issue of the poor working environment in the cut-flower sector (Opondo, 2013). Most companies have started implementing CSR initiatives by establishing community development and environmental protection programmes (Tarus, 2015), for example, tree planting, recycling and waste management, as well as supporting the healthcare, education and agriculture sectors. The question remaining is how much CSR programmes involve the community in implementing them.

### **3.3.17 Corporate Social Responsibility (CSR) practice in Tanzania**

Politically, Tanzania is one of the most stable countries in Africa but also one of the least developed countries in the world. It is found in the East African region. The concept of CSR has been copied from developed countries and first executed by MNCs that invested in the country. However, fewer studies have been done on CSR in East Africa than in other regions, and even fewer on mining, especially on involvement of the community in the execution of CSR.

The mining sector's contribution to Tanzania's GDP increased from 3.3 percent to 3.5 percent from 2011 to 2013 (The Guardian, 2016). The Tanzania National Development Vision anticipates that the contribution of mining to GDP will reach 10 percent by 2025. Further, from 1997 to 2012, MNCs in Tanzania paid a total of US\$ 1.339 billion (about 2.17 trillion shillings) to the Government of Tanzania as royalties, taxes and other contributions (The Guardian, 2016). Kweka (2009) stated that MNCs play a significant role in assisting the surrounding communities through CSR, by building schools, health centres and roads, providing water supply and improving agriculture, which strengthens the relationship between the companies, the local community and the Government. The purpose of CSR is to build a good image of the company to appeal to its stakeholders, which suggests that stakeholders should feel part of the on-going business operations. Involving stakeholders ensures sustainability of the business and reduces unnecessary

confrontation between MNCs and the local community. It can be concluded that making a profit should take into account the needs of the local community.

The Bomani commission on mineral review (2007) found that most MNCs make empty promises to host communities. In most mining areas in the country, there are many adverse effects associated with mining activities, which include destruction of infrastructure and environmental degradation. Furthermore, mining zones experience lack of social services like safe water, hospitals, schools, boreholes and many other community services such as land for cultivation and grazing, leaving communities without any hope to social services after being displaced.

In connection with this, the Bomani Commission maintained that the local people are blaming investors for not contributing to community services, and they feel that the country's mineral resources have not contributed to its socio-economic development. The recommendations of the Commission resulted in the formation of the Mineral Policy of Tanzania in 2009, which led to enactment of the Mineral Act, 2010 giving the country full ownership of the mines.

The Mineral Policy (2009) states that all mining corporations should contribute to development projects established by local communities in the mining zones as part of their CSR, but it does not state it clearly; mining companies implement CSR as charity.

The new Written laws (Miscellaneous Amendments), Act, 2017 are aimed at increasing control and acquiescence, guaranteeing the maximum collection of revenue and safeguarding the country's interests (Daily News, 2017). This law amended the Mining Act, Cap 123, the Petroleum, Cap.392, the Income Tax Act, Cap 332, the Value Added Tax Act, Cap.148, the Insurance Act, Cap. 394 and the Tax Administration Act, Cap. 438 (URT, 2017). Among the major changes in the Mining Act, is the establishment of the Mining Commission, replacing the Tanzania Minerals Audits Agency. According to the Written laws (Miscellaneous Amendments), Act, 2017; CSR is compulsory for all large-scale mining companies.

For a number of years CSR activities were implemented without clear legislation until 2018 when the Government established new CSR regulations. Currently, both local and

international companies have been engaging in CSR practices, not only mining companies but also banks, telecommunications, transportation, food and beverages and tourism. Examples of companies engaging in CSR activities are Exam Bank, CRDB Bank, National Microfinance Bank, Coca-Cola, Vodacom, Tigo, Serengeti Breweries, Swissport and Twiga cement. Additionally, the East African (2012) mentioned other companies that applied for the East African CSR Awards and have been active in CSR activities; they comprised Barclays, Standard Chartered Bank, Airtel Tanzania, Unilever Tea Tanzania, Tanga Cement and Sandali Wood Industries.

Tigo Telecoms, one of the leading telecommunication companies in the country, has for a number of years been supporting social activities mainly focusing on digital inclusion, the education sector and entrepreneurship. Tigo, in collaboration with Reach for Change (NGO), managed to provide US\$ 40,000 to support the businesses of social entrepreneurs. Moreover, Tigo Tanzania; in collaboration with the Ministry of Works, Transport and Communication; managed to offer free internet access to secondary schools as part of CSR initiatives. Tigo Tanzania has been supporting community activities in different sectors such as education, health and entrepreneurship (TIGO, 2019).

Vodacom Tanzania has also been contributing to community development in the health, education and entrepreneurship sectors. The company has been helping women and girls across the country have easier access to social services such as education and health. Since starting community engagement programmes, Vodacom, together with local NGOs and development partners, have supported over 120 projects and spent over 14 billion Tanzania shillings equivalent to US\$ 7 million to improve the lives of the needy in the country. It also joined with other development partners to fight obstetric fistula among women in rural areas, which helped over 2,000 women in collaboration with CCBRT Hospital. It also launched a malaria project, educated young girls, provided sanitary pads in schools and managed to build 34 classrooms in different parts of Tanzania, donated over 1035 desks, supplied and installed over 300 computers in secondary schools and provided 7,931 women with interest-free loans to support their small business projects (Vodacom, 2019).

Another mobile company, Airtel, recognized the importance of supporting the community in which it does business in order to achieve its objectives. Airtel Tanzania, through its

CSR initiative called 'Airtel FURSA', together with the Tanzania Vocational Training Authority (VETA), offered courses online, helping many people who did not have the chance to enrol in VETA colleges.

CSR is crucial for improving a company's brand and image (Maignan and Ferrell 2004; ATE 2012; Diallo and Ewusie 2011). It helps businesses make a profit as well as contributing to community development and environmental protection (Salleh *et al.*, 2013). The Association of Tanzania Employers (ATE, 2012), which represents the welfare of more than 800 members, maintains that CSR has many benefits for both the company and community. It can provide financial assistance, services and goods to charities and society groups at a low price and internship programmes for students to gain work experience so that they become employable. Moreover, CSR can play an important role in helping community development projects such as building schools and health centres or dispensaries. Additionally, CSR can be used to help local sports and games, cultural and other societal activities and impart entrepreneurship skills. CSR can also be used to provide money to local NGOs and CBOs to invest in community development programmes such as roads, hospitals and schools (Insyirani *et al.*, 2013; Chikati 2010).

### **3.3.18 CSR Practice in Geita Gold Mine (GGM)**

After drawing lessons from other countries, the study now focuses on GGM in Geita Region, already described in chapter one. Geita District has two councils, Geita Town Council and Geita District Council, but each council implements its own CSR projects. Geita Town Council receives about 72 percent of the CSR funds from GGM and Geita District council receives 28 percent. The distribution of CSR funds depends on the area owned by each council, and so Geita Town Council receives more CSR funds than Geita District Council. Additionally, three leading MNCs in Tanzania, namely, GGM, Buzwagi and North Mara spent more than 19.88 billion shillings on CSR projects in 2017 (The Citizen, 2018). Furthermore, GGM plans to spend US\$ 1.9 billion (about 4.3 billion shillings), Buzwagi around US\$ 333.111 (about 750 million shillings) and North Mara US\$ 222.215 (about 504 million Tanzanian shillings) in the same year (The Citizen, 2018). In 2016, GGM contributed 34 percent of the total gold production in the country and became the biggest gold producer in Tanzania (TMAA, 2016). In the same year, the company paid corporate tax of 116.7 billion Tanzania shillings and in total has paid more than 619.21 billion Tanzania shillings as corporate tax since 2009 (TMAA, 2016).

In July 2017, the URT parliament passed three laws which made important changes to the extractive industries (oil, gas and minerals). Before the changes to CSR legislation, GGM used to implement CSR projects without full involvement of local Government authorities in designing, implementing and monitoring CSR projects in Geita. After the new Mining Act, 2017 CSR projects would be implemented by local Government authorities. Under the new mining law, a mining company prepares CSR plans and shares them with the local Government authority. They agree on the list of the CSR projects to be executed and afterwards prepare a Memorandum of understanding (MOU), after which the local Government authority prepares CSR guidelines for the mining company that is a Government requirement under section 27 of the Mining Act, 2017. CSR projects as per the new mining law have to be implemented by local Government authorities and not by mining companies as before. The Written Laws (Miscellaneous Amendments) Act, 2017 requires MNCs to contribute 0.7 percent of their gross annual income as CSR to the respective local Government authority where they operate.

In 2018, GGM set aside around 9 billion shillings (about US\$ 3.4 million) for CSR projects, which were given priority, including installation of 100 solar powered street lights in Geita Town, and construction of a modern market and tower in Geita, aimed at opening up economic activities in Geita Town. Moreover, GGM was the first mining company in Tanzania to present a CSR strategy and sign an MoU in 2018 with Geita District Council and Geita Town Council (GGM, 2018).

In accordance with the Mineral Policy, 2009 and Mining Act, 2010 stipulating the importance of MNCs supporting community development programmes, GGM has spent over 900 billion Tanzanian shillings (US\$ 391 million) on CSR projects since its inception, and in 2012/3 GGM paid taxes of over 400 billion (GGM, 2018). Moreover, in 2016/2017 and 2017/2018 GGM spent 27% of its total expenditure on local goods, and the rest was used to purchase goods from outside Tanzania. In 2018, GGM spent over 30% of its total expenditure in Tanzania as part of its internal local content policy (GGM, 2018) to promote goods from Tanzania. GGM has significantly invested in social services such as water, health and education. GGM constructed a water project in Geita town and 21 outlets in its suburbs, thereby helping the surrounding communities. Similarly, GGM has drilled wells for schools and dispensaries in the villages of Saragulwa, Compound and

Nyakabale. Moreover, GGM has spent more than 900 billion Tanzanian shillings (US\$ 387,931) on CSR projects since its inception in the early 2000s. In 2012/3, GGM paid taxes of over 400 billion Tanzanian shillings (US\$ 172,792), and in 2014 alone GGM paid 2.1 billion Tanzanian shillings (US\$ 912,687) as service levy to Geita Town Council (The Guardian, 2016).

CSR stakeholders in the country have highlighted the need for mining companies to make education for the surrounding communities the number one priority (The Citizen, 2019). The Prime Minister, Kassim Majaliwa, also instructed the extractive companies, including GGM, to honour their CSR commitments as stipulated in the regulatory framework (The Citizen, 2018). He further added that some companies have a tendency of building a classroom or dispensary at inflated prices; he insisted that the Government will need to conduct audits on CSR projects and take serious measures against embezzlers.

According to Pratic and Chandan (2009), CSR plays an important role in safeguarding the prosperity of local communities. Further, Jariwala (2013) and Beltratti (2005), from their analysis of CSR and corporate governance, recommended that it is important to promote CSR to different corporations, and the CSR policy needs to be emphasized so that every company can significantly support social development of the nearby communities. As part of CSR initiatives, GGM has made an important contribution to the local communities living around the mine in Geita, including improving social services such as education, health care, water supply, provision of transport, improving roads, employing casual labourers, increasing cash flow, and raising the level of skills of the labour force.

Challenges facing CSR in Geita include lack of sustainability, unfulfilled promises, lack of involvement of local communities, poor reporting, poor coordination, embezzlement, poor documentation, overestimating CSR projects, unequal distribution of CSR projects, duplication of the projects, lack of CSR knowledge by the community and poor quality of the projects. Most CSR projects by GGM were initiated by the company rather than the community.

### **3.3.19 Challenges Facing CSR in Tanzania**

CSR in Tanzania is very new, and so challenges are inevitable, which include lack of community engagement in CSR programmes. According to Berad (2011), local



communities are not interested in participating in and contributing to CSR programmes, leaving companies to implement them on their own. This may be due to lack of awareness among local communities about participating in CSR activities as a result of poor communication between companies and local communities at the grassroots level. Local communities consider CSR activities as the role of the companies and so they are not obliged to participate in such programmes.

Lack of funds to invest in CSR projects as most companies face stiff competition in the market, result in low profits and so investing in social programmes is less of a priority. Many companies in Tanzania are facing many challenges relating to change in the policies and legislation, minimizing their ability to engage in community activities, with the result that some companies started retrenching their employees so as to cope with the situation, for example, mining companies, banks, telecommunications companies, cement companies, food and beverage companies and tourism companies.

Lack of knowledge among local communities is another challenge facing CSR in Tanzania. There is a strong need to build the capacity of local communities so that they understand the importance of participating in CSR projects. Both the Government and NGOs should raise awareness of local communities of the need to participate in community activities. Local communities should realize that CSR activities are designed to promote the community's welfare and the company's image and brand. Their participation in CSR activities is vital for promoting and strengthening the relationship between local communities and the company, thus enhancing sustainability of CSR projects. It builds a sense of ownership by the community of CSR programmes.

Lack of transparency in most CSR projects is another challenge facing CSR in the country (Grigoris, 2016), which is one of the main findings of Grigoris's study. In Tanzania, most CSR projects are designed by companies without involving key shareholders such as the Government, NGOs and the local communities, who are blaming GGM for failing to reveal the actual cost of CSR projects. There is a public outcry that few CSR projects are realistic, and lack of transparency affects the relationship between the company, Government, NGOs and the local communities, which are the key stakeholders. In the past, CSR projects in the mining sector were implemented by the respective company as a

charity, but now after the establishment of CSR regulations they have to be approved by the Government before their implementation.

Narrow perception of CSR programmes is another challenge facing CSR in Tanzania, as local communities feel that these programmes have been imposed on them. Most CSR projects in Tanzania are top-down projects imposed by companies and not bottom-up projects which have been initiated by the community. This results in communities finding it hard to fully participate in the projects.

Further, lack of clear CSR guidelines contributes to poor implementation of CSR projects. In the past, CSR in Tanzania was implemented as a charity as there were no clear regulations but was under the jurisdiction of the respective company to determine how much to contribute to CSR projects and how it should be implemented. Due to that loophole, mining companies in Tanzania implemented CSR as philanthropy until 2017 when the Government established new CSR regulations. Despite this, there is still confusion about how the CSR programmes should be executed in the mining sector.

There is a lack of information about CSR projects as many companies are reluctant to share their reports with the public. Most CSR projects are implemented by companies which become custodians of the information and may decide to share it with the public or not. It is common for some projects to function, but because information is lacking, this raises the question of value for money. In Geita, most GGM CSR projects have been blamed for being overpriced. A good example is Nyankumbu Girls' Secondary School where the actual cost given by GGM was around 16 billion Tanzania shillings equivalent to US\$ 7.5 million, while the Government estimated the cost to be 4 billion Tanzania shillings equivalent to US\$ 1.7 million.

CSR projects lack visibility as some companies still do not publicize their CSR initiatives, but this is needed so that the community knows what their contribution is to society, because embezzlement and corruption have been serious problems in the country. CSR managers are not trustworthy as most community projects are unrealistic and overestimated. People have used CSR projects to benefit themselves instead of the community. Most CSR projects are of bad quality and their costs are ridiculously inflated.

Unfulfilled promises are among the challenges facing CSR in Tanzania. MNCs make false promises to the host communities which creates hostility between them. Local communities have been blaming MNCs for failing to fulfil their promises, thus weakening the relationship. MNCs in the mining areas have promised so many things to the communities, most of which are unfulfilled.

### **3.4 Community Participation**

Explanations of the concept community depends on the context (NRC 2011; Chandra *et al.*, 2011; Twigg 2009). In several literature sources, communities are frequently regarded as a group of people living together in the same geographical area (Twigg 2009: 9; McAslan 2011: 6; Dove 2008). In risk and crisis communication literature, the term community is also explained in different ways. Avery *et al.* (2010) perceive the concept of community as a geographical unit. They differentiate communities as follows: big city, city, suburban, and small town or rural areas (2010). Bird *et al.* (2011) further differentiate between urban and rural societies. This location-oriented description overlooks other important aspects of community, which are common interests, ethics, activities and structures (Twigg, 2009). Communities are multifaceted and frequently not united. One community might contain another, and people can be members of different communities at the same time, related to each by various factors such as position, occupation, economic status, sex, faith or recreational interests (Turner 2010; Twigg 2009; SCRA 2010). Occasionally, the concept of community comprises populations within a community, for example cultural and ethnic sub-groups (Crouse Quinn, 2008).

In addition, communities are very dynamic and heterogeneous; individuals may decide to join for specific goals and detach again when these goals have been attained (Twigg 2009, McAslan 2011). Looking communities as complex and linked with entities beyond geographical borders does not refute the significance of association that reveals the needs, preferences and socio-economics of the geographic communities and regions the co-operative linkages (NRC 2011). On another hand, looking at communities regarding geographical position provides an easy understanding of a group facing common challenges and threats (McAslan 2011). Currently, digital communities also exist in our modern societies, and the explanation of Dutta-Bergman (2006) reveals that participation in community networks on the internet is linked to participation in local (physical and geographical) communities.

For this study, a community is regarded as a group of individuals living together in a given geographical area and socially linked through common interests, values and culture. The concept ‘participation’ can be explained in many different ways and is frequently used similarly with words such as involvement and engagement (Brodie *et al.*, 2009). There are various categories used to explain community participation:

- People—signing petitions, refusing goods (Brodie *et al.*, 2009), neighbourliness, ‘doing a favour’ (Williams 2009)
- Social participation—being an associate of a communal group, organisation, club, volunteering, running a faith group such as church or mosque (Brodie *et al.*, 2009).
- Community participation—can also be explained as a political involvement in various social activities including voting in different elections and participating in political discussions and debates (Brodie *et al.*, 2009).

The term community participation can therefore, be explained as: “any action which includes devoting time or resources, volunteering, performing some community activities which benefit individuals or group of people other than close families or to help the environment” (Williams, 2005). This explanation includes all three categories which include people, society and public, and it should be understood that different people in the community engage in various community activities throughout their entire lives (Brodie *et al.*, 2011).

Government policies tend to consider more on public participation and in most cases promote people who are willing to participate at different levels of participation (Green and Brock 2005). The term community participation considers different hierarchies in the society whereas Williams (2005) debates more of a range of activities. These ranges of activities should not be considered as linear as people take part in various activities in their lives and sometimes do not follow the entire pattern of participation (Brodie *et al.*, 2011). This broadly recognised hierarchal concept leads to community participation being treasured more by various Government policies (Williams 2005). It could be contended that people consider more on the participation of the formal groups, and therefore community members of the given society who are not participating in formal groups are less valued compared with those who do (Williams 2005).

DEFRA (2010) described sustainable community indicators as the degree of participation, which includes both formal and informal volunteering in the societies. This analysis does not consider individual level of participation (Brodie *et al.*, 2009), and therefore is considered as a narrow definition. Some societies have very low levels of community participation because of using a narrow classification of membership of public societies or recognised groups only (Williams 2005). Some of these communities consider that people from particular societies are not fully involved in community activities, but Lichterman (1995) describes this scenario by stating that people from low-income societies have a different sense of community participation which normally does not include civic groups. Government policies over the past three decades have failed to take into consideration the concept of community participation in its own path; they rather consider it as a tool for promoting Government initiatives. Therefore, informal groups and local organisations at village level in most of developing countries have not been supported or funded by the Government and have therefore not been developed (Gilchrist 2003).

The concept of participation is vital as most societies with greater level of participation tend to have solidarity, more development and trust (Porritt, 2007). It has been argued that people can decide to detach from community participation after having other options they can do to help their communities and bring impacts (Ockenden, 2007). People may decide to engage through various avenues, but the majority decide to participate in community activities by forming a membership group. The definition of a group as proposed by Johnson and Johnson (1987), quoted in the work by Hogg and Vaughan (2011), is: 'individuals come and work together, having common interests, each understands his or her responsibility of membership, each knows group members who belong to the group, and each member contributes positively to the sustainability of the group as they strive to attain the common goals'.

Traditionally, the concept of participation is viewed as both active and passive and sometimes interactive (Mikkelsen, 2005). Active participation refers to a process whereby community members take full responsibility in the decision making process in the community activities. Decision making and other community activities are done by the entire community members such as planning, monitoring and evaluation of the projects. Passive participation refers to the community members upholding a distance and not fully participating in the community activities but keep following the progress of the projects.

Interactive participation refers to community members taking full responsibility in the planning process of the projects and engaging in different community activities aimed at improving their social well-being and development of the entire community (Roodt, 2001).

The importance of community participation helps to teach the societies the best practice to resolve the internal conflict and permits different opinions to be heard in the society. In this regard, community participation promotes the learning process and knowledge transfer in the society as well as helping the community members to help themselves in various situations (Baum, 1999 and Nampila, 2005). Through community participation, communities can work together and solve their problems, organise themselves, come up with different solutions facing their communities and form a powerful community group aimed at promoting socio-economic development of the society and the world at large. Another advantage of community participation allows community members to share knowledge, mobilize resources and reduce dependence syndrome from the Government (Nampila, 2005).

In this way, development should go beyond delivery of goods and services to the ordinary citizens. Development is about taking into consideration both active participation and community empowerment (Callaghan, 1997). Community participation could, therefore, lead to the empowerment of the people and society and help to develop critical thinking among community members (Davidss *et al.*, 2009).

The importance of participation of the community members in various development projects helps to promote capacity building, accountability, transparency and efficiency in the implementation process, monitoring and evaluation of development projects (Davidss *et al.*, 2009). De Beer (1998) describes that community participation not only helps community members to learn but also realise their agreed objectives and make decision of the future projects and development. Therefore, community participation promotes community members in various aspects and helps them to achieve their desired goals and objectives (Freire, 1993).

The concept of people-centred development emphasises on development of people rather than of objects and their ability to fully participate in development activities.

The dependence syndrome for the most developing countries has mostly resulted in projects being unsustainable. People-centred development promotes self-reliance in societies (Kotze, 1997). According to Korten (1990), community participation increases the sustainability of development projects, and this is the key aspect of people-centred development. Community participation may result to community empowerment, community development, and socio-economic transformation (Kaufman and Alfonso, 1997).

An examination of various readings on community participation promotes development projects that are “more responsive to the needs of the poor, more responsive Government and better delivery of public goods and services, better-maintained community assets, and a more informed and involved citizenry” (Mansuri and Rao, 2003). Community participation plays a significant role in giving and accessing information. When community members participate, it helps to provide information about their preferences and choices. All these types of information are important and help to increase welfare of the society and better community development projects.

In addition, Mansuri and Rao (2012) specify that emphasis on participation in different development programmes started in the mid-1980s as a reaction to the then dominant top-down approach to development projects. They indicate that prominent economists, for example Sen and Ostrom (2013), provided an enthusiastic case study for application of the bottom-up approach to development projects which promoted community participation in decision making. Their study contributed significantly to the community-based development projects, devolution and involvement of different stakeholders, such as Government and development partners. This wider notion of participation is key to understanding citizens' rights, desires and responsibilities concerning other community members and the Government (DFID, 2010). Gaventa and Barrett (2012) point out that understanding the concepts of participation and engagement is key to development. Participation promotes good governance, human rights and accountability to the community, development partners and the Government. Community participation and engagement makes it possible to achieve the desired goals.

Participation is a process of having control or negotiating power (Grossman and Hart 1986; Hart and Moore 1990). They agreed that the greater a society is involved in an

activity, the more likely it is to have a say and impact in this activity. The basic property rights model proposes that a decision must be owned by the agent whose effort/investment is important, as it ensures that this agent will invest more in the decision, leading to greater benefits for all. Thus, community participation tries to involve the full capacity of the Government, private and non-profit sectors, including businesses, faith-based and disability organisations, and the general public (FEMA, 2011). Therefore, community participation refers to different methods in which citizens and different groups in society might be included in planning and implementation of different projects for the welfare of the present and future generations.

Different types of people participate in a variety of actions (Brodie *et al.*, 2009; Low *et al.*, 2007), despite the belief that certain groups do not, due to age, sex, ethnicity, socio-economic status and political affiliation, which is not true, although rural communities participate more in formal and informal volunteering than the urban people in Tanzania (Kneale, 2011), because there is greater the social cohesion among rural people than urban dwellers.

Community engagement and participation are the key elements of CSR. Therefore, community participation may take various forms, such as supporting local community initiatives and events, volunteering in social activities and fighting diseases. Companies engaging in community-based CSR programmes promote a relationship with neighbouring communities and build a corporate image (Monaledi, 2016).

The International Association for Participation (2009) states that there are several core values to be considered in participation, particularly:

- Communities need to be engaged in decision-making.
- The process of participation should aim to assist people's engagement in various development activities.
- Participation needs to be communicated to various people, and development activities need to meet the requirements of the whole community.
- Beneficiaries must be given the opportunity to be involved at different levels of decision making.
- The process of participation should offer enough information for beneficiaries to participate.



- The process of participation should provide sufficient information for various stakeholders in order to make rational decisions.

Therefore, participation is about people's inclusion at different levels of decision making, such as planning, implementation and monitoring. In addition, it is about taking people's opinions and needs in the decision-making process. Participation brings several benefits to the community and projects, such as empowerment of stakeholders, sustainability of the projects, inclusion of local expertise, increasing efficiency of the projects, ensuring value for money, proper management of the projects, promoting a sense of possession of the projects and avoiding unnecessary conflicts among stakeholders (Monaledi, 2016). Having seen some advantages of participation, it is also imperative to focus on some of the challenges of participation, which include time consuming and inefficient bureaucracy (Monaledi, 2016). The concept of participation is complicated as it addresses both socio-economic aspects and social processes (Khwaja, 2004; Mansuri and Rao, 2004; Oakley, 1995). Participation engages different stakeholders in decision making, and so coming to an agreement on some issues is difficult. It can also lead to delays in projects as it takes into consideration people's different opinions.

Furthermore, the concept of participation is over-politicized by leaders and politicians as societies are not homogeneous, and they tend to impose their political agenda on the process of participation for political gain, which can lead to conflicts and loss of resources (Monaledi, 2016). In addition, due to differences among participants, participation sometimes can result in community conflicts, vandalism, disgruntlement and poor implementation of projects (Monaledi, 2016). Moreover, in the course of participation, some members in the community may hijack the entire process for their personal benefits (Lyons *et al.*, 2001; Mansuri and Rao, 2004). Sometimes the participation of marginalized groups in the society, such as women, people living with disabilities, senior citizens, people with less education and poor community members, may be eliminated from the decision making process, therefore denying them the benefits of empowerment (Cummings, 1997; Mansuri and Rao, 2004).

Similarly, Marais (2010) revealed that the extent to which beneficiaries are involved in a development project (planning, implementation and monitoring) is key to its success, and recommended that for any community project to be sustainable and have a long-term

impact it needs to include and consult with community members at all stages, so that they feel part and parcel of the project, thereby ensuring its sustainability.

Concerning the mining sector, Bench Marks Foundation (2012) noted that poor participation by community members in different community development programmes contributes to failure of most CSR projects implemented by MNCs. The foundation suggests that MNCs should formulate CSR projects in collaboration with the community, to ensure that they respond to the needs of the entire community.

Therefore, community involvement in the mineral sector brings people together and helps to avoid unnecessary conflicts between MNCs and the local community. It also strengthens good relationship among stakeholders and promotes sustainable development. By maintaining peace and tranquillity in mining areas, production will take place more peacefully, and both parties will benefit from God-given natural resources. In some countries where there are conflicts, there is no production and hence poor development. The importance of involving the local community in development projects is that it promotes projects, which are chosen by the people, and hence enhances people-centred development. In addition, the participation of the local community promotes sustainability of the projects and avoids duplication of them by the Government, MNCs and development partners.

### **3.5 Description of Development**

The term development, for a quite long time, has grasped the attention of economists as well as political scientists, because development is crucial for human life. However, it is difficult to conceptualise development in least developed countries. Development has been described differently by different people, and so there is no definition of it agreed by scholars. Currently, development actors have limited it to targeting poverty reduction (Thomas, 2004). Sen (1999) pointed out that development is not merely measured by economists using GDP per capita, as it does not take into consideration the people's ability to earn an income to sustain their lives. Development is about increasing people's choices (UNDP, 2016).

Development comprises removal of different kinds of freedom that leaves individuals with little chances of practising their agency. Moreover, development can be viewed as the

process of increasing the freedom that individuals enjoy and enables them to decide the type of lives they desire and have reason to desire (Sen, 1999). Development is not merely an economic concept, but rather a multidimensional or multifaceted concept, comprising economic, political and social aspects. Individuals are developed by using their abilities through active participation in procedures that influence their lives (UNDP, 2016).

Principally, to gain an understanding of development, comparisons need to be made between people, countries, households, regions and continents, taking into consideration the development indicators that guide those who normally make comparison to reach a conclusion. These indicators include:

- **Income:** It is one of the most commonly used indicators in making comparisons between people, communities, countries or nations, and regions or continents. It is commonly used by economists to determine whether one society is developed or not in comparison with others. This indicator concentrates only on income of the given society, community or nation.
- **Gross domestic product (GDP):** It is used to compare countries as regards income per capita, which can be calculated by dividing GDP by the size of the local population.
- **Social services:** They are used to make a comparison between one society and another or one country and another, based on health services, education services, water and hygiene, housing, recreation areas, playgrounds, and so on.
- **Infrastructure:** It is one of the indicators used to measure the transport system (railways, roads, airlines, ships and so on), structures (housing, offices, etc.), and communications (postal services and telecommunication systems).
- **Political stability:** This normally takes into consideration matters such as good governance, democratization, peace and tranquillity, human rights, freedom of association, self-esteem.
- **Food security:** It comprises the availability and affordability of food by people at any place and time.

### 3.6 Conclusion

This chapter defined and discussed CSR, community participation and development in the mining sector of North-western, Tanzania. It gave a historical overview of the mining sector from the pre-independence period to the periods of post-independence and the

liberalized economy. It also discussed the historical background of CSR and its development from the 1950s to the present, which has been discussed by prominent scholars in each period. Additionally, concepts like community participation and development were also discussed. The literature reviewed provided grounds for the conceptual and theoretical framework presented in the next chapter.

## **CHAPTER FOUR**

### **4.0 CONCEPTUAL AND THEORETICAL FRAMEWORKS**

#### **4.1 Chapter Overview**

This chapter primarily deals with what other authors have done so as to propose the theoretical framework and identify the gaps to be investigated. This section starts by explaining the conceptual and theoretical frameworks of the study. The theories discussed in this chapter are the utilitarian theory, managerial theory, relational theory, classical view theory and stakeholder theory. Each theory presented in this section shows a direct connection with the study topic.

#### **4.2 Conceptual Framework**

CSR is a framework which proposes that a company or organisation has the responsibility to act for the wellbeing of the entire community. Social responsibility plays a crucial role in maintaining a balance between MNCs and the community as well as the entire ecosystem. A business exists when there is a mutual understanding among stakeholders such as investors, the community and Government. A company should aim to maximize its profits as its primary objective by upholding a good relationship with the community. Therefore, in its operations, a company or an organisation should take into consideration the needs of society such as environmental protection and general improvement in their welfare. Social responsibility means balancing the company's operations and community development.

##### **4.2.1 Need for Corporate Social Responsibility**

The importance of a CSR in a business can be categorized as follows:

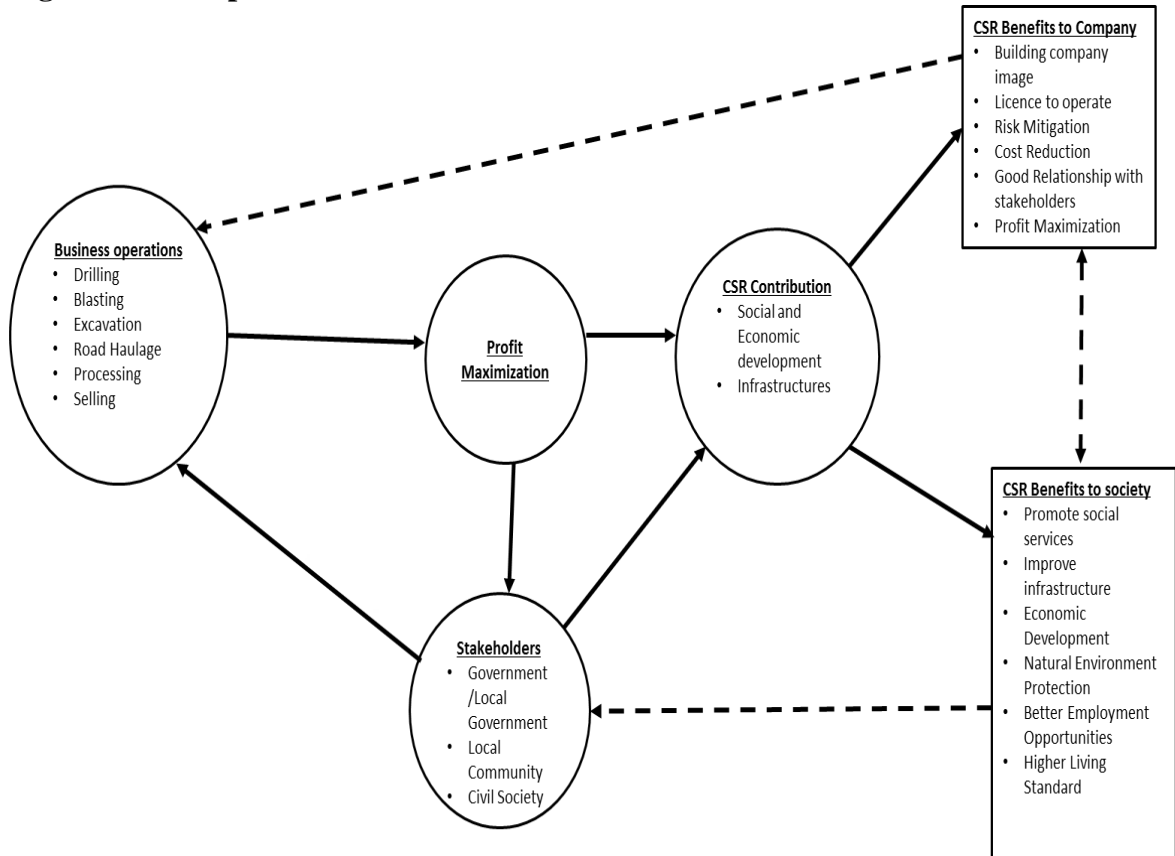
- Changing social expectations: CSR plays an imperative role in business operations because the community and the Government expect the company to do more for the community in promoting sustainable development. The company has a social obligation to the community to return some of its profit by supporting community activities. Involving the community in CSR promotes accountability and sustainability of CSR projects.

- Increasing influence: The growing influence of a company is very important for its performance. The company must take into consideration the needs of society to promote the welfare of the entire community.
- Globalization: due to globalization, a company needs to advertise its CSR initiatives so that the community fully understands its contribution to society, which helps to promote good relationship between the company and the community.

Extractive activities such as drilling, blasting, excavation, road haulage and processing result in profit maximization. After a company attains a profit from minerals, it is necessary to include various stakeholders such as the Government, local community and civil society in executing CSR projects with a clear strategy to ensure they are realistic and achievable, and will have a long-term impact. A company does not exist in isolation without engagement of stakeholders, as they help build social capital, minimize risk, bring innovation and integrate management. Some of the profit from minerals can be used as a CSR contribution to invest in social and economic development of a community.

The projects implemented should have a multiplier effect on the community, such as agriculture, entrepreneurship and capacity building programmes. Implementation of CSR has many advantages to the company and society. CSR benefits for the company include building its image, licence to operate, risk mitigation, promoting the relationship with stakeholders and profit maximization. CSR benefits for society include improvement in social services and infrastructure, economic development, protection of the natural environment, and better employment opportunities and improved living standard. Figure 4 shows the conceptual framework.

**Figure 4: Conceptual Framework**



**Source:** Author

#### **4.2.2 Theoretical and conceptual frameworks of corporate social responsibility**

For a quite long time, there has been a debate among scholars, and CSR practitioners on the theories and approaches to CSR. The main argument of this study is based on a critical analysis by Secchi (2007) and makes a comparison with the analysis given by Garriga and Mele (2004). Secchi managed to come up with approaches and theories for businesses and the community. Among the theories laid down by Secchi which are relevant to this study are the managerial theory, the relational theory and the utilitarian theory. Meanwhile Garriga and Mele (2004) put CSR into the four categories of political theories, ethical theories, instrumental theories and integrative theories. This section analyses theories and approaches relevant to CSR, community participation and development in the mining sector of north-western, Tanzania.

After a critical review of all these theories, the researcher observed that these theories have some similarities in their conceptualization and approaches to CSR. A critical analysis of these theories and approaches added new knowledge to the existing body of knowledge and bridged the research gap. Each theory is discussed, showing its strengths

and weaknesses in relation to CSR, the subject of this research. The next section looks at the utilitarian theory.

#### **4.2.2.1 Utilitarian theory**

Under the utilitarian theory, the company plays a significant role in the economic system in which the main mission is to maximize profits. The CSR concept began after realising that in any business activity, the economics of responsibility need to be entrenched in the principles of a company. Therefore, the old concept of *laissez-faire* leads to determinism and individualism, with no obligation to the community. Some people consider utilitarianism the same as the instrumental theory (Garriga and Mele, 2004; Jensen, 2002) in which the company is seen as bent on profit maximization and its community activities as a way of achieving this.

The instrumental theory is based on the concept of investing in a local society. Friedman (1970) strongly identified that for any investment to work profitably in a given society, it should take into consideration the needs of the people in the community, while the utilitarian theory is related to competitive advantage. The prominent advocates of these theories are Porter and Kramer (2002) and Litz (1996), who observed that these theories centre on the company making plans for the usage of natural resources to gain a competitive advantage. These approaches also include philanthropic activities, which are communally accepted as marketing tools.

According to Secchi (2007), the utilitarian theory is divided into two main groups, that is to say, the social costs of the company and the concept of functionalism. The social cost theory is about CSR about society, which is influenced by the company's non-economic powers. The theory is also called the instrumental theory (Garriga and Mele, 2004) since it is understood that CSR is just a means to an end, which eventually results in the fact that the social power of the company appears in its political and social relationship with society. Therefore, the utilitarian theory proposes that the company needs to undertake community duties, observing rights and taking part in social collaboration.

Meanwhile, the functionalist theory mainly suggests that business is considered one of the major components in the economic system with the main goal of making a profit. The business is regarded as an investment by making sure that it is profitable for both



investors and other stakeholders. This theory states that a company should not only make a profit but also take into consideration other stakeholders, such as the community, which fits this well study as it focuses on the relationship between GGM and the local community, as for a company to exist it needs to consider the local community as an important stakeholder. The study investigated the relationship between GGM and the Geita community. Involving the local community enhances sustainability of the company as the utilitarian theory states. The next section discusses the managerial theory.

#### **4.2.2.2 Managerial theory**

Secchi's (2007) investigation points out that the rationality of the managerial theory is that CSR is guided by the company management. This shows a clear difference between the utilitarian and management perceptions of CSR. Secchi (2007) divided the managerial theory into three sub-groups, namely, corporate social performance (CSP), societal accountability, auditing and reporting (SAAR) and social accountability for multinationals (SAFM). CSP measures the involvement of social variables which predicate economic performance. The problem with this is that the management of a company considers the social and economic issues altogether. Normally, CSP is based on the supposition that the company depends on the community for its expansion and sustainability. CSP of a business can be further divided into five main dimensions based on information in the business chain. First, it centrally measures if the CSR approach is well-matched to the mission and primary goals of the firm. Second, it measures the benefits CSR brings to the company. Third, it measures the degree of response to external demands. The fourth is volunteering that enables the company to execute CSR, and the last one is perceptibility, which refers to recognition and bringing positive change to the community (stakeholders). In conclusion, therefore, the managerial theory states that CSR takes into consideration both social and economic variables to measure the company's performance and eventually link social obligation to its strategy.

Secchi (2005) further explains that SAAR is connected to social performance by contributing through accounting, reporting and auditing. Generally, SAAR means a company accounts for its achievements. By doing that, the company's activities are measured and regulated in executing their fundamental business while being accountable to the respective society. These three main activities are separate from managerial activities but are interconnected. All these managerial activities contribute to a company's

obligation to the community, which at the end of the day measures the company's actions that have an impact on the community. Companies get involved in SAAR programmes to communicate and to have better shareholder participation. The focus on CSR by MNCs is a result of worldwide competition and the challenges they encounter.

Managers frequently get requests from different stakeholders to allocate resources to CSR. This pressure comes from consumers, workers, suppliers, societal groups, Governments and other stakeholders. Many managers have taken measures to respond to requests from stakeholders by dedicating additional resources to support CSR. According to Donald (1989, cited in Secchi, 2007), MNCs are described as 'ethical agents' because when making decisions they go beyond profit maximization. The rationality of CSR for MNCs originated from the fact that social clashes happen due to trials such as disputes, riots, strikes and demonstrations against managers. The proper mechanism to avoid all these is to formulate a 'code of conduct' that should be followed and adopted by MNCs in foreign countries. However, the achievement of all these initiatives depends on customer anticipation and company reputation, namely the level of confidence, acceptance and collaboration shown by shareholders and the community of workers.

The managerial theory is closely related to the political theory, based on the conceptualization of Garriga and Mele (2004) and supported by Wood and Lodgson (2002) and Detomasi (2008). They propose that CSR arises from the degree of social power a company has and that the citizens of a given society will understand the company through its positive participation in the community. The historical source of political power of CSR is derived from Davis's (1960) concept, which suggests that the corporation is a social institution and must therefore use power correctly. The causes that produce social power are found both within and outside the corporation. Furthermore, Detomasi (2008) proposes that the strategies companies choose for executing CSR initiatives are fixed in the local or internal political and institutional structures in the market.

The political theory focuses on the relationship between economic globalization forces or the stress felt by firms, the local or political situation the firms are in, and CSR policies. It emphasizes that legal and public policy processes are considered a reference for community performance, while corporate social performance is measured by how much the community benefits. One the research objectives of the study was to examine the

relationship between GGM and the Geita community. The study emphasizes on the role of managers in involving the local communities and other stakeholders in the execution of CSR programmes in order to promote good relations and sustainable development. The managerial theory stresses the importance of MNC is maintaining ethical conduct in fulfilling their CSR obligations in foreign countries. To have a good relationship with the community, it is important for the MNCs to take their needs into consideration. Managers of MNCs should make sure that they give priority to the local community on issues regarding employment and environmental protection. The managerial theory explains the specific practices that have already been done. In this way, the managerial theory helps managers to understand different practices in a new situation. The next section discusses the relational theory.

#### **4.2.2.3 Relational theory**

Ismail (2009) notes that the relational theory is rooted in the multifaceted company-environment relationship. As a concept, it suggests that the relationship between the two provides an understanding of CSR. The theory is divided into four main sub-groups of business and the community, the shareholder approach, corporate citizenship and the social contract.

Starting with business and the community, when they collaborate, it is expected that CSR practices will arise. The key purposes of CSR are to bring economic development to society and to make business managers aware of the effects of their decisions and acts on the entire social system and of their obligation to the society in which they operate.

The stakeholder approach looks at a company as having an interrelated web of various interests where community creation and self-creation occur independently, and people behave philanthropically. Based on the work of Garriga and Mele (2004), the stakeholder approach is similar to the integrative and ethical theories; while the integrative theory stresses on incorporation of community demands, the ethical theory emphasises on the right things to do for the community. This is reinforced by Mitchel, Agle and Wood (1997), who state that the interests of the stakeholders are the most important in the business, and Freeman and Phillips (2002), who propose companies' fiduciary duties to stakeholders.

Corporate citizenship as stipulated in the relational theory depends on the nature of society, but a company must still act responsibly. It is all about the relationship that a company or firm develops with shareholders, who want the firm to be engaged with and committed to them. The concept of corporate citizenship has been discussed by Garriga and Mele (2004) as an approach which is used under the integrative and political theories and is supported by Swanson (1995) and Wood and Lodgson (2002).

The social contract states the important issues of justifying the ethics of economic activities to have a theoretical basis for examining social relations between the company and community. Therefore, CSR is a derivative of ethical legitimacy, which the company achieves in the community, when the conduct of CSR is approved of by the community. According to Garriga and Mele (2004), the social contract theory is in the same group of ethical theories together with CSR approaches, which include universal rights (UN Global Compact, 1999) and the general concept of sustainable development (WCED, 1987; Korhonen, 2003). All these approaches to CSR are generally based on civil rights, employee rights and concern for the environment.

One of the objectives of the study was to find out how GGM involves the community in its CSR programmes and promotes sustainable development. The study further assessed the contribution of GGM to development and reducing poverty in Geita District. Therefore, the relational theory fits this study well as it resonates with its objectives, in that it stresses on the importance of the relationship between a company and the community and the need for companies to act responsibly and ethically.

Table 6 summarizes the utilitarian, managerial and relational theories in relation to CSR. It emphasizes on the key aspects of each theory in relation to CSR.

**Table 6: Utilitarian, managerial and relational theories of CSR**

<b>Utilitarian Theory</b>	<b>Managerial Theory</b>	<b>Relational Theory</b>
<ul style="list-style-type: none"> <li>• Theories on social and economic costs</li> <li>• Functionalism theory</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate social performance</li> <li>• Social answerability, auditing and reporting (SAAR)</li> <li>• Social accountability for multinational (SAFM)</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate and society Shareholder approach</li> <li>• Business global citizenship</li> <li>• Social contract theory</li> </ul>

Source: Secchi (2007)

Table 7 summarizes theories and approaches of instrumental theory, political theory, integrative theory and ethical theory in relation to CSR

**Table 7: Corporate social responsibility theories and interrelated approaches**

<b>Types of theory</b>	<b>Approaches used</b>	<b>Short explanation</b>
Instrumental theory (aimed at attaining economic goals through community activities)	<ul style="list-style-type: none"> <li>• Maximization of stakeholders' value</li> <li>• Approaches for competitive benefit</li> <li>• Cause-connected marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Extended period value of maximization</li> <li>• Community investment in a modest context</li> <li>• Company's opinion on natural resources and its dynamic abilities</li> <li>• Philanthropic activities communally accepted as a marketing tool</li> </ul>
Political theory (concentrating on an accountable use of corporate power in the political arena)	<ul style="list-style-type: none"> <li>• Corporate constitutionalism</li> <li>• Integrative social contract theory</li> <li>• Business citizenship</li> </ul>	<ul style="list-style-type: none"> <li>• Social accountability of companies arising from the social power. The businesses accept that a social contract among corporate and community exists and the company is well understood as being like a citizen with certain participation in the society</li> </ul>
Integrative theory	<ul style="list-style-type: none"> <li>• Management matters</li> <li>• Public accountability</li> <li>• Shareholder organisation</li> <li>• Corporate social performance</li> </ul>	<ul style="list-style-type: none"> <li>• Company response to community and political matters.</li> <li>• Rule and the current public policy procedures are taken as an example of social performance.</li> <li>• Balances the welfare of companies' stakeholders.</li> <li>• Examines social legality and processes to offer suitable responses to community issues</li> </ul>
Ethical theory (concentrating on the correct thing to do for the good of the community)	<ul style="list-style-type: none"> <li>• Stakeholder normative theory</li> <li>• Worldwide rights</li> <li>• Sustainable development</li> <li>• Shared goods</li> </ul>	<ul style="list-style-type: none"> <li>• Contemplates fiduciary responsibilities towards stakeholders of the company.</li> <li>• Grounded on basic rights and respect for the environment aimed at attaining social development for the present and future generations.</li> <li>• Concerned about the good of society</li> </ul>

Source: Garriga and Mele (2004)

#### 4.2.2.4 Classical View theory

The classical view theory is one of the most traditional insights aiming to avoid executing CSR activities to maximize profit for the proprietors of the company (shareholder). According to Friedman (1970), this theory reinforces classical view of CSR by his declaration that “the obligation of a firm or company is primarily to maximize profits, to make good returns on the capital invested and to exercise good corporate citizenship by following the rules of the business.

In this theory, corporate managers emphasise on maximization of profits because they are agents of stakeholders and so must make every effort to maximize their prosperity through increased profits (Herremans *et al.*, 1993). One of the protagonists of this theory (Levitt, 1983) specifies that the main objective of an organisation to maximize profits through aggressive competitive tactics is to ensure its survival, with community welfare being left to the state to handle. One of the key reasons why companies attempt to avoid CSR

initiatives is because of the expense of being involved in CSR activities (Waddock and Graves, 1997).

In the execution of CSR activities, there is an additional cost to companies of presenting and sustaining a new environmental conservation strategy, as clarified by Aupperle *et al.* (1985), who states that there is a bad relationship between CSR obligations and financial performance because of extra spending which may lead to a loss. Burke and Logsdon (1996) state that economic advantage should be the core or focus of all CSR strategies since CSR programmes should help maximize profits for stakeholders, and if this is unachievable, CSR programmes should be closed. Moreover, Blowfield and Frynas (2005) warned against extreme pledges to philanthropic obligation, which implies diverting stakeholders' wealth to non-economic actions, thereby leaving the key objective of the company unattained.

Friedman's analysis of the classical view of CSR has produced some interest among intellectuals leading them to conduct empirical studies to authenticate the argument. They sought to bring together maximization of profits (economic advantage) and CSR programmes (non-economic advantage) by explaining that CSR results in the sustainability of a business (Garriga and Mele, 2004; Carrol and Shabana, 2010). Correspondingly, Margolis and Walsh (2003) studied 127 published research articles which concentrated on the relationship between CSR and a business's financial performance and recognized that most of the studies revealed an optimistic relationship. The next paragraphs explain the legitimacy theory.

Suchman (1995) defines legitimacy as "a general observation or statement that the activities of an entity are necessary, proper or correct within some communally created system of norms, morals or ethics, principles and definitions". Similarly, Dowling and Pfeffer (1975) described legitimacy as "a situation or state which occurs once an entity's value system is corresponding or conforming to the value system of the superior social structure of which the entity is also part. If a discrepancy, potential or actual happens among the two value systems, there is a danger or risk to the entity's legitimacy". A corporate organisation, for its survival, needs to consider what the community expects from it, and by doing so it will be seen as an entity that assists the community. The legitimacy theory articulates how a company responds to the pressures and hopes of

its shareholders to. Aguilera *et al.* (2007) considers legitimacy to be the relationship between the actions of an organisation and the evaluation of its shareholders of the activities it assumes.

Pattern (1992) argues that there is a relationship between the revelation of CSR activities and organisational legitimacy. Similarly, Deegan and Rankin (1997) Brown and Deegan (1998) all agree with the assertion. Previously, financial performance was considered a benchmark for organisational legitimacy; nowadays it is how an organisation helps society that defines its legitimacy. Likewise, Campbell (2000) maintains that the revelation of CSR activities bridges the existing gap between MNCs and communities. Moir (2001) argues that the legitimacy theory is the social contract that exists between shareholders and a corporate organisation, which determines its legitimacy. Pallazo and Scherer (2006) and Dijken (2007) state that legitimacy in the contemporary era is of great concern to MNCs due to the fact that NGOs and local communities force MNCs to alter their approaches to civil rights issues, youth employment, forced labour and poor working conditions.

The above analysis reveals that there is a close relationship between the legitimacy theory and classical view theory, as they both emphasise on the importance of the company conforming to the rules and regulations of a given society. The classical view theory's primary focus is profit maximization, while the legitimacy theory advocates urges MNCs to comply with the rules and regulations in their operations. Therefore, ascertaining the relationship between MNCs and the local community is one of the objectives of the study. The next paragraph discusses the stakeholder theory.

#### **4.2.2.5 Stakeholder theory**

This theory emphasizes that a corporate organisation is a group of people that participate in attaining organisational goals (Hamidu *et al.*, 2015), and stakeholders are those who may affect or be affected by the process of attaining corporate objectivities (Freeman, 1984), or those that have ownership rights or any form of concern for the organisation (Clarkson, 1995). Starik (1995) defines a stakeholder as including both human and non-human entities, particularly the natural environment because of the impact that CSR strategies may have on it, while Jones (1999) puts stakeholders in the two main groups of primary and secondary.

Additionally, Post *et al.* (2002) pointed out that there are four essential elements of the stakeholder theory for understanding CSR in the developing world, namely, the benefits for both companies and stakeholders, heterogeneous and diverse issues, stakeholder networks and contributions, and stakeholder involvement. The theory promotes the constructive engagement of key actors in the execution of CSR projects, such as the company, community and Government (local and central) focusing on the important sectors of education, health, water and livelihoods. Engaging different stakeholders in CSR initiatives ensures successful implementation and sustainability of the projects.

Starting with the primary group, which comprises those who encourage the existence of an organisation or company directly, their continued involvement keeps the organisation or company going, which only happens when its managers make use of their skills and knowledge satisfying its key stakeholders, such as clients, dealers, staff or workers and the Government. Meanwhile, secondary stakeholders consist of those who do not participate directly in attaining organisational goals, and the existence of the organisation or company does not depend on their involvement.

Furthermore, the stakeholder theory is about having goals beyond the maximization of profits, which include both the rights and claims of non-stakeholders (Mitchell *et al.*, 1997). The theory is classified descriptive, instrumental and normative. The descriptive part is about how to connect with stakeholders; the normative part is concerned with how to take care of stakeholders; and the instrumental part explains the relationship between shareholders and corporate performance (Donaldson and Preston, 1995). Since a corporate organisation is involved with different kinds of stakeholders, it is usually difficult to meet all their demands at the same time, as explained in Mele (2008). Regardless of the criticism of different scholars of the stakeholder theory by concentrating on managerial opportunism and damage to the business of CSR involvement (Jensen, 2000; Sterberg, 2000), it is supported by most empirical studies which show that many companies or organisations engage in CSR to meet stakeholders' demands (Maignan and Ferrell, 2000).

According to (Pirsch *et al.*, 2007), the stakeholder theory broadens the goals of corporate organisations apart from maximization of profits to include satisfying stakeholders' demands. Blair (1996) and Clarkson (1995) clarified that the theory stipulates how to



execute CSR not by treating it as an abstract term but to make sure that MNCs take their responsibilities seriously, which in the long run results in attaining organisational objectives. Corporate performance is normally measured by how an organisation satisfies its stakeholders because there is a close relationship between their gratification and business or corporate performance (Ruff *et al.*, 2001; Waddock and Graves, 1997). The CSR theories are summarized in Table 8.

**Table 8: CSR main theories**

<b>Theory</b>	<b>Literatures &amp; Variables</b>	<b>Summary of Outcomes</b>
Utilitarian	Garriga and Mele(2004), Jensen (2002), Secchi (2007), Porter and Cramer (2002), Litz (1996) Social cost theory, Functionalist approach, profit maximization, community obligation, political and social relationship, economic system	<ul style="list-style-type: none"> <li>• This theory expresses the role of the company or business in an economic system in which the main mission is mechanical such as profit maximization.</li> <li>• Under this theory, the company is merely seen as the only tool for profit maximization and its community activities are only a way in achieving economic results.</li> <li>• The utilitarian theory proposes that the company needs to admit community duties and rights taking part in socio-collaboration.</li> </ul>
Managerial Theory	Secchi (2005), Secchi (2007), Donald (1989), Garriga and Mele (2004), Wood and Lodgson (2002), Detomasi (2008), Davis (1960), corporate social performance (CSP), societal accountability, auditing and reporting (SAAR), social accountability for multinationals (SAFM), social responsibilities of companies, Public responsibility, public or community obligation, community legitimacy.	<ul style="list-style-type: none"> <li>• Managerial theory highlights company management in which CSR is loomed by business internally.</li> <li>• The theory targets to measure the involvement of the social variables, which leads to economic performance.</li> <li>• Companies are measured and regulated in their activities towards executing their fundamental business while accountable to the respective society.</li> <li>• The theory stresses that managers when making decisions in the companies should go beyond profit maximization.</li> <li>• Companies choose to execute CSR initiatives fixed in the local or internal political, institutional structures in the market.</li> </ul>
Relational Theory	Ismail (2009), Garriga and Mele (2004), Mitchel, Agle and Wood (1997), Freeman and Phillips (2002), Swanson (1995), Wood and Lodgson (2002)(UN Global Compact, 1999), WCED (1987), Korhonen (2003). Business and community, shareholder approach, corporate citizenship, social contract, integrative and political approaches, sustainable development, civil rights, employee rights, environmental protection.	<ul style="list-style-type: none"> <li>• The relational theory is rooted in the multifaceted company-environment relationships.</li> <li>• Business and community are anticipated to connate business and community in which CSR arises as a matter of collaboration between these two parts.</li> <li>• The theory tries to understand the existing reality to manage and control the socially responsible behaviour of multinational corporations (MNCs).</li> <li>• The theory stresses on incorporation of community demands and ethical issues to attain sustainable development.</li> </ul>
Classical View Theory	Friedman (1970), Falck and Heblich (2007). Herremans <i>et al.</i> , (1993), Levitt (1983), Waddock and Graves (1997), Aupperle <i>et al.</i> , (1985), Burke and Logsdon (1996), Blowfield and Frynas (2005), Garriga and Mele (2004), Carrol and Shabana (2010). Profit maximization, company obligation, corporate citizenship, corporate managers, corporate organisation, CSR obligation, financial performance, philanthropic obligation.	<ul style="list-style-type: none"> <li>• The classical view theory is aimed at avoiding executing CSR activities to maximize profits for the proprietors of the company (shareholder).</li> <li>• Classical view theory corporate stresses that managers should anticipate putting more emphasis on profit maximization because they are agents of stakeholders and must make every effort to maximize stakeholders' prosperity through making a profit.</li> </ul>
Stakeholders Theory	Hamidu <i>et al.</i> , (2015), Freeman (1984), Clarkson (1995), Starik (1995), Jones (1999), Mitchell <i>et al.</i> , (1997), Donaldson and Preston (1995), Mele(2008), Maignan and Ferrell (2000), Pirsch <i>et al.</i> , (2007), Jensen, (2000) Sterberg (2000), Blair (1995), Clarkson (1995), Ruff <i>et al.</i> , (2001) Waddock and Graves (1997). corporate organisation, stakeholders' relations, ownership rights, non-human stakeholder, profit maximization, descriptive, instrumental, normative, managerial opportunism, stakeholder's gratification, business or corporate performance	<ul style="list-style-type: none"> <li>• This theory emphasis on the relationship or connection between the corporate organisation and to some extent it may be any person or group of people or useful bodies that are participated in the course of attaining organisational goals.</li> <li>• Stakeholder's theory is all about the extension of goals beyond the maximization of profit, which include both the rights and claims of non-stakeholders.</li> <li>• stakeholder's theory broadened the goals of the corporate organisations apart from the maximization of profit to comprise satisfying stakeholder's demands as primary goals of any business organisations</li> </ul>

**Source:** (Hamidu, Haron and Amran, 2015)

In summary, therefore, the study adopted the utilitarian theory, managerial theory, relational theory, classical theory and stakeholder theory to explain the relationship between MNCs and the community, focusing on the relationship between GGM and the Geita community, and the importance of CSR for sustainability of the company. Moreover, all the theories insist on the importance of a company to conform to the rules and regulations of society, in order to maintain a good relationship between the company and the community.

#### **4.2.3 Conclusion**

This chapter presented the theoretical and conceptual framework of CSR. It discussed, explained the utilitarian theory, managerial theory, relational theory, classical view theory and stakeholder, which were relevant to the study. The next chapter presents the methodology used to investigate CSR, community participation and development in the mining sector of North-western, Tanzania.

## CHAPTER FIVE

### 5.0 RESEARCH METHODOLOGY

#### 5.1 Introduction

This chapter describes the methodology used to investigate CSR, community participation and development in the mining sector in Geita, Tanzania. It presents the research design, the pragmatic approach, the study location, target population, sample selection and data collection methods. Furthermore, it explains how the data were analysed and presented, discusses the validity and reliability of the data collected, and highlights ethical considerations.

The study employed the pragmatic approach, supported by the qualitative and quantitative approaches, whereby 230 respondents were purposefully selected, 200 questionnaire copies were distributed, ten focus group discussions were held in five selected wards, and 20 in-depth interviews were conducted. The questionnaire copies were given to community members living near GGM and directly affected by mining activities. Focus group discussants included respected people from five selected wards, including religious leaders, older adults, teachers, retirees, youths and women.

Those who were interviewed included people affiliated to GGM (those who work in the community engagement department and former employees) including present and former public officials (in ministries, Tanzania Mineral Audit Agency, Tanzania Chamber of Minerals, the Federation of Miners Association of Tanzania, academics, civil society activists, journalists, local Government officials, members of parliament and councillors whose communities had been impacted by GGM activities). A number of documents such as policy papers were also reviewed.

#### 5.2 Methodological Approach and Study Design

A research design is composed of quantitative, qualitative and mixed approach aimed at providing direction for the research (Creswell, 2016). Some scholars define research design as a strategy of inquiry (Denzin and Lincoln, 2011). McMillan and Schumacher (1997) define a research design as a plan or strategy and investigation of an inquiry employing a set of approaches and procedures to find evidence to answer the research question. The research question by itself decides how the research problem is studied or

examined. It is an essential aspect of other methodological contemplations such as research paradigm, the technique and the research context (Swanson, 2005). The research design fixes all these components in a way that shapes, improves and describes the research process (Swanson, 2005).

The choice of research methodology depends on the research questions, and how the selected methodology can be used to address the problem being studied (Merriam and Simpson, 2000). Therefore, the case study design adopting mixed approaches was used to assess CSR, community participation and development in the mining sector of north-western, Tanzania. Mixed methods refers to an approach for collecting and analysing data using both qualitative and quantitative research approaches to gain a better understanding of the research problem (Creswell, 2016). It is a valuable design when exploring or understanding an area where little is understood or where one wants to have a complete understanding of the condition or situation, problem, incident, place or location, group or society (Kumar, 2019). The mixed methods design, or approach was used to enrich and broaden the understanding of a phenomenon through creating conclusions, expanding knowledge and starting new methods of thinking about a subject (Bazeley, 2002).

Mixed methods research is a kind of inquiry, which is philosophically guided with the intention of mixing both qualitative and quantitative research in a single study (Shannon-Baker, 2016). Philosophical or theoretical frameworks guide the process of mixing or integrating these two approaches, data collection methods and analysis in the research design, methodology, data presentation, data discussion, research conclusion and recommendations. The reason for using mixed methods was to provide general knowledge of a problem that would not have been explored by using a single approach (Creswell and Plano Clark, 2011; Morse and Niehaus, 2009).

Shannon-Baker (2016) describes pragmatism as having great importance in constructing research questions, communication and making connotations. It also provides a good linkage between theory and data, and pragmatism maintains a balance between subjectivity during the inquiry. Furthermore, pragmatism highlights transferability, which can create new theories based on a specific context or can be generalised to others.

Morgan (2007) discusses pragmatism as an alternative to positivism and metaphysical (grounded on critical theory, positivism and participatory methods) thinking. Pragmatism is a result oriented and concerned with defining the meaning of things (Johnson and Onwuegbuzie, 2006) or concentrating on the product of the research (Biesta, 2010). It is characterized by highlighting key concepts such as communication and common or shared meaning-making to create practical solutions to problems existing in society. It plays a crucial role in the formulation of research questions (Tashakkori and Teddlie, 2003). Pragmatism is centred on the belief that in social science theories can be contextual and generalizable by examining or studying them for transferability to another condition or situation.

Moreover, the pragmatic researcher is equally capable of upholding both subjectivity in their research and objectivity in the process of data collection and analysis. Generally, pragmatism has been considered an approach rather than a paradigm (Morgan, 2007). There are two main factors that determine the use of mixed methods research design (Creswell, 2003; Morgan, 1998; Morse, 1991; Onwuegbuzie *et al.*, 2009; Tashakkori and Teddlie, 1998):

- **Priority:** In a mixed methods research the researcher can decide to provide equal priority, weight, or position to both qualitative and quantitative aspects (the same weight research designs) or otherwise can decide to give greater weight to one of these methods.
- **Implementation of data collection:** This idea denotes to the other in which the scholar or researcher collects both qualitative and quantitative data. The researcher can decide to collect information or data at the same time (concurrent, simultaneous or similar designs) or on different occasions (chronological or two-stage designs). The process of combining these two factors helps determine the design.

The justification for using a case study design in this study was that it used multiple data collection techniques, thereby triangulation of the findings. Furthermore, the case study design fits well with the nature of the problem, because little was understood about the CSR, community participation and development in the mining sector, and GGM that was studied is one among a number of mines in Tanzania. Consequently, this design, which is investigative, analytic and descriptive in nature, fits this study (Creswell, 2012).

### **5.3 Location of the Study**

The study was carried out in Geita District in the Geita Region of North-western Tanzania, in the Lake Victoria goldfield. GGM is situated in Geita District, west of the town of Geita. The reasons for selecting GGM are that it is the biggest gold mine in Tanzania and the CSR projects have been implemented to the highest level, unlike the other mining companies. GGM has been implementing CSR projects for two decades, and so finding out about their success and challenges was important. Moreover, GGM is leading in contribution of revenue to the Tanzania Government and Geita Region. In addition, GGM has been experiencing confrontations between small-scale miners and MNCs, and so it was important to discover the nature and causes of these conflicts and how they are resolved. The study area was also selected because it is one of the most important mining areas in the country due to its large deposits of gold (Maliganya and Paul, 2016).

GGM is the largest mining company in Tanzania owned by AngloGold Ashanti. Tanzania is ranked the third-largest gold producer in Africa with 1000 tonnes of gold reserves (Lokina and Leiman, 2014). Geita District also faces a good deal of resentment and resistance from local communities due to mining activities, which is expected to represent many other mining areas facing similar situations, such as the North Mara Gold Mine (NMGGM), Bulyanhulu Gold Mine (BGM), Mwadui Diamond Mine, and others of the same kind in Tanzania (Maliganya and Paul, 2016).

Moreover, the mine donates about one-third of the Government's revenue from large-scale mining in Tanzania. Lastly, the study was conducted in five selected wards, namely Mtakuja, Mgusu, Kalangalala, Bombambili and Nyamwilolelwa, due to their proximity to GGM and being directly affected by mining activities. These wards also have more CSR projects than other wards in Geita District. Four of the five selected wards (Mtakuja, Mgusu, Kalangalala, Bombambili) are under Geita Town Council, and Nyamwilolelwa is under Geita District Council. Nyamwilolelwa Ward has implemented more CSR projects than any ward under Geita District Council. The ward is strategically located at the source of water supplying GGM and Geita Town. Its proximity to GGM site and the readiness of people to participate in CSR projects was another reason for selecting it. Furthermore, the five selected wards of Mtakuja, Mgusu, Kalangalala, Bombambili and Nyamwilolelwa provided ideal representation of both urban and rural councils.

#### **5.4 Target Population**

Govindasamy (2009) and McMillan and Schumacher (2001) defined a population as a group with well-defined features, whether people, objects or events, that are known to have related characteristics, with specific standards or principles, so that the outcomes of the research can be generalized. The population was limited to actors and the community familiar with CSR in Geita District.

Therefore, this research included mine workers, Government officials, academics, politicians, NGOs and people living close to Geita Gold Mine. This collection of different people was believed to be ideal due to the framework of the study. It seemed important to find out the opinions of researchers, representatives (members of parliament and counsellors), NGOs and public servants of CSR, community participation and development in the mining sector, because they are central to the planning and implementation of CSR projects in Geita District. It was also important to include CSOs to find out how they view CSR initiatives, community participation and development in Geita District.

#### **5.5 Sample and Sampling Techniques**

Best and Kahn (1986) define a sample as a small portion of a population, while sampling is the method or procedure for choosing a proportionate amount of a population. Sarantakos (2000) defines a sampling technique in qualitative research as comparatively small and limited, because it is based on saturation and not representation. The sample size in qualitative research is less costly and time consuming than that of quantitative research, which is normally large, time-consuming and costly. Thus it can be inferred that, in qualitative research, selection of a sample is normally non-random, is purposeful, and the sample is small.

In this study, both random and purposeful sampling methods were used. According to Cohen *et al.* (2000), purposeful sampling is used when the researcher decides to select people to participate in the research based on their capability or expertise. The main consideration in purposive sampling is judging who can offer the best information to achieve the objectives of the study (Kumar, 2019). The use of this technique helps the



researcher to select respondents who are likely to have the essential information and are enthusiastic to provide this information for the good of the study.

Moreover, Sandelowski (1995) recommends to researchers to “properly or carefully select cases that will help them answer the research question (s) and eventually meet their objectives”. The technique was appropriate for this study because it gave equal chances to anyone who was able to participate in the study (Bunemann and Williams, 2008). This implies that the respondents were chosen because it was anticipated that they would be well informed about CSR, community participation and development in the mining sector in North-western Tanzania.

From the sample, GGM workers responsible for CSR and community development were purposively selected to take part in the study due to the role they play in formulating projects and strategies for the CSR initiatives and in budgeting and disbursing CSR funds to the local Government and community.

Government officials were selected to give their views on CSR projects in Geita District, including the Regional Commissioner (RC), Resident Mines Officer (Geita), Regional Administrative Secretary (RAS), Regional Planning Officer (RPO), Regional Legal Officer (RLO), District Commissioner (DC) and District Administrative Secretary (DAS). They were selected because their duty is to provide an enabling environment and to advise local Governments and oversee their development plans. From Geita District, Geita Town Council and Geita District Council were selected because GGM is under both of them. CSR reports of the two councils were reviewed. The officials involved were the council executive directors, district community development officers, district planning officers, district legal officers, district engineers, district treasury officers, internal auditors, district education officers, district procurement officers, district medical officers and district agricultural officers, because they are directly connected to CSR initiatives and are responsible for planning and implementing CSR projects. They also receive CSR funds from GGM and are accountable to them.

The respondents from the five selected wards of Mtakuja, Mgusu, Kalangalala, Bombambili and Nyamwilolelwa were chosen based on their gender, age, status and familiarity with CSR projects. Academics, CSOs, journalists, members of parliament,

councillors, youth and women leaders (whose communities have been impacted by GGM activities) were also chosen. Academics were chosen because they have written widely on taught courses relating to CSR, community participation and development in the mining sector in Tanzania. They have also published several articles in academic journals and have conducted consultancy activities inside and outside Tanzania. These are professionals with rich information and knowledge about CSR, community participation and development in the mining sector in Tanzania and have useful insights regarding the CRS initiatives and development in the country through their participation in policy formulation and evaluation of the progress of mining reforms.

Members of Parliament and councillors within Geita District were also selected. The councillors selected were coming from both councils, Geita Town Council and Geita District Council. At the council level, councillors of the selected wards were selected. This is because they deal with development matters at the council level and in their respective wards. The councillors are the chairpersons of the Ward Development Committee (WDC) which is responsible for planning, coordinating and implementing all development plans at ward level and eventually linking these plans with the district plans. Therefore, it was anticipated that these people would provide important information about CSR initiatives, community participation and development in their respective wards.

Besides Government service employees, academics or researchers and politicians, private sector officials were also selected for this study. These were drawn from different institutions including the media, think tanks or academic clubs and pressure groups. The experts providing advice and ideas on specific problems were selected to contribute ideas about CRS, community participation and development in the mining sector in Tanzania. Pressure groups and community organisations try to influence public policy in the interests of all Tanzanians. The following are some pressure groups and community organisations selected to participate in this study.

The most influential pressure groups whose themes are related to this study are Research on Poverty Alleviation (REPOA), Economic and Social Research Foundation (ESRF), Policy Forum and the Lawyers' Environmental Action Team (LEAT). Other groups were Federation of Miners Association of Tanzania (FEMATA), Geita Region Miners Association (GEREMA), Tanzania Women Miners Association (TAWOMA), Geita

Women Miners Association (GEWOMA), SOLIDARIDAD (an international NGO), *Haki Madini* and *HakiRasiliamali*. These groups influence the Government to formulate suitable policies or strategies relating to the mining industry in Tanzania. They also oversee the ministry and other Government agencies responsible for mining. Their opinions on the practicality of the on-going reforms and challenges of CSR and the mining sector are of paramount importance. A total of 230 respondents were sampled using random and judgmental or purposive sampling. The reasons for selecting this sample were that the respondents were easy to access and it saved time, as the sample size was reasonable, making data collection economical.

**Table 9: Sample Composition**

<b>Nature of respondents</b>	<b>Number of respondents</b>	<b>Total</b>
GGM Officials	5	5
Government officials	10	10
Civil society organisations/politicians	5	5
Community members	210	210
<b>Total</b>	<b>230</b>	<b>230</b>

## **5.6 Data Collection Techniques**

This section discusses procedures and methods used to collect data, namely, personal in-depth interviews, focus group discussions and a semi-structured questionnaire. Usually, two types of data are collected, primary and secondary (Kumar, 2019). Brewer and Hunter (1989) state that multiple research approaches offer advantages for cross-validating and cross-fertilising study procedures and results. McMillan and Schumacher (1997) state that data collection is the procedure for gathering and evaluating information, while the most common techniques used in a qualitative study are focus group discussions, in-depth interviews and documentary analysis. This study was mainly qualitative in its approach, supplemented with the quantitative approach.

Both primary and secondary data were collected. The primary data were collected through focus group discussions, personal in-depth interviews, and a semi-structured questionnaire. The main sources of secondary data were books, journal articles, magazines, newspapers, Government legislation/reports, company reports, UN reports and the Internet. These secondary sources provided extensive bibliographic and contextual data that complemented the primary sources of data, thus illuminating the study.

However, personal in-depth interviews, focus group discussions and a semi-structured questionnaire were regarded as appropriate, as a single data collection technique is inadequate for producing accurate research results (Cohen *et al.*, 1994). According to Best and Kahn (1993) and McMillan (1992), triangulation is not only a powerful approach to ensuring credibility and reliability but also provides an account that is rich, robust, complete and well developed or established.

### **5.6.1 In-depth interviews**

Interview is one of the most common methods of data collection in research (Kumar, 2011). Cormack (2000) describes an interview as focused communication between two or more people for a specific reason and connected to a subject decided on. Rossman and Rallis (2011) argue that this technique includes not only listening and recording respondents' opinions but also the way in which the interview clarifies the data collected. There are three types of interview: structured, unstructured and semi-structured. In this study, the researcher used semi-structured interviews.

The purpose of using this method was to give participants the chance to share their experience so that the researcher could get a deeper understanding of aspects relating to the research topic. Those interviewed were people who work with community development and former employees of GGM as well as current and former Government officials (in ministries, Tanzania Mining Commission, Tanzania Chamber of Minerals and agency), people from TAWOMA, GEWOMA, SOLIDARIDAD, *Moyo wa Huruma* orphanage, *Haki Madini*, *Haki Rasiliamali* and Federation of Miners Associations of Tanzania (FEMATA). The researcher also conducted semi-structured interviews with academics, civil society activists, journalists, community and youth leaders (whose communities had been impacted by GGM activities and local community members).

A total 20 semi-structured interviews were conducted with the above-mentioned people. The inclusion of Government officials was very important because they are responsible for making policies, planning, implementing and evaluating all development programmes, including CSR projects. GGM officials were chosen because they finance CSR projects, while academics were chosen because they participate in formulating mining policies and have researched a lot on CSR and mining in Tanzania. The CSOs were selected because they play a watchdog role of taking note of both Government and MNC activities, and so

obtaining their views on CSR, community participation and development was of great importance.

### **5.6.2 Focus group discussions**

Focus groups can be defined as “carefully planned sequences of discussions intended to obtain insights or opinions on certain topics in a more permissive manner and a non-threatening environment” (Krueger and Casey, 2009). Marczak and Sewell (2007) describe focus group discussion as a group of people with a common interest or characteristics, who are led by a researcher or moderator, who eventually uses the group and its interaction to gather information on specific topics. A focus group can also be considered “as a kind of group interview which comprises a small number of people brought together to debate or converse on one theme (or sometimes several themes) of interest. The concept “*focus* is crucial as it emphasises that the group will conduct a discussion on a certain topic of interest rather than generalities (Boddy, 2005).

The ideal length of meetings normally varies between half hour and two-and-a-half hours, per focus group discussion (Stewart and Shamdasani, 1990). In this study, the researcher arranged for each discussion to last for two to three hours to acquire the maximum amount of data on the topic discussed, and to enable each participant, particularly those who spoke slowly, to contribute fully to the discussion.

Ten focus group discussions were conducted in the five selected wards of Mtakuja, Mgusu, Kalangalala, Bombambili and Nyamwilolelwa. In each ward, two focus group discussions were conducted, consisting of 5-10 people irrespective of their gender, making them easy to manage. The reason for selecting these wards was due to their proximity to GGM and them being directly affected by the day-to-day mining activities. In addition, the wards had more CSR projects than other wards in Geita District.

### **5.6.3 Questionnaires method**

The questionnaire is an information-collection technique that calls respondents to provide answers to the open-ended or closed questions, or a combination of both (De Vos, 1998). Kumar (2011) describes a questionnaire as a printed list of questions, to which the respondents write down answers. The main difference between an interview and a

questionnaire is that in the former the researcher asks questions and records the responses and in the latter the respondents themselves record their responses.

A questionnaire can be administered by both the researcher or answered by the participants themselves. For this study, the questionnaire included both closed and open-ended questions, which provided the respondents with the chance to express their views. The justification for using open-ended questions is that they provided rich information, and the respondents would feel comfortable giving their views or thoughts in fluent Kiswahili. Closed questions were 'ready-made' sets from which the participants answered the questions asked, which ensured that the data needed by the researcher were obtained, and the answers were easy to analyze (Kumar, 2019).

Thus, the questionnaire was designed to collect information from community members living close to GGM and who were beneficiaries of CSR initiatives. Furthermore, due to the combination of these techniques, the researcher was able to collect in-depth information on CSR, community participation and development in the mining sector. A total of 200 questionnaire copies were distributed to the respondents in the five selected wards of Mtakuja, Mgusu, Kalangalala, Bombambili and Nyamwilolelwa.

#### **5.6.4 Documentary review**

Based on the research questions, the following documents were reviewed:

- Those referring to the mining sector in general,
- Those connected with authorized policy documents that clarify reforms in the mineral industry, and
- Those relating to CSR, community participation and development in the mining sector in Tanzania.

The documentary review was carried out at the country level, district/local authority/council level and case study (GGM) level. The reason for selecting these levels was to cover the five research questions and to obtain specific information on the topic of the study.

At the country level, the matters discussed, and the type of information required, were to gain an understanding of CSR in the context of mining sector reforms in Tanzania. The documents which were reviewed were the Government publications, for example

various reports of Parliamentary Select Committees (which included the Energy and Minerals Committee and Lands, Natural Resources and Tourism Committee), policy papers on mining reform and national policy documents on the mining sector. Other documents were published reports from OECD member countries, UN reports, Controller and Audit General Reports, Ministry of Energy and Minerals (MEM), The Mineral Policy of Tanzania, 2009, The Mining Act 2010, The Mining (Mineral Trading) Amendment Regulations 2012, The Mining (Minimum Shareholder and Public Offering) Regulations 2016, The Mining (Integrity Pledge) Regulations, 2018, The Mining (Local Content) Regulations, 2018, The Mining (Mineral Beneficiation) Regulations, 2018, The Mining Act, Cap.123 and the Millennium Development (MDGs) reports National Strategy for Growth and Reduction of Poverty and Development Vision 2025. Professional journals from different parts of the world were also examined.

In addition, documents reviewed were gathered from the Parliament of the United Republic of Tanzania, national libraries such as Tanganyika Library, higher learning institutions such as Sokoine National Agriculture Library (SUA), University of Dar es Salaam (UDSM), research institutions such as Research on Poverty Alleviation (REPOA), Economic and Social Research Fund (ESRF), and Policy Forum. The researcher was also able to gather some important information about the study from Geita – Regional Commissioner’s Office. At the district/council level, the matters reviewed, and the types of information needed were as follows:

- CSR Managers and stakeholders involved from the council to GGM, their roles and responsibilities in the planning and management of CSR funds, and
- Financial procedures employed to manage CSR funds. This included compliance with financial laws and procedures, accurate information on financial statements and reports, a summary of expenditure incurred by the council and receipts on payments.

The documents examined were strategic plans, council development plans and development policies. Others were local Government reports from Geita Town Council and Geita District Council, wards and villages, as well as letters and minutes of council meetings, files on ward consultative committee (WDC), budgets, and monitoring documents such as internal auditors’ reports and district planning officers’ reports.

These documents were gathered and examined from council archives, district reports and the regional library.

At the GGM level, documentary review involved reading documents such as financial policies and CSR policies, minutes of GGM and Councils (Geita Town Council and Geita District Council) on financial records, councils' finance committee reports, full council meeting proceedings, budgeting and utilization of CSR funds at ward and council levels. The secondary sources provided qualitative information as well as the theoretical framework (Slade, 1997).

### **5.7 Data Presentation and Analysis**

According to McMillan and Schumacher (1997), data presentation is the technique by which researchers summarize and organize research data and communicate information using different methods, while data analysis is a method or procedure for reviewing, analyzing, transforming and interpreting the gathered information. Analysis can also be defined as organized, sequential, verifiable and continuous; it needs time but is not jeopardized by delay. It should entertain alternative clarifications and is enhanced by feedback" (Braun and Clarke, 2006).

In this study, the information gathered was transcribed and properly checked for wholeness and errors. Then the first stage of data analysis began soon after reading the in-depth interview transcripts, focus group discussion notes and documents collected from the field. Additionally, it was imperative to think about the substance of the data and their underlying meaning and recognize important ideas. In the meantime, opinions were scrawled on paper.

After evaluating some important documents, the common themes, designs and trends from the research participants' descriptions of their involvement were combined and organized into major themes and leftovers.

The quantitative data gathered using the questionnaire were analysed using the Statistical Package for Social Sciences (SPSS version 20.0) software. Frequency distribution tables and charts were used to summarize the data. SPSS computer software that permits researchers to enter data, conduct statistical tests, for example t-tests, and draw graphs or charts. It is also user-friendly, easy to understand and cheap. In this regard, the researcher



used SPSS software to analyse the data because it was capable of analysing a huge amount of data within a short time.

Focus group discussions and in-depth interviews transcripts were analysed using a thematic approach and with the aid of NVivo qualitative data analysis software (version 11). The analytical framework was constructed before the analysis using themes relating to the research questions and from the review of the literature. Interviews and focus group discussions within the NVivo software were ‘coded’ with new themes, which were generated and finally refined through the process of analysis. The use of NVivo was useful for organizing various data types and other important sources. In this context, Henning *et al.* (2004) maintain that the process of data analysis must be rigorous, well organized, disciplined and done prudently.

### **5.8 The Validity and Reliability of the Data**

The general objective of conducting a pilot test was to assist the researcher to gather information for the study to be conducted. The pilot test helped to identify some practical information relating to data collection methods and analysis. Therefore, a pilot study helped to identify whether or not the proposed research instruments were appropriate. Pilot testing of the reliability and validity of the data gathering instruments was conducted in Buzwagi Gold Mine in Kahama, as it is the second largest gold mine in the country and has one of the best CSR practices in the mining industry. The responses obtained from the pilot study were used to redesign some of the research questions which were ambiguous and making necessary adjustments. In addition, this study used multiple data collection methods to ensure validity and reliability through triangulation of the data.

### **5.9 Ethical Considerations**

The researcher approached the participants with an official letter that served as a bond between the researcher and the participants, which led them to voluntarily participate in the project. They were given consent forms to sign that guaranteed them and their responses would remain anonymous, and the results used solely for academic purposes. This also determined the time and space required and to be agreed upon for the interviews and all discussions. The participants were asked if they would consent to being recorded, but if they did not, detailed notes were taken. All the key participants were asked to voluntarily participate in the research, and their institutions or organisations gave them written permission to do so.

## **5.10 Conclusion**

This chapter described the research approach, the context and methodology, including the instruments used to collect data. Validity and reliability of the research, and ethical considerations were also addressed. The next chapter presents the quantitative findings of the study.

## CHAPTER SIX

### 6.0 PRESENTATION OF QUANTITATIVE RESULTS

#### 6.1 Chapter Overview

This chapter presents the results obtained from the study conducted in Geita Region to assess CSR, community participation and development in the mining sector of North-western, Tanzania. It has six sections, which cover the respondents' backgrounds, and situational characteristics, the contribution of GGM to development and reduction of poverty in Geita District, and the impact of development projects and community-based initiatives of GGM. It assesses the extent to which community members participate in development projects in Geita District, the developmental approaches pursued by GGM as part of its CSR and existing relationships between GGM, the Geita community and the Government.

#### 6.2 Respondents' Background and Situational Characteristics

To assess CSR, community participation and development in the mining sector, it was important to find out about the backgrounds the respondents in terms of their sex, age, marital status, education and income.

##### 6.2.1 Respondents backgrounds

Table 10 shows that 79.5% of the respondents were male and 20.5% were female. It also shows that 22.5% were aged 26 - 35; 23.5% were aged 36 - 45 and 33.5% were in the age group of 46 – 60. These results show that the majority, 89.5%, of the respondents were in the productive age group and a source of labour, while the remaining 20.5% were dependants.

With respect to marital status, the results in Table 10 show that 85.5% were married; 7% were single; 4.5% widowed and 3% divorced. With regard to education, 71% had received primary education; 16% had received secondary education; 10% had no formal education; 2% had received college education and 1% had university education. The majority of the respondents had received primary education due to being pastoralists and agro-pastoralists, and depending heavily on herding domestic animals. Therefore, the majority of young people were responsible for grazing animals and finding good pastures, which denied them their right to education.

**Table 10: Background Characteristics of the respondents (n = 200)**

<b>1. Respondents' Sex</b>	<b>Frequency</b>	<b>Percent</b>
Male	159	79.5
Female	41	20.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>2. Age Group</b>		
18 – 25	15	7.5
26 – 35	45	22.5
36 – 45	47	23.5
46 – 60	67	33.5
>60	26	13.0
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>3. Marital status</b>		
Single	14	7.0
Married	171	85.5
Divorced	6	3.0
Widowed	9	4.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>4. Level of education</b>		
No formal education	20	10.0
Primary school	142	71.0
Secondary school	32	16.0
College/Diploma	4	2.0
University	2	1.0
<b>Total</b>	<b>200</b>	<b>100.0</b>

### 6.2.2 Respondents' income

With regard to the respondents' sources and level of income, Table 11 shows that 51.5% obtained their income from farming, fishing and forestry; 21.5% obtained their income from the civil service and NGOs; 19% obtained their income from construction and extraction and 8% obtained their income from entrepreneurship. Concerning respondents' level of income, Table 11 shows that 41% had a monthly income of up to Tshs 100,000, and 54% earned between Tshs 100,000 and 500,000, meaning that 95% of the respondents earned up to Tshs 500,000.

**Table 11: Respondents' Situational Characteristics (n = 200)**

<b>1. Respondents' Source of Income</b>	<b>Frequency</b>	<b>Percent</b>
Farming, fishing and forestry	106	53.0
Construction and extraction	38	19.0
Entrepreneurship	16	8.0
Civil servants and philanthropists	40	20.0
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>2. Respondents' Level of Income</b>		
Up to 100,000	82	41.0
100,001 - 500,000	108	54.0
500,001 - 750,000	5	2.5
> 1,000,000	5	2.5
<b>Total</b>	<b>200</b>	<b>100.0</b>

Table 12 shows a cross-tabulation of incomes and their sources and shows that 30% of the respondents with the lowest income (up to Tshs 100,000) were involved in agriculture as their major source of income. They were engaged in production of paddy, maize, cotton, sweet potatoes, fruit and vegetables, as well as being involved in livestock keeping, fishing and forestry activities. Agriculture is the leading sector and has contributed positively to the Tanzanian economy for several decades (URT, 2015) and contributed about 24 percent to its GDP (URT, 2015). In Geita Region, agriculture is also the leading economic sector, involving more than 77 percent of the workforce (URT, 2013). Approximately, two-thirds of the Geita Region population live in rural areas mainly undertaking agricultural activities that contribute about 73 percent of the region's GDP (URT, 2013). Livestock keeping is the second dominant economic activity in Geita Region (URT, 2013).

**Table 12: Respondents' Levels and Sources of Income (n = 200)**

<b>Source of Income</b>	<b>Level of Income</b>								<b>Total</b>	
	<b>Up to 100,000</b>		<b>100,001 - 500,000</b>		<b>500,001 - 750,000</b>		<b>&gt; 1,000,000</b>		<b>Overall</b>	
	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>	<b>n</b>	<b>%</b>
Agriculture	60	30.0	38	19.0	4	2.0	1	0.5	103	51.5
Construction and extraction	6	3.0	31	15.5	0	0.0	1	0.5	38	19.0
Pastoralism	0	0.0	2	1.0	0	0.0	1	0.5	3	1.5
Entrepreneurship	8	4.0	6	3.0	0	0.0	2	1.0	16	8.0
Employment	8	4.0	31	15.5	1	0.5	0	0.0	40	20.0
<b>Total</b>	<b>82</b>	<b>41.0</b>	<b>108</b>	<b>54.0</b>	<b>5</b>	<b>2.5</b>	<b>5</b>	<b>2.5</b>	<b>200</b>	<b>100.0</b>

### 6.3 Contribution of GGM to Development and Reduction of Poverty in Geita District

To assess the contribution of GGM to development and reduction of poverty in Geita district, it was important to assess the community's awareness of the presence of the GGM. Table 13 shows that 99.5% of the respondents were aware of the presence of GGM and only 0.5% were not. Almost everyone was aware of GGM because the community members live near GGM and benefited from CSR projects. Table 13 shows that 71% of the respondents reported that they had lived near GGM for 15 years and hence knew all about GGM and its functions and the benefits they got from its presence, such as construction of infrastructure (35.5%) and schools, water facilities and sanitation (48.5%), hospitals and medical facilities (47%) and material support for agriculture (24.5%). Other benefits included the employment of casual labourers (19%), provision of security through construction of police posts (6.5%) and construction of warehouses (7.5%). The majority of the respondents agreed that they had benefited from educational support provided by GGM as part of CSR initiatives.

**Table 13: Types of Benefit that the Community Get from GGM (n = 200)**

Type of Benefit	Per cent
Building schools/ supplying school materials	71.5
Building hospitals/supplying medical facilities	47.0
Water facilities /sanitation	48.5
Infrastructure such as roads, bridges, dams etc.	35.5
Agriculture	24.5
Employment of casual labourers	19.0
Construction of police posts (security)	6.5
Construction of warehouses	7.5

Table 13 shows that GGM supported community-based development projects and poverty reduction in the host community, as 89% of the respondents reported that GGM had created casual labour employment opportunities to the Geita community. Other contributions mentioned were provision of social services (58%), food security (20%), improvement in living standards (25.5%) and infrastructure (21.5%), empowerment of vulnerable groups (15%) and environmental conservation (10%).

Table 13 also shows that most of the jobs provided by GGM included community policing, improving hygiene around the mining site and temporary employment such as

the indoor residual spraying. The community police are responsible for guarding the fence around GGM to avoid trespassers. Casual labourers receive wages of 300,000 Tanzanian shillings (US\$150) up to 500,000 Tanzanian shillings (US\$250) per month, which enables them to meet their essential needs, such as housing, food, health services and education. The provision of employment also plays a vital role in alleviating poverty of individuals, households and the community by giving them an income, improving their living standard and increasing their purchasing power. It also reduces the crime rate. In addition, the Government collects more tax which can be used for social and economic development. The use of casual workers helps employers to cut operational costs, long-service leave and pension contributions (Rasak, 2017). Therefore, the use of casual workers by GGM promotes its relationship with the local community and other stakeholders and helps to minimize conflicts between GGM and the local community as they feel part of the company.

On environmental conservation, GGM supplies tree seedlings to the community and public institutions such as schools, hospitals and offices. The company is appreciative of the need to restore the disturbed areas to a functioning ecosystem as required by environmental legislation. GGM also works with forestry authorities to protect the Geita Forest Reserve. GGM has been constructing infrastructure as part of its CSR initiatives, namely Some tarmac and feeder roads, schools, hospitals and water projects, which have improved the standard of living of the community living near the mine.

On economic diversification, GGM has been supporting various economic projects such as agriculture and small and medium enterprises (SMEs), as well as irrigation schemes at Nungwe and Saragulwa Villages. In collaboration with the Cholima Agricultural Research Institute, Dakawa and Morogoro, GGM has been training paddy farmers under the Nyabusakama Cooperative Society Limited and has provided improved seeds which have had a positive impact on production. GGM also supported the Geita Hydro, Brick-making Cooperative Society, Geita Tailoring and Shoe-making Cooperative Limited and Umoja Welding and Fabrication Limited, with the objective of empowering the youth. CSR's economic diversification strategy promotes market power and collaboration between the company and community (Montgomery 1994; Purkayastha *et al.*, 2012), reduces risk (Martin and Sayrak 2003; Purkayastha *et al.*, 2012), and increases market efficiency (Erdorf *et al.*, 2013; Martin and Sayrak 2003; Purkayastha *et al.*, 2012).

**Table 14: Types of Contribution to Development and Poverty Reduction that GGM Provided**

<b>Type of Contribution</b>	<b>n</b>	<b>Percent</b>
Creation of employment opportunities	178	89.0
Provision of markets	12	6.0
Improvement of habitat	14	7.0
Improvement of living standards	51	25.5
Food security	54	27.0
Provision of social services	116	58.0
Economic diversification	15	7.5
Social security programmes	0	0.0
Improvement of infrastructure	43	21.5
Capacity-building programmes	24	12.0
Environmental conservation	21	10.5
Empowerment of vulnerable groups	30	15.0

#### **6.4 Impact of Development Projects by the GGM in Geita District**

Table 14 shows the social impacts that GGM has had on the Geita community. Some of its achievements are improved academic performance (45%), improved health care and sanitation (53.5%), improved living standards, improved environmental protection (94%), increased local Government revenue (67.5%) and reduced crime rate (79%).

Since GGM started its mining operations in 2000, it has been supportive of the education sector in the communities around the mine. As part of its CSR initiative; GGM has provided desks, chairs, tables and corrugated iron sheets, cement, paid school fees for needy students, built classrooms and staff quarters (houses) and dug water wells for the schools. One of the GGM's most notable contributions to the Geita community is the construction of Nyankumbu Girls' Secondary School, which accommodates more than 800 students and the boarding facility has helped reduce the number of early pregnancies and absenteeism of the learners. Moreover, the academic performance of girls has improved, and the number of girls studying science subjects has increased. Nyankumbu Girls' High School came eighth at regional level, sixth at district level and the first among the Government schools in terms of performance.

On health care, GGM has been taking part in several programmes, such as the Geita Malaria Prevention Programme through an indoor residual spraying programme and building and renovating Nyakabale Dispensary, the Geita Referral Hospital and the Katoro



Health Centre. Moreover, GGM has been supporting campaigns against HIV/AIDS through the Kilimanjaro Marathon, sponsoring the Cleft Lip and Palate programme and the Vine Trust Boat Project. Also, GGM has provided mosquito nets to pregnant mothers, children, students and older adults, and supplied wheel chairs to people living with disabilities. GGM has been supportive of SMEs, agricultural projects, cooperatives and youth development programmes, as well as the other interventions mentioned above; the support has greatly contributed to raising people's standard of living.

As one of its CSR initiatives, GGM constructed the Magogo Vocational Educational Centre to enable the youths to acquire different skills such as welding, tailoring, brick moulding and shoe making. These programmes help the youths earn an income which improves their living standards. It also constructed a 5-kilometre tarmac road from Geita Town to the main gate of GGM, and periodically maintains the Mgusu-Nyakabale-Saragulwa roads, which are used by GGM, as well as the surrounding community to transport their agricultural produce to market places. It has also invested heavily in projects that seek to supply safe and clean water to the people living in Geita Town, which has benefited more than 250,000 people (GGM, 2016).

Another impact of development projects by GGM is reduction in the crime rate, as many of the youth living near the mine have been recruited by GGM as drivers, community police, security guards, cleaners and indoor residual sprayers. Statistics show a close relationship between unemployment and crime, and so the provision of casual employment has helped to reduce the crime rate in Geita, such as vandalism, theft, drug abuse, robbery, assault and others.

Another of GGM's interventions is environmental conservation. Principally, the mining company has been under an obligation to rehabilitate the degraded land resulting from mining operations. GGM appreciates that mining activities have the potential to cause changes in the environment, which may have an undesirable impact on the health of the ecosystem. The company is committed to reducing the adverse effects of its mining activities, has provided tree seedlings to the Geita community and has contracted the leaders to supply labour for the rehabilitation work, waste management and the guarding of the environmental monitoring devices, among other activities. All these efforts have improved environmental protection in Geita.

GGM is one of the principal contributors to the economy of Tanzania through payment of taxes and sponsoring CSR programmes. It has provided both direct and indirect employment to Tanzanians. Statistics show that the company has employed more than 1,789 workers, of whom 1,723 are Tanzanians (95% of the workforce) and 66 are experts (GGM, 2016). Furthermore, the company has paid taxes, royalties, service levy, rental fees, corporate tax, income tax and pay as you earn (PAYE). GGM has been paying corporate tax amounting to TZS 619.1 billion since it started paying corporate tax in 2009 (TMAA, 2016). It won the prestigious Tanzanian Presidential Award on extractive industry and the CSR empowerment programme in 2013. Geita Town Council and Geita District Council have been beneficiaries of the service levy paid by the GGM. The collected taxes are used for social and economic development of Geita and the country as a whole. The sectors which have benefited include health, education, water and infrastructure.

**Table 15: Social Impact Brought by GGM to the Community (n = 200)**

<b>Social Impact</b>	<b>n</b>	<b>Percent of total</b>
Improved academic performance	90	45.0
Improved health care and sanitation	107	53.5
Improved living standards	65	32.5
Improved infrastructure	80	40.0
Reduced crime rate	158	79.0
Reduced unemployment rate	98	49.0
Improved other sectors of the economy	5	2.5
Improved environmental protection	188	94.0
Increased local Government revenue	135	67.5

### **6.5 Community Participation in Development Projects in Geita District**

In assessing CSR, community participation and development in the mining sector of North-western Tanzania, it was important to establish the level of satisfaction with GGM's involvement in community development, to establish areas that should be improved by GGM/ Geita TC/Geita DC in implementation of development projects and to establish what should be done to make CSR projects sustainable. With regard to community level of satisfaction, the results showed a gap between the community and GGM in project implementation. Table 13 shows that 56% of the respondents, expressed dissatisfaction with GGM's involvement. CSR projects should focus on the sectors which have an impact on the majority, such as agriculture, health and education. Stakeholders' participation is

essential for successful implementation of CSR projects, to ensure their quality and sustainability and avoid conflicts (Paryani, 2011).

**Table 16: Level of Community’s Satisfaction with GGM’s Involvement in Development n=200**

<b>Level of satisfaction</b>	<b>Percent</b>
Very satisfied	3.5
Satisfied	3
Average	24.5
Dissatisfied	56
Very dissatisfied	13
<b>Total</b>	<b>100</b>

The study further investigated the level of satisfaction with GGM’s involvement in community development by sex, marital status, age group and education. Table 17 shows a significant variation ( $p = 0.050$ ) between male and female respondents, as 70% of male respondents were dissatisfied with GGM’s involvement against 66% of female respondents. On the other hand, the results show that 15% of female respondents were satisfied with GGM’s involvement in community development while only 4% of male respondents were, which implies that women were more affected by the absence or presence of social services in the community than men. In Tanzania, gender roles are classified according to local cultural contexts. Usually, men are considered to be the breadwinners of the household while women are historically in charge of most domestic activities (Dillip, Mboma, Greer and Lorenz, 2018). As regards the other demographic variables of marital status, age group, education and income level, the results showed no variation.

It should also be noted that Chi-Square is a statistic used to determine the level of association between two categorical variables at 0.05% level of significance. In this study, Chi-Square was used to find out whether there was an association between the variables sex, marital status, age group, level of education and respondents' level of income against level of satisfaction with GGM’s involvement in community development. The results in Table 17 show that, statistically, there was significant association between respondents’ sex and level of satisfaction with GGM’s involvement in community development (Chi-Square = 8.85,  $p = 0.05$ ). On the other hand, the results in Table 18 showed no significant association between respondents' marital status and level of satisfaction with

GGM's involvement in community development (Chi-Square = 8.22,  $p = 0.410 > 0.05$ ). Age group and level of satisfaction were not significantly associated (Chi-Square = 3.02,  $p = 0.930 > 0.05$ ). Level of education and level of satisfaction were not significantly associated (Chi-square = 8.15,  $df = 8$ ,  $p = 0.420 > 0.05$ ), and also there was no significant association between level of income and level of satisfaction with GGM's involvement in community development (Chi-Square = 8.06,  $p = 0.233 > 0.05$ ).

**Table 17: Respondents' Level of Satisfaction with GGM's Involvement in Community Development**

	Satisfied		Neutral		Not Satisfied		Total	
	n	%	n	%	n	%	n	%
<b>1. Sex (Chi-Square=8.85, df=2, p=0.050)</b>								
Male	7	4	41	26	111	70	159	100
Female	6	15	8	20	27	66	41	100
<b>Total</b>	<b>13</b>	<b>7</b>	<b>49</b>	<b>25</b>	<b>138</b>	<b>69</b>	<b>200</b>	<b>100</b>
<b>2. Marital statuses (Chi-square=8.22, df=8, p=0.410)</b>								
Married	11	6	43	25	117	68	171	100
Steady relationship	0	0	0	0	2	100	2	100
Divorced	1	17	1	17	4	67	6	100
Widowed	0	0	0	0	9	100	9	100
<b>Total</b>	<b>13</b>	<b>7</b>	<b>49</b>	<b>25</b>	<b>138</b>	<b>69</b>	<b>200</b>	<b>100</b>
<b>3. Age Group (Chi-square=3.02, df=8, p=0.930)</b>								
18 – 25	1	7	6	40	8	53	15	100
26 – 25	4	9	12	27	29	64	45	100
26 – 35	5	11	11	23	31	66	47	100
36 – 45	2	3	12	18	53	79	67	100
46 – 60	1	4	8	31	17	65	26	100
<b>Total</b>	<b>13</b>	<b>7</b>	<b>49</b>	<b>25</b>	<b>138</b>	<b>69</b>	<b>200</b>	<b>100</b>
<b>4. Level of education (Chi-square=8.15, df=8, p=0.420)</b>								
No formal education	1	5	4	20	15	75	20	100
Primary school	11	8	33	23	98	69	142	100
Secondary school	1	3	10	31	21	66	32	100
College/Diploma	0	0	1	25	3	75	4	100
University	0	0	1	50	1	50	2	100
<b>Total</b>	<b>13</b>	<b>7</b>	<b>49</b>	<b>25</b>	<b>138</b>	<b>69</b>	<b>200</b>	<b>100</b>
<b>5. Level of Income (Chi-square=8.06, df=6, p=0.233)</b>								
Up to 100,000	2	2	24	29	56	68	82	100
100,001 - 500,000	11	10	24	22	73	68	108	100
500,001 - 750,000	0	0	0	0	5	100	5	100
> 1,000,000	0	0	1	20	4	80	5	100
<b>Total</b>	<b>13</b>	<b>7</b>	<b>49</b>	<b>25</b>	<b>138</b>	<b>69</b>	<b>200</b>	<b>100</b>

Table 18 reveals areas which should be improved in the execution of development projects. Eighty-nine percent (89%) of the respondents involved in the study reported that

job creation was the most important area that should be considered in the development projects. Other areas (with the percents of the respondents in brackets who mentioned them) include provision of social services (84%), transparency (80.5%), community involvement (74%), infrastructure development (71%), local content implementation (59%) and community awareness of CSR (56.5%).

One area for improvement in CSR projects in Geita is the health sector. The majority of the respondents were demanding more intervention in healthcare services such as construction of dispensaries, health centres and hospitals. Healthcare services are important for improving the quality of care in the community (Renggli *et al.*, 2018). Investing in healthcare is crucial for attaining health-related Sustainable Development Goal Number 3.

Another area needing to be improved is the transparency of CSR projects, as it is a fundamental prerequisite in the implementation of CSR projects (Dubbink, Graafland and Van Liedekerke, 2008). The Government, civil society and the community must be actively involved in all stages of CSR implementation. Transparency promotes allocative and dynamic efficiency, innovation, accountability and responsibility (Kaptein, 2003). The need for transparency has been recognized by both companies and academics (Durnev, Errunza and Molchanov, 2009). Transparency provides guarantee for accountability and good governance which play an important role in allocation of resources (Choi and Sami, 2012).

On capacity building, GGM and the Government initiate projects that provide community members with various skills through training, mentoring and giving financial support. Capacity building is also important for promoting effectiveness, improving performance and enabling people to work in a different environment.

Local content policy was one of the areas which were suggested for improvement by the respondents. Before the enactment of new mining laws in 2017, local content policy was under the jurisdiction of the company. In 2017, the parliament approved three different acts on natural resource management: the Written Laws (Miscellaneous Amendments) Act (Miscellaneous Amendments Act), The Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) Act (the Unconscionable Terms

Act), and the Natural Wealth and Resources (Permanent Sovereignty) Act. Under the new acts, mineral rights holders are obliged to implement local content policy and CSR, and it is compulsory for mineral companies to execute CSR and local content policy. The purpose of these reforms is to make sure that nationals benefit from natural resources.

The respondents also wanted an improvement in the infrastructure in Geita District. Most roads were in a bad condition, especially those which were not close to the mine. GGM had been maintaining the roads in its operations. There is a need for GGM and the Government to make sure that the roads surrounding the mine are improved to enable community members to transport their agricultural goods more easily and at less cost. Good infrastructure plays an important role in fuelling economic growth and alleviating poverty.

The respondents suggested that more jobs, both permanent and casual, should be created for the community, although they preferred permanent jobs to ensure security and financial stability. Semi-skilled jobs such as driving, security guarding and others need to be given to community members, because they complain that these jobs are given to people outside Geita.

On economic diversification, the study revealed the need to capitalise in other sectors of the economy to promote sustainable development. Economic diversification is a key factor for promoting social and economic development. GGM has been supportive of other sectors of the economy, mainly SMEs, agriculture, cooperatives and youth development. The company has also been supporting skills development among the youth so that they can be self-employed. The respondents suggest more intervention in sectors which have a great impact on the community such as agriculture. Investing in other areas of economy such as agriculture, SMEs and fishing helps to open up new opportunities and alleviate poverty. Economic diversification helps promote the economic well-being of community members; it helps to reduce youth unemployment and reduces the risk of depending only on gold.

**Table 18: Areas of Improvement by the GGM/Geita town council/Geita district council in implementing development projects**

<b>Areas of improvement</b>	<b>n</b>	<b>Percent (Over 200)</b>
Transparency	161	80.5
Capacity build/ comm. Empowerment	96	48.0
Local content implementation	118	59.0
Environmental conservation	80	40.0
Community involvement	148	74.0
Infrastructure	142	71.0
Provision of social services	168	84.0
Job creation	178	89.0
Economic diversification	58	29.0
Corporate/ comm. disputes settlement	85	42.5
Community awareness of CSR	113	56.5
Quality of projects	57	28.5

Table 18 shows the areas the respondents thought needed improvement to make CSR projects sustainable, which include creating more jobs. More efforts should be made to embark on projects which have a multiplier effect, such as agriculture and SMEs. Investing in such projects benefits the majority of people and helps to alleviate poverty.

The respondents also proposed there should be more capacity building programmes in CSR projects, as that would help to minimize dependency on external experts and encourage local people to take a lead in their own issues. It promotes a feeling of ownership of their own development and helps to strengthen the confidence, skills and knowledge of the local community (DFID, 2010).

Another area for improvement to make CSR projects sustainable is record management. Before the Written Laws (Miscellaneous Amendments) Act (Miscellaneous Amendments Act 2017 was passed, CSR documentation used to be kept by GGM alone, but now the local Government is empowered by the Act to have proper documentation of CSR projects. Once a project is agreed on, the roles and responsibilities of both sides need to be outlined and documented to ensure transparency and accountability (Waddock and Bodwell, 2017).

Even distribution and allocation of CSR projects by GGM and the Government was one of the areas needing to be improved to make them sustainable and avoid conflict and division

among the community. The respondents claimed that some communities received more CSR interventions than others.

Before implementing a CSR project in Geita it would be important to conduct a needs assessment to help with programme planning, monitoring and evaluation and accountability, which are important aspects for the success of a project. Conducting needs assessment ensures proper implementation of the project.

Grievance management is one of the areas needing to be improved to make CSR projects sustainable in Geita. To resolve community grievances, it is imperative for the GGM to involve the local Government, as community members tend to trust it more than private companies. Grievance management is important as it enables community members to register their concerns about the company's operations (Waddock and Bodwell, 2017). One of the steps of grievance management is to have a frank discussion with community members so that their complaints/concerns are addressed, leading to the sustainability of projects.

Establishing and maintaining proper channels of communication also need to be improved to make CSR projects sustainable. The findings of the study revealed the necessity to improve communication between GGM, the Government and community. Good documentation and communication of CSR projects ensure high quality and project sustainability (Waddock and Bodwell, 2017). The stakeholder theory acknowledges that corporations have an obligation to their stakeholders, such as the Government, community, employees and customers (Asif *et al.*, 2013).

**Table 19: Areas of Improvement to Make CSR Projects Sustainable**

<b>Areas of improvement</b>	<b>n</b>	<b>Percent (Over 200)</b>
Capacity building and awareness	181	90.5
Job opportunities	197	98.5
Economic diversification	121	60.5
Records Management of CSR projects	149	74.5
Community involvement and ownership	94	47.0
Youth development	145	72.5
Conduct of needs assessment	66	33.0
Even distribution/allocation of CSR projects	154	77.0
Establish and maintain proper channels of communication	124	62.0
Expectations and grievances management	114	57.0
Transparency of the projects	158	79.0
Effective corporate exit and community takeover strategy	55	27.5



## **6.6 Developmental approaches of GGM as part of CSR in Geita District**

This study further investigated the development approaches used by GGM as part of CSR in Geita District regarding the type of resources that GGM provides to the community, the development approaches GGM uses as part of CSR and the process the community participates in is the bottom-up approach. As far as the type of resources that GGM provides to the community is concerned, Table 20 shows that 96% of the respondents reported that resources were provided in terms of materials. Regarding the development approaches used, Table 20 shows that 54% thought that the bottom-up approach was used, while 46% thought the approach was top-down. Table 20 further reveals that 71% of the respondents felt that project implementation involving community participation took the bottom-up approach.

In the top-down approach, CSR decisions are made and managed by the company without involvement of stakeholders. The benefit of the top-down approach is that decisions are made quickly, saving time, and CSR projects are implemented in conformity with the company's strategic plan. The disadvantage of this approach is that, because stakeholders are not involved, the big question is whether the project is sustainable. The bottom-up approach considers the interests of all stakeholders in the implementation of CSR projects (Asif, Searcy, Sushi and Fischer, 2013). It helps to avoid conflicts among stakeholders and ensures sustainability of the projects. The top-down approach in CSR projects integrates both social and economic dimensions in business operations (Asif, Searcy, Zutshi and Fisscher, 2013). The top-down approach establishes necessary structures at different levels, determines CSR roles, and makes communication and the flow of information more systematic (Asif *et al.*, 2013). This provides a methodological approach to interpreting CSR strategies and incorporating various stakeholders in implementing CSR (Asif *et al.*, 2013). In most cases, GGM used the bottom-up approach to execute CSR projects.

**Table 20: Developmental Approaches of Geita Gold Mine as part of CSR in Geita District (n = 200)**

<b>1. Types of Resources that GGM Provided to the Community</b>		
<b>Resource type</b>	<b>n</b>	<b>Percent</b>
Money	30	15.0
In-Kind	192	96.0
Volunteering/charity	10	5.0
Loans/ micro-credit	1	0.5
<b>2. Developmental Approaches that GGM Uses as a Part of CSR</b>		
Top-down/ imposed	92	46.0
Bottom-up/ participatory	108	54.0
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>3. The process that the Community Participates in with Bottom-Up Approach</b>		
<b>Process</b>		
Project design	100	50.0
Project planning	100	50.0
Project implementation	142	71.0
Project Monitoring	60	30.0
Project Evaluation	34	17.0

Starting with project design, to execute its CSR projects, GGM involves community members in first drafting and then designing them. GGM would conduct meetings with villagers to consider their priorities which need to be included in CSR projects.

Project planning involves the setting up of necessary steps for the success of the project. GGM used participatory planning by involving the local community in planning CSR projects, but not the local Government, and so most CSR projects were not fully participatory as some key stakeholders were not involved.

Project implementation is the process of conducting activities as agreed in the work plan (Philip *et al.*, 2008). GGM and the local community implemented some CSR projects together, but some were implemented by GGM alone through contractors, such as the construction of Nyankumbu Girls Secondary School, water projects, renovation of Geita Regional Hospital and construction of roads, with little involvement of the local community. Projects which fully involved the local community in their implementation included agricultural projects, SMEs, indoor residual spraying and environmental conservation programmes, which also involved the local Government.

Monitoring and evaluation of CSR projects help companies to learn from experience so as to strengthen system delivery (Prasad and Kumar, 2011). Monitoring and evaluation of CSR projects in Geita was mainly done by GGM without involving the local Government authorities or the community. As a result, these key stakeholders did not know much about them.

### **6.7 Existing Relationship between the GGM, the Geita Community and the Government**

This part presents the nature of the existing relationship between GGM, the community and the Government. Table 21 shows that 62% of the respondents said that the existing relationship is poor because there is misunderstanding between GGM and the local community and GGM and the local Government.

**Table 21: Level of Existing Relationship between the Community and GGM**

<b>Respondent Response</b>	<b>n</b>	<b>Percent</b>
Very good	4	2.0
Good	10	5.0
Average	51	25.5
Poor	124	62.0
Very poor	11	5.5
<b>Total</b>	<b>200</b>	<b>100.0</b>

Concerning areas and issues of conflict, Table 21 shows that conflicts over land, forced eviction, environmental issues, unfulfilled promises, human rights abuses, compensation and resource allocation were critical areas for consideration by GGM. Conflicts over land between GGM and the local community began after it started its operations in the early 2000s. Local people were evicted from their own land to enable mineral activities to take place, and this led the conflicts. Environmental degradation is one of the causes of conflicts between GGM and the community. Mining operations have had adverse effects on the environment such as soil erosion, loss of biodiversity and contamination of groundwater. Extracting minerals causes leakage of chemicals which affects both humans and animals, and mining activities have caused cracks in some houses. Unfulfilled promises made by GGM to the community have also contributed to conflicts in Geita. GGM need to fulfil all its promises to the community to avoid unnecessary conflict. On human rights violation, GGM's security guards have been blamed by the local community for beating members for trespassing or encroaching. There is need for the

GGM to report trespassers to the police who should take them to court for justice to be done. Failure to compensate community members is another issue causing conflicts between GGM and the community. Some people had been waiting for compensation for two decades, but nothing had materialised.

CSR projects were being used by MNCs in the mining industry to react to and offset the adverse impacts of mining activities (Issifu, 2016), such as loss of biodiversity, water and air pollution, soil erosion, community relocation and livelihood destruction (Micklethwait and Wooldridge, 2005). MNCs in the extractive industry have gone beyond charity in responding to the impacts of their operations by supporting social service provision for the communities (McBarnet, 2009), (Issifu, 2016).

**Table 22: Area and issues of conflicts between GGM and the Community**

<b>Areas/Issues</b>	<b>Satisfied (%)</b>	<b>Uncertain (%)</b>	<b>Not Satisfied (%)</b>
Environmental issues	7.0	8.0	85.0
Land conflict	3.0	2.0	95.0
Encroachment/intrusion	23.5	22.0	54.5
Recognition of Community views	40.5	19.0	40.5
Compensation	8.0	15.5	76.5
Forced eviction	4.0	4.0	91.5
Unresolved grievances	22.5	24.0	53.5
Human rights abuses	10.5	12.5	77.0
Unfulfilled local content	16.0	46.0	38.0
Lack of transparency	38.5	20.0	41.5
Resource allocation	5.0	20.0	75.0
Unfulfilled promises	16.5	6.0	77.5

To improve the relationship between GGM and the surrounding community, Table 23 presents an institutional framework for conflict resolution in place, options for the community to cope with unresolved conflicts apart from the formal Government and measures that should be taken to strengthen the relationship.

The institutional framework for conflict resolution reported in this study is through the District Commissioner and local Government. Community members prefer channelling their grievances through the District Commissioner's Office and local Government authorities. They argued that it is much easier and quicker to access them than GGM which has a very strong security and is more bureaucratic. Table 23 shows that 90% of the respondents said that the District Commissioner's Office and local Government were the best authorities for mitigating conflicts while 55% preferred the village Government.

Table 23 further shows that arbitration is the best option for the community to deal with unresolved conflicts apart from the formal Government structure. As regards the steps that should be taken to improve the relationship, the results show that these should comprise community participation, grievance management, ensuring transparency and improving the proper channels of communication.

**Table 23: Steps to improve relationship between GGM and surrounding communities**

<b>1. Institutional Framework for conflict resolution in Place at Following Levels</b>	
<b>Institutional Framework</b>	<b>Percent Over 200</b>
Village/ <i>Mtaa</i> level	55
Ward level	33
District/Council level	90
Company level	12
<b>2. Options for the Community to deal with Unresolved Conflicts Apart from Formal Govt. structure</b>	
<b>Option</b>	
Court of law	31
Civil society intervention	47
Arbitration	70.5
Traditional settlement	0.5
<b>3. Steps to be Taken to Improve Relationship between GGM and the Surrounding Community</b>	
<b>Step to be taken</b>	
Ensuring Transparency	86.5
Capacity building	68
Community participation	90.5
Improve channels of communication	77.5
Grievance Management	88
Protection of human rights	38

## **6.8 Conclusion**

This chapter presented the data based on the results obtained from a study that was conducted in Geita Region in Tanzania to assess CSR, community participation and development in the mining sector of North-western, Tanzania. Specifically, the chapter had six sections which presented the respondents' backgrounds and situational characteristics, the contribution of the GGM to development and reduction of poverty in Geita District, the impact of development projects/community-based initiatives by GGM in Geita District. The quantitative data presented supplemented the qualitative data. The next chapter presents the qualitative data of the study.

## **CHAPTER SEVEN**

### **7.0 QUALITATIVE RESULTS**

#### **7.1 Chapter Overview**

This chapter presents qualitative research findings to complement and extend the quantitative findings reported in Chapter Six. The chapter presents the participants' backgrounds, situational characteristics, recruitment of casual labour and GGM contribution to development and reduction of poverty in the Geita District. The chapter further discusses specific contributions and their impact on development in different sectors such as health, education and youth development, small and medium enterprises (SMEs), agriculture, water and sanitation, casual labour employment and construction of infrastructure.

#### **7.2 GGM Contribution to Development and Reduction of Poverty**

As already discussed, GGM's CSR projects included building of Nyankumbu Girls Secondary School, provision of school materials, water facilities and sanitation, construction of Nyakabale Dispensary and refurbishment of Geita Regional Hospital, supply of medical facilities, construction of roads, warehouses and a police post, material support in agriculture, and provision of casual jobs, but most of these interventions have not contributed very much to development and poverty reduction in Geita. The following sections describe the specific health projects implemented by GGM in Geita District.

##### **7.2.1 Health sector**

GGM has been helping more than 150,000 people living near the mine to have more access to health services by engaging in different health programmes (Daily News, 2018). The first is the cleft lip and cleft palate (CLP) programme discussed below.

###### **7.2.1.1 Cleft Lip and Cleft Palate (CLP) Programme**

GGM, through the Rafiki Surgical Mission and in cooperation with Government authorities and other stakeholders, is committed to helping children and adults in Geita Region who suffer from unrepaired cleft lips and palates by providing free surgical treatment. GGM supports the programme by paying for the sick persons and their relatives all expenses such as transport, medical charges, accommodation and food for the entire

period of medication. CLP is a congenital disability in which the tissues of the mouth or lip do not form properly during foetal development. In Geita District where GGM operates, clefts are one of the most common major congenital disabilities. The CLP programme gives these patients the chance to live a normal life like others. The advantage of this programme is that treated babies will grow up never knowing the alienation they might have been subjected to. Children can participate fully in education and other activities with their peers without any problem of feeling inferior. From 2002, when the programme started to 2017, a total of 1621, both children and adults, have benefited (Daily News, 2018). GGM has contributed more than one billion Tanzanian shillings (US\$ 434,782) to this programme (Daily News, 2018).

During an FGD in Mtakuja ward, the participants reported the following:

One man ran away from her wife after he realized that she had delivered a child with a disability and decided to marry another woman saying that the former wife was bringing misfortune to his life. The child was a GGM cleft lip and palate beneficiary and treated in Mwanza. All the expenses were paid for by GGM. The man left his former wife with three children but thank God the child that was born with disability was then living normally and could attend school and play with other children without feeling inferior to others (Female FDGs, Mtakuja, Geita Town Council, 25 July, 2018).

The above quotation shows that some men tend to abdicate their responsibility when children are born with disabilities and leave all the responsibilities to the women. Some men believe that disabilities are caused by misfortune coming from the women. This is very common, especially in rural areas where ignorance is high. Women in society are facing challenges in raising a family alone without support from their husbands. Society should understand that disabilities have nothing to do with misfortune. Therefore, blaming women is cruel. GGM's CLP programme has helped many rural poor families who have no access to health services.

One of the female participants accentuated the above statement by saying:

This programme has helped women a lot as some family members associated cleft lips with bad fortune by victimizing women for giving birth to children with disabilities and, as a result, some men used to abandon their wives (G14, female, 44 years old, small-scale gold miner).

CLP in Geita has been a major cause of alienation and stigmatization for families having children with CLP, who lack support from the family and community.

Another participant who was also a beneficiary of the CLP treatment programme commented that:

Before treatment, my friends used to laugh at me when I was talking as I could not pronounce some of the words properly and it reached a point of nicknaming me. It was a very bad experience, and most of them used to tell me that no families would allow me to marry their daughters because of my disabilities, but now everything is fine with me. I can talk properly without any problem. In 2015, I was married and blessed with two beautiful daughters who have no disabilities (G12, male, 35 years old, security guard).

CLP, like other disabilities, can be treated in hospital where the patient undergoes surgery. Families should be advised to visit hospitals during pregnancy and undergo routine ultrasound. Surgery for people with CLP is fully paid for by GGM as part of CSR support.

A similar statement was echoed by one participant from Mpomvu village who said:

The cleft lip and cleft palate programme helps so many people in our society and is one of the most remarkable programmes implemented by GGM. In our village so many people have benefited from this programme. After surgery one cannot notice any difference as GGM hires qualified doctors from outside the country to perform the surgeries. The team comprises reputable cleft palate surgeons. A wife of my nephew is one of the beneficiaries, and you can hardly notice any difference as she is normal like me and you (G31, male, 54 years old, pastoralist)

Another statement supporting the CLP programme was made by one participant from Mgsu village who commented that:

My daughter had a cleft lip problem and made me delay registering her in primary school as I thought she would be alienated by her fellow students. She started school last year after undergoing cleft lip surgery supported by GGM. Now she is doing very well, no more psychological anguish, unlike what had existed for many years. She feels the same way as other children, and more good news is that she has been among the top three academically in her class. Community members in our society have different perceptions of people living with disabilities, especially with cleft lip and palate and blame their mothers for bringing misfortune (G29, female, 26 years old, food vendor)

Due to the community's perceptions expressed above, the Government and other stakeholders such as NGOs need to sensitize people, especially in the rural areas, that



disabilities are not the fault of the mother, and people living with disabilities should not be stigmatised.

#### **7.2.1.2 Construction and rehabilitation of health centres/ hospitals**

GGM participated in renovating Geita Regional Hospital in collaboration with the Government, which cost over 800 million Tanzania shillings (US\$ 347,942) (The Guardian, 2016). The hospital serves more than 40,000 patients per year from various districts of Geita Region (The Guardian, 2016). Additionally, the construction of Nyakabale Dispensary cost more than 400 million Tanzania shillings (US\$ 173,986) to complete (The Citizen, 2018).

One interviewee from Nyakabale village supporting the above statement said that:

GGM has facilitated the building of a village dispensary which offers a 24-hour service to the villagers. This has reduced maternal deaths as villagers have a reliable ambulance service from GGM when they fall sick. When you need to be transferred to the regional referral hospital in Geita town, GGM provides free transport (G59, female, 31 years old, nurse)

Another participant from Nyakabale village commented that:

The construction of the village dispensary has helped us a lot as we do not need to walk a long distance looking for the medical services, the doctors stay in staff houses near the dispensary, therefore, it is easy to access services even at midnight. The construction of Nyakabale Dispensary and staff houses by GGM has made our lives safer than before (G9, female, 62 years old, traditional midwife).

During an interview, one of the clinical officers from Nyakabale Dispensary commented that:

GGM provides free ambulance services in case of an emergence from Nyakabale Village to Geita Regional Referral Hospital. This helps a lot in reducing maternal and infant deaths. The presence of staff quarters near the dispensary makes it easier for us to offer our services to the community even at midnight. Currently, staff members are accommodated in the staff quarters built by GGM, and we provide a service 24 hours a day (G16, male, 27 years old, assistant medical officer).

The availability of health services near the community is of a great importance for ensuring easy access to health services by community members, which promotes the wellbeing of all ages and targets sustainable development goal number 3.

Commenting on the health sector, one participant during FGD with Geita regional hospital staff remarked:

The refurbishment of the regional hospital has facilitated the availability of several services which were not there previously. GGM purchased modern medical apparatus such as a dental chair, patient monitoring machines, an electrocardiogram (ECG) machine, an ultrasound machine, and an ECO machine for the heart department. All these were possible due to the presence of GGM (G22, male, 44 years old, medical doctor).

Dispensaries and health centres are designed to treat minor injuries and ailments; this reduces congestion in the referral hospital.

The pictures below shows two houses used by health staff members built by GGM and an ambulance donated by GGM. The sign board shows GGM's renovation of the Geita Region Referral Hospital.

**Picture 1: Hospital buildings built and an ambulance donated by GGM in Geita**



Source: Field survey, 2018

### **7.2.1.3 HIV/AIDS campaign**

Tanzania is one of the countries in Sub-African countries which has been affected by the HIV/AIDS pandemic, and about 1.4 million are living with HIV/AIDS (UNAIDS, 2017). HIV/AIDS and other sexually transmitted diseases (STIs) are very common in communities living around gold mines in Tanzania (Clift *et al.*, 2003). In response, GGM takes part annually in Kilimanjaro Marathon as part of its contribution to control of HIV/AIDS (The Citizen, 2016). The funds obtained from this programme have been used to construct a voluntary counselling and testing centre for HIV/AIDS. The initiative raised in excess of 700 million Tanzania shillings per annum (The Citizen, 2016), which were dedicated to supporting Government organisations (such as the Tanzania Commission for AIDS, TACAIDS) and NGOs dealing with HIV/AIDS. Over 30 local NGOs have benefited from the funds raised since the establishment of the Kilimanjaro Marathon.

One participant in HIV/AIDS initiatives commented that:

The construction of voluntary counselling and testing for HIV/AIDS in Geita has helped the community to get the right to education on HIV/AIDS and counselling and guidance. The presence of the VCT helps the Geita community to know their health status. Now it is easy to know your health status because the centre is 100 metres from where I work. Therefore, at any time I want to test I can go, and the environment is very conducive as you see the centre is situated far from other offices (G18, male, 23 years old, motorcyclist).

Supporting the above statement, one interviewee from the Geita District council said:

GGM invested heavily in the health sector. For example, supporting health Centre at Katoro, building a mortuary and a laboratory that help to improve health services for the community. Furthermore, GGM has been engaging in an HIV/AIDS campaign. GGM and Geita District Council have been providing HIV/AIDS education at all levels (G26, Female, 36 years old, district community officer).

The GGM initiative on HIV/AIDS goes together with the United Nations Sustainable Development Goal Number 3 to achieve healthier lives and promote the well-being of all ages. Additionally, the programme contributes more funds, which helps in reducing the number of HIV-associated deaths in the country and provide hope of an HIV-free future (The Citizen, 2016). The HIV/AIDS pandemic in Tanzania has had a greater impact on the youth, the majority being the working group (The Citizen, 2016).

During an interview another interviewee's view differed from the above views and he said:

GGM has done very little to address issues relating to people with special needs such as people living with HIV/AIDS, orphans, people with disability and older adults. In the health sector, several programmes have been conducted such as the renovation of Geita Referral Hospital (operating room), supported family planning, fumigation around the surrounding community for malaria control and people with cleft lip and palate. GGM does not have a consideration for people living with HIV/AIDS (G38, male, 48 years old, NGO activist).

Some people want GGM to extend their support people living with HIV/AIDS and include more stakeholders, such as community-based organisations (CBOs) providing education on HIV/AIDS. Building voluntary HIV counselling and testing centres is not enough as local NGOs need to be empowered in their fight against HIV/AIDS. Additionally, more

attention should be given to rural areas where knowledge on HIV/AIDS is still limited, because currently VCT is mainly carried out in urban areas.

Picture 2 shows the VCT centre built by GGM as part of Kilimanjaro HIV/AIDS initiative and serves communities living around the mine.

**Picture 2: VCT building as part of GGM Kilimanjaro Marathon Initiative**



Source: Filed Research, 2018

#### **7.2.1.4 Orphanage**

Globally, there had been a significant upsurge in the number of orphans including Tanzania (Hermenau, Eggert, Landolt, and Hecker, 2015). Tanzania is currently facing a record escalation in the number of orphans and vulnerable children (Meli, 2015). One of the reasons is because of the HIV/AIDS epidemic, and statistics show that in Sub-Saharan Africa there were 56 million orphans in 2012 (UNICEF, 2014). In Tanzania, 2009 statistics show that for every four girls one is an orphan and for every five boys one is an orphan (UNICEF, 2011).

Through the Kilimanjaro Marathon, GGM solicited money from different stakeholders and used some of it to help the *Moyo wa Huruma* orphanage in Geita, which is owned by

the Roman Catholic Church and is the home of 100 orphans from the Geita community who lost their parents because of HIV/AIDS. GGM has supported the addition of structures and continues to support the orphanage's operational costs and provision of food, education, health, sports and games and other necessities.

During an interview, one interviewee commented that:

*Moyo wa Huruma* orphanage, supported by GGM, has helped several children whose parents passed away because of HIV/AIDS. These children have been given renewed hope and now can participate fully in education like other children (G20, female, 36 years old, nurse).

Confirming this, another participant added that:

GGM has been supporting *Moyo wa Huruma* orphanage and has been one of the remarkable achievements of them being in Geita. The orphans are our children, and we must take care of them because no one likes to be an orphan (G11, male, 46 years old, pastor).

Support of the orphanage has been one of the remarkable assistances of GGM to the people of Geita. The findings show that most people are in favour of this initiative. GGM have a duty to continue supporting other orphanage centres located in Geita so that more people can benefit from these initiatives.

Another statement recorded from one interviewee working with the centre was that:

God has given us these children, and we have an obligation to take care of them. We encourage other stakeholders to come and join hands in raising these children. The Roman Catholic Church and GGM cannot do all this alone; we need other people to support these children (G19, female, 33 years old, nun).

Likewise, another interviewee supporting the above statement added:

These children are not street children, but are children coming from our families. The community should stop calling them street children; these are children like others. GGM has supported the orphanage by renovating it, and we request the Government to keep on helping these centres because it is the role of the Government to take care of its citizens (G15, female, 29 years old, a social worker working at the centre).

The next picture shows *Moyo wa Huruma* orphanage in Geita supported by GGM as part of its CSR initiative. The building consists of a meeting hall and dormitory.

**Picture 3: *Moyo we Huruma* Orphanage**



Source: Field Research, 2018

### **7.2.1.5 Geita Malaria Prevention Programme**

Geita is one of the regions having a high number of malaria cases in Tanzania. GGM, for a couple of years, has been supporting families around the mine to fight malaria. The programme is conducted under a public-private partnership (PPP) involving GGM, local Government authorities, Plan International (a US-funded NGO), the Research Triangle Institute and International Development organisation (GGM Report, 2014). GGM has invested more than 1.7 billion Tanzania shillings in an effort to fight malaria and promote health care in Geita Region (Daily News, 2018). The programme is known as Indoor Residual Spraying (IRS) and since its establishment in 2010 it has had a positive impact as most reports show that it has helped to reduce the prevalence of malaria, and a number of deaths, especially of children under five and pregnant women. Every year GGM supports the community malaria prevention project (GGM, 2014). Since its inception, the programme has benefited more than 25,000 households in Geita District, 17,000 of whom had children under the age of five and pregnant women. Additionally, over 200 youth from Geita have been trained on how to conduct indoor residual spraying and have benefited by being given temporary employment (Daily News, 2018). The project resulted



in a 90% reduction of the number of malaria cases in the previous seven years (GGM Report, 2014).

Supporting the above statement one interviewee from GGM commented that:

Due to malaria prevalence in Geita region and in other parts of Tanzania, GGM has launched an anti- malaria project to fight malaria. The project is being implemented by Geita Town Council in collaboration with ABT Associate, a company sponsored by the American people. The project has been able to accommodate some people in Geita by spraying in their environment. The project started with seven wards,—Kalangalala, Mtakuja, Nyankumbu, Bungezi, Kasamwa, Bung'wangoko and Bulela—all which are found in Geita Town. Now the project involves ten wards. More than 100,000 people have benefited from this project. Among the beneficiaries are expectant mothers and children under five. More than 20,000 children have benefited from this project, and about over 6,000 expectant mothers have benefited. These two groups are the most vulnerable to malaria in Tanzania. Since 2010, the project has never stopped and has used more than 2 billion Tanzania shillings (US\$ 868,740). Up to 2017, the project has been able to conduct residual spray over 25,000 households in Geita Town (G1, male, 45 years old, community engagement officer).

GGM has shown the way, and other stakeholders in the mining industry and other sectors should support these initiatives. More efforts should be directed at rural areas where malaria is still a serious challenge.

During an interview, another interviewee added that:

The indoor residual spraying programme has helped young people to acquire skills and a source of income through seasonal employment during the spraying periods. I participated in spraying last year and am hoping to participate again this year. The money received from temporary employment helped me to buy corrugated iron sheets and construct a well for preserving water. My plan for this year, if I secure employment, will be to connect the water to my house as I have a big well now. For me this is a great achievement. (G27, male, 29 years old, peasant).

The programme has been a source of income for the people living around the mine and benefits more than 200 young people from different parts of the Geita District as they get skills every year as well as temporary employment opportunities during execution of the project that contributes significantly to their lives (Daily News, 2018). In recognition of GGM's contribution to the health sector, the Government, through the Vice President's



Office of the United Republic of Tanzania, recognises the company for its commitment to development programmes in Geita (Daily News, 2018).

The following picture shows the Indoor Residual Spraying project implemented by GGM.

**Picture 4: Indoor Residual Spraying (IRS)**



Source: GGM Report, 2014

#### **7.2.3.6 Vine Trust Project**

Vine Trust is an international NGO involved in the provision of health care, home-building and supporting communities living in abject poverty in Tanzania and Peru. In Tanzania, it is involved in fighting malaria, providing basic obstetric care, paediatrics, filling and extracting teeth, undertaking minor surgery and provision of health education. GGM is among the stakeholders supporting the malaria control programme for communities living on the Lake Victoria islands and surrounding communities. Jubilee Hope is a programme established on Lake Victoria in collaboration with local health authorities and the African Inland Church (AICT). The programme operates in a medical ship, delivering medical services to remote island societies in Lake Victoria. GGM has signed a five-year contract worth over 680 million Tanzania shillings (US\$ 295,803) to assist Lake Victoria's first medical boat (The Guardian, 2016). Through the boat, 450,000 residents of the Lake Victoria's 90 islands will have access to the much-needed primary health care services (The Guardian, 2016).

One participant during the focus group discussion at Saragulwa village said:

GGM has been supporting people, even those who are not living near the mine such as communities living on the islands of the Lake Victoria. These people have been supported by GGM, and now they are assured of access to basic health care. Malaria is very common among people living on the islands; therefore, accessing basic health care is very important (G25, male, 32 years old fisherman).

GGM has been supporting even communities which are not living nearby the mine. The Vine Boat project fighting against malaria helps to reach the marginalized families living in the islands of Lake Victoria. GGM supports the Vine Trust Boat Project by covering fuel and maintenance costs until 2019, ensuring that over 450,000 people living on the Lake Victoria islands have access to basic primary health care services (The Guardian, 2016). The statistics published by GGM in 2016 alone show that the malaria project benefited more than 40,000 people living on the Lake Victoria islands (The Guardian, 2016).

The next picture shows the Vine Trust Boat providing health care and other humanitarian support to the communities living on the Lake Victoria Islands.

**Picture 5: Medical Delivery Service Ship**



Source: GGM, 2016

## **7.2.2 Education and Youth Development**

Geita Region is one of the regions in Tanzania having a big number of students in both primary and secondary schools, most of which lack classrooms and desks due to the large number enrolled. GGM has been supporting the education sector by building and renovating schools, supplying iron sheets, cement, desks and other materials. Some schools and communities have benefited from this programme. GGM has been supporting the education sector for more than two decades. A good example is Nyankumbu Girls' Secondary School. GGM also constructed classrooms and staff office at Nyakabale Primary School and renovated Nungwe Primary School.

One interviewee was quoted during an interview, held in Bombambili Ward appreciating GGM's efforts with regard to education and commented that:

GGM has done a very good job in the education and health sectors as you can see the refurbishment of the regional hospital and construction of Nyankumbu Girls Secondary School. Every community member in Geita is happy about that, but they need GGM to move to other sectors as well. GGM should do more than this, especially on local content and capacity building (G36, male, 27 years old, secondary school teacher).

Investing in education has a multiplier impact and ensures that Sustainable Development Goal Number 4 is met, which guarantees inclusive and equitable quality education and promotes lifelong learning opportunities for all. The school has 21 classrooms, modern staff quarters for 36 families, one multi-purpose hall, nine dormitories, three laboratories, one computer lab, one home economics building, a library, six sports fields and three ablution blocks, and it has the best laboratory equipment in Geita Region and Lake Zone. GGM invested over 13 billion Tanzanian shillings (US\$ 6 million) in its completion (GGM, 2017). The renovation of the library and placement of current books and cataloguing was also supported by GGM and Tanzania-based READ, an international NGO (GGM Report, 2017). Education plays a significant role in transforming people's lives and determines the destiny of any society (Sharma, 2015).

Likewise, during an interview, another interviewee from the Geita Town Council said:

Currently, people of Geita can see nothing else tangible which GGM has done other than construction of Nyankumbu Girls Secondary School. Among the investments GGM has made in the Geita community is the construction of Nyankumbu Girls Secondary School. The school helps to improve girls' performance (G30, female, 30 years old, ward executive officer).

Moreover, during an interview one interviewee from Geita Town council commented that:

GGM has been supporting the education sector by building and providing corrugated iron sheets, desks, nails, and cement. GGM has supported Nyankumbu Girls High School and spent more than 6 million dollars equivalent to 13 billion Tanzania shillings. The school is a product of a CRC meeting where stakeholders raised the concern of having a modern school for girls. Currently, Nyankumbu Girls' High School can accommodate 900 boarding students and is a science-oriented school. The school's performance is much better than in previous years. The girls will be able to complete their education without any problem, unlike in previous years when many of them dropped out because of pregnancy. GGM has been paying the school fees of needy students.

The Geita Regional Commission (RC), during an interview, differed from the above views and commented that:

GGM has invested more than 53 billion Tanzanian shillings (US\$ 23 million) as part of CSR since it started its operations in the Geita Region over 20 years ago. However, the impact of the 53 billion shillings is not seen in Geita. For example, the cost of constructing Nyankumbu Girls Secondary School has many questions; the big question remains was it value for money? I established a probe committee to look into the matter. The committee comprised the Regional Security Council and other key people. The committee was given the task to investigate CSR projects. The committee went through all the CSR projects and came up with a solid report and recommendations which I have received recently. Among the recommendations were to take to court all the people who misused CSR funds. Some Government officials had to leave office and move to other work stations, and the GGM workers involved were forced to leave office. I refused to work with all the people who were mentioned in the probe committee. Most CSR projects implemented by GGM were not realistic and benefited GGM workers more than the community.

Most CSR projects implemented by GGM raised several questions, including value for money, sustainability and quality. Government officials and community members blame GGM for failing to involve different stakeholders in the implementation of the CSR projects. Corporate performance is normally measured by how well a company satisfies its shareholders because there is a close relationship between stakeholders' gratification and corporate performance (Ruff *et al.*, 2001; Waddock and Graves, 1997). For successful results to be realized in CSR projects there is a need to ensure interactive communication with different stakeholders (King, 2011). Interactive and constant communication between a corporation, community and other key stakeholders promotes mutual relationship among stakeholders and increases stakeholders' interests and hopes (Eccles and Krzus 2010; King, 2011; Roberts *et al.*, 2002). Transparency involves companies divulging information

on the way they carry out their business activities and respond to various criticisms (Sini, 2009; Eccles and Krzus, 2010).

The next section discusses SMEs implemented by GGM as part of CSR initiatives and its contribution to development and the reduction of poverty in Geita District.

### **7.2.3 Small and Medium Enterprises (SMEs)**

GGM has been supporting youth development by empowering them in different activities as part of capacity-building programmes. GGM has supported Geita brick-making cooperative society, Geita tailoring and Umoja Shoe-Making Cooperative Limited and Umoja welding and fabrication limited. These projects are aimed at empowering youth with different skills so that they can be self-employed and be able to sustain their livelihood. Additionally, empowering youth helps to transform the community and reduce the unemployment rate, which is serious not only in Geita but also in other regions in Tanzania. One of the major challenges is changing the mentality of people in Geita that mining is a panacea for social and economic development. GGM also supports vocational training for those who could not continue with formal education after completing standard seven or form four.

During an interview, one interviewee from GGM on small SMEs commented that:

GGM spent more than 2.5 billion Tanzania shilling (US\$ 1087429 million) on a tailoring project by building infrastructure of Magogo Village, putting in place equipment and other facilities. The Geita Tailoring and Shoe-Making Cooperative Society Ltd employed about 60 youths and 40 women from Manga, Katoma and Nyakabale Villages. They have been trained on how to make clothes and have been making uniforms for GGM community police, a hospital, AKO Company and the orphanage (G1, male, 45 years old community engagement officer).

Providing youth with different skills is one of the most important and effective means of reducing poverty and promoting inclusive economic growth. In societies such as Tanzania, where most people live in abject poverty most families have great expectations and put pressure on their children to find employment and contribute significantly to the family's development (Msigwa and Kipesha, 2013).

One participant from the brick projects supported by GGM lamented that:

After finishing primary school I decided to engage in small-scale mining in Mgusu Village and have been doing that activity for more than five years. I decided to join one of the projects initiated by GGM and now I can make bricks and sell them to other people. My life has improved as I have finished building my own house and have been able to raise my children without any problem. (G32, male, 29 years old, brick maker)

Investing in youth development fulfils sustainable development goal number eight (SDG8) which strives to promote decent work and economic growth. GGM's brick-making project helps community members to increase their income it contributes significantly to development and eradication of poverty among the youth in Geita.

However, one of the participants from Nyakabale village disagreed:

Despite the efforts made by GGM to empower youth in Geita, their projects benefit only a small number of people. GGM should initiate projects that have a multiplier effect on the majority of the Geita community. Agricultural projects have shown positive impacts and have benefited most of the poor. More emphasis should be placed on those projects, which can benefit many people (G28, male, 25 years old, motorcyclist, in Swahili famous known as *bodaboda*).

Picture 6 shows trainees attending tailoring and welding sessions supported by GGM as part of CSR initiatives and its contribution to development and the reduction of poverty in Geita District.

**Picture 6: Trainees attending tailoring and welding sessions supported by GGM**



Source: GGM, 2017

The subsequent section discusses the contribution of GGM to the agricultural sector as part of CSR initiatives and its contribution to development and reduction of poverty in Geita District.

#### **7.2.4 Agricultural Sector**

During two decades ending 2020, GGM supported CSR projects in the agricultural sector, including paddy and sunflower projects implemented in some villages surrounding the mine. In 2005, GGM and leaders of the surrounding community met with the Geita Regional Commissioner (RC) to discuss GGM extending its support to the agricultural sector. The farmers requested support for an irrigation scheme and capacity building in agricultural production. GGM agreed to extend their support for agriculture as part of CSR initiatives, and the community established Nyabusakama AMCOS. Currently, there are more than 306 members from five villages of Nyansalwa, Bugulula, Saragulwa, Kasota and Manga. The abbreviation of the five villages forms one word called Nyabusakama. In the 2017/18 agricultural season, GGM gave Nyabusakama Cooperative Society 9 tons of paddy seeds and a free tractor to the farmers, who managed to cultivate more than 600 acres (GGM, 2017). Additionally, GGM provides free training and free agricultural inputs such as fertilizer to all members of the cooperative society. Moreover, GGM built a warehouse at Saragulwa Village, which can accommodate more than 30,000 tons of paddy (GGM, 2017). Further, GGM supported a sunflower project and horticultural production in the surrounding communities (GGM, 2017). GGM, in collaboration with the Cholima Agricultural Research Institute at Dakawa Morogoro, has provided training to farmers on improved seeds (The Citizen, 2017).

Moreover, GGM, in collaboration with Nyabusakama Cooperative Society decided to research on sunflower production. The research involved Geita District Council and the villages of Bugulula, Kasota, Nyansalwa, Manga and Nyakabale. The outcome of the research led to implementation of sunflower production in the respective villages. The project started in 2015, and more than 800 small farmers started cultivating 146 acres. In the 2016 agricultural season, more than 350 acres were cultivated and managed to produce 2,800 bags. GGM provided a sunflower milling machine costing 46,000,000 million Tanzania shillings (US\$ 20,909) (GGM, 2017). One bag of sunflower normally produces more than 20 litres of sunflower oil. The sunflower project has had a significant impact on the members, especially women, as more than 80% have been employed in the



project (GGM, 2017). In terms of food security, GGM has tried to support agricultural activities of the communities living surround the mine.

During an interview, one interviewee from GGM on agricultural support spoke positively:

GGM, in collaboration with the Cholima Agricultural Research Institute in 2015, managed to support more than 2000 small-scale farmers by providing them with improved paddy seeds of SARO 5 TX 306 and Komboka and started with 600 acres as a pilot. These improved seeds have had a significant impact on paddy production in the villages of Nungwe and Saragulwa, whereby in the past one acre used to produce 8-10 bags, but now one acre produces 35-40 bags of paddy. Additionally, GGM built a big warehouse, which will accommodate more than 30,000 tons of paddy harvested from these villages and it cost more than 330 million Tanzania shillings (US\$ 150,000) (G1, male, 45 years old, community engagement officer).

GGM also supports SME programmes such as hydra form making, welding, knitting, tailoring and embroidery.

Another participant from Nyakabale Village commented on agricultural projects and added:

GGM, in collaboration with the Cholima Agricultural Research Institute, provides training to the cooperative members and free agricultural inputs such as seeds, fertilizers and a tractor. After GGM and Cholima intervention, the production has doubled four times from 10 bags to 40 bags of paddy for one acre. Additionally, agricultural support from GGM has come at the right time, and everyone in the village sees its impact. Every farmer is using the new seeds brought by GGM in collaboration with the Cholima Agricultural Research Institute. Now we are requesting GGM to buy our rice directly from the farmers, which will give us good money and good market and fulfil local content policy by empowering the communities. This will be a big achievement for the farmers. (G35, female, 62 years old, retired school primary teacher).

Among the CSR projects established by GGM in Geita that have had a substantial impact on the community is the paddy project, which has benefited both members of Nyabusakama Cooperative Society and non-members.

One of the participants from Saragulwa Village gave his opinion:

GGM needs to extend their support to other community members who are not members of the cooperative. I need inputs but I am not a member of the cooperative. I get improved seed from my



relative who is a member of Nyabusakama Cooperative Society. Every farmer in Saragulwa Village is using the seed brought by GGM/Cholima Agriculture Research Institute because it has proved to be the best seed giving us good production and income. GGM is also supporting sunflower farming. Still many people are benefiting from these projects. People are very happy because these have proved to be the best projects and benefits the majority of poor people in rural areas (G21, male, 25 years, farmer).

Picture 7 shows a warehouse built by GGM at Saragulwa Village on the left side, while the right side shows members of Nyabusakama Cooperative Society harvesting paddy. The picture below on the left shows farmers harvesting sunflower, and the picture below on the right side shows farmers drying their paddy ready for milling and selling.

**Picture 7: Harvesting of paddy and sunflower and drying**



Source: Filed Research, 2018

### **7.2.5 Water and sanitation**

GGM and the URT Government carried out a project to supply reliable water services to the people of Geita Town and adjacent communities. In total, the Government provided 9.4 billion Tanzania shilling (US\$ 4 million) and GGM invested 6 billion Tanzania shillings (US\$ 2.6 million) (The Citizen, 2015). The Geita water project involved the construction of a storage plant, installation of a water transfer pump and installation of distribution pipes from the source to Geita Town. The water project envisaged to bring clean water to 100,000 inhabitants in and around Geita Town. The programme has improved the health and quality of life of the people of Geita Town (The Citizen, 2015).

On this aspect, participants from Saragulwa, Manga, Nungwe and Nyakabale villages commented that:

GGM has helped the communities to access water, but we need more water outlets in Saragulwa, Manga and Nyakabale. GGM should make sure that all the villages have water distributed to them, not just a few outlets along the road (G29, female, 24 years old, farmer), (G30, female, 54 years old, farmer), (G54, Female, 41 years old, farmer) and (G40, female, 33 years old, small business entrepreneur).

Most participants acknowledged the support from the Government and GGM for the provision of water services and demanded more taps in their villages. Investing in water aims to implement sustainable development goal number six (SDG 6) which is about ensuring access to water sanitation for all.

However, one of the participants remarked to the contrary:

Although the water source is Nyamwilolelwa Ward, some villages still do not have access to clean and safe water. A good example is here at Nyamwilolelwa village; the dispensary has no water. Pregnant mothers are requested to go with water during delivery. People from Nyamwilolelwa Ward do not benefit from the water project, which benefits the people from Geita Town (G37, 50 years old, councillor).

Few people living along the water pipeline and water source have benefited from this project. The community members still face a water problem and demand more water outlets and taps in their villages. Surprisingly, even the village where there is a source of water does not have many taps. This village could be the first to benefit from water

services. People are blaming the Government and GGM for supplying water to the people of Geita Town, leaving community members along the water pipeline suffering.

The pictures below show a water tank and one of the water outlets at Nyakabale Village built by GGM as part of CSR initiatives and its contribution to development and reduction of poverty in Geita District.

**Picture 8: A Water tank and one of the water outlets at Nyakabale Village**



Source: Field Research, 2018

The next section discusses recruitment of casual labour working in the mine. GGM provides casual employment to the community members surrounding the mine as part of CSR initiative and its contribution to development and reduction of poverty in Geita District. GGM signs contracts with the surrounding communities to provide casual work. GGM does that as part of strengthening relationships between the company and community. The village Governments are responsible for recruiting people from their respective villages.

### **7.2.6 Employment of casual labour**

Casual labour helps community members to earn an income and sustain their livelihoods. GGM contracts surrounding village Governments to provide casual labour to work in the mine. These casual labourers work as security guards and clean the environment around the mine. GGM provides casual employment as a source of income for community members and also contributes to the wards and villages as a source of internal revenue.

Each casual labourer gets 300,000 Tanzania Shilling (equivalent to US\$ 140) and, out of that, 60,000 Tanzania shillings (US\$ 25) is deducted by the village Government and therefore the casual labourer receives only 240,000 Tanzania Shilling (US\$ 120). Additionally, the village Government uses the amount deducted for development purposes such as building classrooms, renovation of the public offices and so on. The mining industry plays a vital role in the country's economy and the welfare of its people. The socio-economic benefits of the mining activities benefit different stakeholders, including employees and their families, Government, suppliers, trade unions, civil society, customers and shareholders (PWC, 2018).

In terms of the recruitment of casual labourers, one of the participants stated that:

GGM casual labour is not guaranteed. Therefore, most of the villagers are involved in agriculture, small-scale mining and small businesses. Very few people secure a job from GGM. The entire system of recruiting casual labourers is full of corruption. Village leaders are turning out to be gods when it comes to recruitment of casual labourers. There is no criterion for recruiting casual labourers. There must be another criterion for selecting the members for casual labour, such as duration of stay and being registered in the voting book of the respective village to prevent intruders (G45, male, 27 years old, small-scale gold miner).

During an interview, another interviewee from Mgusu Village had a similar opinion:

Priority for casual labour employment is given to the family members of the village leaders. This is one of the sources of conflicts due to this division. Some village members have been complaining about the modality of recruiting casual labourers. The entire process is full of corruption; if you do not bribe village leaders, forget about the job (G33, male, 40 years old, farmer).

Another participant from Nyakabale Village added that:

Most people do not depend on GGM for casual jobs because the jobs are not guaranteed. The majority of villagers in Mtakuja ward depend on small-scale mining, agriculture, pastoralism, and small businesses. Frankly speaking, small-scale mining has employed more people in our village than GGM (G44, male, 34 years old, small-scale gold miner).

The majority of the participants were in favour of a permanent employment contract as opposed to a temporary employment contract which does not guarantee job security. People living around the mine are demanding permanent jobs like other workers coming

from outside Geita. There is a need for GGM to provide permanent jobs for the people surrounding the mine, which do not need a high level of expertise such as welding, masonry, plumbing, security and driving, to mention a few. Additionally, some people blame GGM workers for offering jobs to their relatives and ignoring the surrounding communities. Permanent and casual jobs have been one of the issues needing serious intervention to avoid conflicts with the community and to strengthen its relationship with GGM.

A female participant from Mgusu Village who was a food vendor had a different opinion on employment and commented that:

The casual labour employment helps us a lot as now we have guaranteed customers even if they do not have money. We can give them food on credit hoping that at the end of the month we will get our money. Employment of casual labourers acts as a guarantee of many young people to get loans from shops and other community services. Those who are employed as casual labourers can be trusted by businesspersons and can get loans because of assurance of receiving their money after being paid at the end of the month (G25, female, 28 years old food vendor).

GGM prefers casual workers to permanent workers because they are cheap and do not need to be paid entitlements, which reduces the running cost of the company. The participants complained that the recruitment of casual labourers is dominated by corruption and favouritism.

### **7.2.7 Construction of infrastructure**

Since GGM started its operation in 2000 it has been engaging in various programmes as part of CSR initiatives, one being the construction of infrastructure. GGM built Magogo Vocational Training Centre, roads, bridges and other facilities. Moreover, GGM built the tarmac road from Geita town to the mine, and has improved feeder roads connecting one village to another.

On this aspect, one participant from Mgusu Village commented that:

People are complaining that GGM is only responsible for the roads they use and ignore the other community roads. For example, GGM constructed the road from the main road to Mgusu up to the GGM gate but not the small portion connecting the gate to Mgusu Village. Streets are in a bad shape, but they use these roads. Therefore, GGM needs to maintain all the roads to strengthen the

relationship between the community and GGM (G18, male, 24 years old, motorcycle taxi in Swahili famous known as *bodaboda*)

GGM and Geita Town Council should plan the maintenance of these roads together to avoid duplication of the work. GGM has only been maintaining the roads which have a direct impact on their operations, paying little attention to those which are not directly linked to their operations.

### **7.2.8 Conclusion**

This chapter presented qualitative findings based on the study that was conducted in Geita Region in Tanzania to assess CSR, community participation and development in the mining sector of North-western Tanzania. It presented the respondents' background and situational characteristics, the CLP programme, the construction and rehabilitation of health centres and hospitals, the HIV/AIDS campaign, orphanage, Geita malaria prevention programme, the Vine Trust project, education and youth development, SMEs, the agricultural sector, water and sanitation, employment of casual labour and construction of infrastructure. The next chapter discusses community participation, opportunities, encounters and challenges.

## **CHAPTER EIGHT**

### **8.0 COMMUNITY PARTICIPATION, OPPORTUNITIES, ENCOUNTERS AND CHALLENGES**

#### **8.1 Chapter Overview**

This chapter discusses community participation in development projects, developmental approaches of GGM as part of CSR in Geita District and the relationship between the GGM, the Geita community and the Government. Moreover, the chapter discusses specific factors weakening the relationship between GGM, the community and Government. Some contributing factors are land conflict and compensation, forced eviction, encroachment, environmental degradation, human rights abuse, unfulfilled promises, uneven allocation of resources, unresolved grievances and lack of employment opportunities. The chapter further discusses the relationship between GGM and the Government, GGM local content policy and GGM complaints and grievance management.

#### **8.2 Community Participation in Development Projects in Geita District**

Community participation in CSR projects in Geita District is important for sustainability of development projects in the district. The community was considered an important stakeholder in CSR, and for that reason, cooperation with MNCs is very crucial for well-being of the company and society. Although many businesses have different kinds of reporting on how they accomplish CSR standard, the biggest challenge remains how the community participates in CSR projects by ensuring all community projects are self-supporting (Ismail, 2009).

One of the study objectives was to evaluate community participation in a development project in Geita District. The study found that GGM used CSR strategy as a marketing tool but had low community participation. The community's inputs and opinions on the change in the development approach from the top-down approach (imposed on the community) to the bottom-up approach (community participation) needed to be heard.

GGM supported what the community desired as philanthropic contributions or assistance, but the study reveals that there was little involvement of community members in Geita District in all stages of development projects from project design, project planning, project

implementation, project monitoring and project evaluation. The participation of the community in CSR project has been a great challenge to most development projects. The community exposed that they were mostly involved in the initial stage (project designing) but were not involved in other stages of planning, implementation, monitoring and evaluation. In most cases, GGM used to execute CSR projects alone without involving key shareholders, for example the Government, civil society and the community. Involvement of different stakeholders in CSR projects helps to increase project success, provide expertise, easy project acceptance, reduce unnecessary conflict and risk.

One interviewee from Geita District Council (Geita DC) supporting this statement said:

GGM in the past used to implement projects alone without involvement of the Government and the community, such as the construction of the police post, which was not the people's priority; the people's priorities were water, health care and education. The police post ended up being burnt by the community. Most of the CSR projects lacked multiplier effects, hence unsustainable. After amendment of the mining act, Geita District Council planned to construct a sugar plant from CSR funds, which would help to provide alternative income to the community and the council (G8, female, 38 years old, Geita District Council, Community Development Officer).

It is imperative for the company to engage various stakeholders in the execution of CSR projects as it helps to sustain them. Ineffective stakeholder involvement may result in the community feeling ignored and abandoning CSR projects.

A similar observation was recorded during an FGD at Nyakabale Village where one of the participants claimed that some CSR projects were top-down, such as construction of the police post. People needed water, health centre, agricultural inputs, more casual jobs and better roads but GGM decided to construct a police post in their interests. He added:

GGM imposed the construction of Nyakabale Community Police Post without involving the community. The police post was not the people's choice. It was a top down imposed on the community. After a few months, it was burnt by some angry community members claiming that GGM community police had been using excessive power to punish innocent people (G34, male, 28 years old, school primary teacher).

On community participation, Geita Regional Commissioner (RC), during an interview said:



After the Government amended the mining law in 2017 giving power to local Government authorities to plan and implement CSR projects, now we want to see Geita change. March 2018, the Geita Town Council and the Geita District Council signed a Memorandum of Understanding (MOU) with GGM stipulating how the CSR projects should be implemented. We need to see value for money of CSR projects and involvement of all stakeholders in the execution of CSR projects. In the past, CSR funds were badly misused, and we have taken serious measures against those who misused the funds. CSR funds benefited few people leaving the Geita community suffering.

Picture 9 shows the Nyakabale police post after being burnt by some angry community members.

**Picture 9: Nyakabale police post after being burnt by some of the community members**



Source: Field Research, 2018

The following section explains the developmental approaches of GGM as Part of CSR in Geita District. In implementing CSR projects, GGM used two different approaches, one being to conduct a village meeting to discuss their challenges and the programmes they wanted implemented, and the second being the community investment committee (CIC).

### **8.3 Developmental Approaches of Geita Gold Mine as Part of CSR in Geita District**

For CSR programmes of mining companies to achieve the desired needs of the beneficiaries and to ensure participation of respective councils and communities to attain sustainable development, there must be collaboration among all the relevant stakeholders. Regarding community engagement in development projects under GGM, the study established the following. In implementing CSR projects, GGM used two approaches; one was through conducting a village meeting in all 43 villages in five (5) wards and from 3 divisions from Geita Town Council and the Geita District Council. In the execution of CSR projects, GGM and the villages conducted joint village meetings where the community members agreed on the projects to be implemented based on their needs. Each village met once a month and brought their needs, which GGM should incorporate in the CSR plans. After village meetings, all the needs were combined and forwarded to the respective ward for approval. Then, all the plans from ward level were collected and forwarded to the CRC for further approval.

The CRC meeting was held at district level. In the meeting, the District Commissioner (DC) acted as the chairperson and the GGM Director General served as the deputy chairperson. After approval of CSR projects by CRC, GGM was then responsible for executing them. Some of the projects implemented under CSR were construction of Nyankumbu Girl's Secondary School and stabling a paddy project under Nyabusakama Cooperative Society. The projects were not participatory because the local authorities were not fully involved, which led to several misunderstandings. It was for that reason that this study assessed the community's dissatisfaction with GGM's CSR projects.

The second approach was through the CIC, which included the following members. The GGM Managing Director chaired the committee; the community affairs manager was the secretary of the committee and the GGM heads of department were the members of the committee. The committee had the role of approving all CSR projects. Requests from villages were collected and forwarded to CIC for scrutiny, prioritisation and approval.

On the issue of development approaches used by GGM in Geita, one interviewee from Geita Town Council (Geita TC) said:

Before amendment of the Mining Law in 2017, GGM used to engage directly with the community without involving respective local Government authorities. This resulted in two main discrepancies, first being the duplication of efforts on development projects and, second, the process denied local Government authorities an opportunity to include their ideas, while they have a legal obligation to design, plan, implement, monitor and evaluate all development projects in the respective council (G8, male, 50 years old, district planning officer).

The research findings revealed that the CIC was biased as it neglected the local Government authorities, civil society, politicians and religious leaders. The approach was not participatory as it was top-down. Most of the participants claimed that the approach favoured GGM and not the community. The voice of community members was not heard which resulted in poor implementation of the project, corruption and delay of some projects. Some projects were not community driven but were investor driven such as the police post in Nyakabale Village. Even though sometimes GGM used participatory approach in implementation of CSR projects by going directly to the community without involving local Government authorities, they were involved during the handover of the projects in the community. Additionally, the study revealed that local Government authorities (Geita Town Council and Geita District Council) lacked most of the documentation of CSR projects, as the custodian of all the projects was GGM alone.

During an interview with Geita RC on development approaches used by GGM in implementing CSR projects, he lamented that:

The previous approaches were not transparent and caused so many problems in CSR projects. A few people had power to do anything they wanted without fully involving key stakeholders such as the local Government and communities. The former approaches led to corruption, embezzlement and misuse of CSR funds. CSR funds benefited the implementers and not local communities. That is why it is hard to find the impact of 53 billion Tanzania shillings (US\$ 23million) invested in CSR projects in Geita.

The participation of local Government in CSR projects was denied and led to misunderstanding between GGM and councils.

## **8.4 The Relationship between GGM, Geita Community and the Government**

Apart from GGM's contribution to community development as part of CSR in Geita District, this study found that a poor relationship existed between the community and GGM as well as between GGM and local Government authorities, due to conflicts over land, forced eviction, environmental issues, unfulfilled promises, human rights abuses, compensation and uneven resource allocation.

### **8.4.1 Conflicts over land and compensation**

Conflicts over land and compensation are a serious challenge in most mining countries including Tanzania. Geita District is facing a similar challenge. Geita Town has an area of 1,000 square km, of which GGM occupies 200 square km and 100 square km is forest reserve. The remaining area was left to the community. Due to this, the community was not happy with GGM because it had taken a large amount of their land, which was used for agriculture and small-scale mining. GGM had taken community land after the Government granted a special mining licence (SML). Because the community and GGM have the same interest in 'gold mining', their relationship was bound to suffer.

The study findings show that most of the participants advised the Government to make sure that community members are fully compensated to avoid conflicts with GGM.

During an interview, one interviewee from the Federation of Miners Association of Tanzania (FEMATA) added that:

There is no way to end the conflict between large-scale and small-scale miners as they have the same interests. The cause of conflict between them is that large-scale miners have a lot of land, which takes away the rights of small-scale miners, who are the first explorers of minerals in Tanzania. In Tanzania, small-scale miners have discovered most of the mining sites, and the Government has been conducting mineral research after being discovered by small-scale miners. The Government should empower small-scale miners because without us there would be no special mining licences (SMLs) and mining licences (MLs), (G7, male, 45 years old, President of Federation of Miners Association of Tanzania (FEMATA)).

GGM needs to ensure that everyone has been compensated to avoid conflict and improve the relationship between it and the community. Failure to compensate the community and small-scale miners by large-scale miners has been the main reason of the conflicts

between the community and investors in Tanzania. The Government gives a mining licence without consulting the community and small-scale miners. There is a need to make sure that before issuing a mining licence all stakeholders are well informed so as to reduce unnecessary tensions between communities and investors.

During an interview with Geita RC on land conflict, he insisted that the function of Government is to create a harmonious relationship between investors and communities so as to have a win-win situation. He added that:

GGM and other companies investing in Geita should make sure all the grievances regarding compensation are settled immediately, which will help to reduce tension. The CSR team, which was responsible for reviewing all CSR projects, must come up with recommendations on land and compensation. We need to end all these problems so that we can form a new Geita.

There has been community concern over land ownership, demarcation and compensation. After the Government issued GGM with a special mining license (SML), GMM immediately embarked on demarcating the area by placing beacons in the deemed community-owned areas, without people's consent or involvement, which jeopardized the security of the demarcation team and community due to potential confrontations. One incident revealed by the study was that the community was reported to have attempted to burn the GGM vehicle carrying the demarcation team and tools. The community had been complaining that there had not been clear boundaries between GGM and the community. For example, even the primary school in the compound village was within GGM's demarcated area, although GGM has continued to support renovation of the school.

A GGM-demarcated area formerly owned by the community has not been compensated for, and people have not been allowed to use the land for agriculture and land tenure to access loans from banks, thus impoverishing the community.

#### **8.4.2 Forced eviction**

The discovery of minerals is both a blessing and a curse to most developing countries including Tanzania. People in Geita have been forcibly expelled from their land and homes paving the way for gold extraction. The study revealed that people were evicted from their land by GGM, but only few were compensated. GGM built Tarzan Valley Housing Project as compensation for a few members seven years after being evicted from

their land. Tarzan valley housing project, commonly known as Mine *Mpya* could accommodate about 86 families who were removed from their land to allow GGM operations, but at the end of the day GGM compensated only 18 families as the rest were considered not to be permanent members of the village. GGM compensated only those who had been living in shanty houses for more than seven years. The project cost about 1.1 billion Tanzanian shillings (US\$ 478, 475) to construct (GGM, 2017). However, the study showed that most of the community members living in the new reallocated area at 'Mine *Mpya*' lack important social services, such as a school, hospital, and market, which the people need as they live far away from the society.

The constitution of the United Republic of Tanzania (1977), Articles 24 (1) and (2) clearly provide for the right to own property and to get state protection and fair and adequate compensation in the event of compulsory purchase:

- (1) "Subject to the provision of the relevant laws of the land, every person is entitled to own property, and has a right to the protection of his property held in accordance with the law".
- (2) "Subject to the provision of sub-article (1) it shall not be lawful for any person to be deprived of property for the purposes of nationalisation or any other purposes without the authority of the law which enables provision for fair and adequate compensation".

Therefore, the constitution guarantees that Tanzanians will be protected and well compensated on eviction. The reality on the ground is not always the same. Several times in Tanzania, communities have been expelled from their land and homes paving the way for investors.

One participant from the Mine *Mpya* community during an FGD commented that:

GGM promised to compensate people relocated to Mine *Mpya* Village but it has not done so. Further, GGM promised to furnish our houses, but nothing has happened. We are living far away from other community members. We feel isolated here; we need more social services like a market place, a school and a dispensary. GGM promised to compensate us for losing our farms, but until today, nothing has happened. Most of us are farmers; we have houses, but we do not have land. We need GGM to fulfil its promises; we want our lost land so we use it for agriculture (G46, male, 75 years old, retired soldier).

In Tanzania, most of the mining areas have been experiencing tensions between MNCs and communities. Similar conflicts have been experienced in large scale-scale mining zones including GGM. The mining companies should fulfil their promises to the community to avoid conflicts and animosity. Timely, fair and adequate compensation is the best solution to avoid conflicts in most mining areas in Tanzania. The Government should make sure communities are compensated prior to the beginning of mining operations. Before mining operation starts, the mining company must make sure they pay compensation to the respective community members (Centre for Environmental Rights and Lawyers for Human Rights, 2013). Additionally, the mining company must meet and discuss with land owners and community members to agree on the use of land (Centre for Environmental Rights and Lawyers for Human Rights, 2013).

On compensation, the Geita RC commented that:

The role of the Government is to strengthen the relationship between investors and communities. Therefore, investors need to fulfil their promises to the communities. Compensation is one of the aspects, which weakens the relationship between GGM and the local communities. GGM should make sure people are compensated, so that they can continue living a peaceful life. Delay in compensation increases tension between GGM and the community. The Government wants to see investors and the community living in a harmonious relationship because investors depend on the community in the same way as the community depends on investors.

### **8.4.3 Encroachment**

Encroachment is a serious problem and weakens the relationship between GGM and the community. Regarding encroachment, the study revealed that GGM security guards were punishing people for trespassing. People were encroaching on GGM land looking for pastures to feed their animals and to pick up waste rocks so that they might get some gold. Encroachment has been one of the factors, which cause poor relationship between GGM and community. Additionally, the study shows that people were complaining about lack of clear boundaries between GGM and community land.

On encroachment, one of the participants from Katoma Village commented that:

GGM has taken land from the community, which was used for economic purposes, mainly for agriculture and small-scale mining. Beacons are found near people's houses, which causes a conflict between GGM and the community. GGM beacons were fixed without consulting community members. GGM should make sure that all people living in a special mining licence area are

compensated so that they can find other areas for investment. Beacons have denied the rights of the community to develop their land, denied community investment, led to lack of food security, caused inter-community conflicts and poverty due to lack of land for agriculture. Community members are severely punished by GGM for trespassing (G47, male, 45 years old, small business entrepreneur).

Another interviewee from GGM had a different opinion on trespassing:

Every community member surrounding the mine knows what is GGM land and community land, as there are clear boundaries between GGM and the community, which can be seen by everybody as most of them are coloured. Some community members who do not want to obey the rules and regulations and decide to trespass are normally taken to the police and court for punishment. Everybody knows that trespassing is a serious offence, and those who try to do so are taken by our security guards to court. Most trespassers are the “thieves” looking for waste rocks from the mine. It is our responsibility to protect the company’s assets as we spend a lot of money on gold extraction (G1, male, 45 years old, GGM community engagement officer).

#### **8.4.4 Environmental degradation**

GGM operations in the area have resulted in environmental degradation due to blasting which leads to dust pollution and cracking of nearby buildings. The study findings revealed that blasting causes a shockwave, psychological impacts (patients and pregnant mothers) and damage to houses. The study further found that, as a result of blasting, the relationship between GGM and surrounding community was not good. Blasting had resulted in some community members losing their houses, and even some schools being affected. The Environment Management Act of 2004 states that all citizens living in the country shall have the right to a safe and clean environment. Some participants claimed that their houses had been damaged because of GGM blasting.

One of the participants from Compound village commented that:

GGM’s on going blasting causes shocks to people, especially pregnant mothers and children. Moreover, blasting causes cracks to our houses and sometimes leads to total damage. GGM is always denying that blasting causes house damage. My house has been severely damaged, and houses of fellow community members are even worse. In the past, GGM used to alert us of blasting, but not now. GGM does underground mining. Therefore, the blasting is heavy. GGM needs to compensate all the people whose houses have been damaged because of blasting. There is also a need to start providing alert to blasting so that people are prepared psychologically (G13, male, 54 years old, small business entrepreneur)



Incidents of cyanide spill and exposure have been controlled by GGM, as its environment policy demonstrates a commitment to prevent pollution, conform with legal and other standards, and continually improve efforts to protect the environment. GGM has a legal obligation to rehabilitate the destroyed environment. The only challenge that remains concerns small-scale miners who use mercury to separate gold from rocks.

#### **8.4.5 Human rights abuse**

Human rights violation has been one of the issues raised by grumpy by community members. The GGM police harasses community members, and some participants claimed that the police violate human rights by severely punishing community members for trespassing.

One of the participants from Compound Village insisted that:

GGM security guards beat me for trespassing, and I was admitted in hospital for more than three weeks. My left hand was severely damaged and bled a lot. People around the mine are living as if in a foreign country, and the investors are living as if it's their country. The Government is favouring the investors more than the citizens. In this country, investors can decide on anything they want, and the Government will keep quiet (G51, male, 33 years old, small-scale gold miner).

A similar opinion was given by one of the participants from Mgusu Village who commented that:

GGM security guards are above the law as they can decide to do anything they wish to community members even if such as a person has committed a minor offence such as searching for firewood on GGM licensed land. GGM security guards are fellow Tanzanians, but they are acting as foreigners; they normally treat their fellow Tanzanians in a bad way. They have to learn to treat people in a good manner not in a bad way because GGM depends on us, and we depend on them (G60, male, 36 years old, small-scale gold miner).

Another interviewee from GGM had a different opinion and commented that:

GGM security guards follow the rules and regulations of the country. Those who call themselves “trespassers” are the ones who come to steal waste rocks from the mine. They are thieves; if we allow them to steal waste rocks, tomorrow they will come and steal the gold. We have to protect our plant, and our security guards are doing a good job in making sure no one can steal anything from our mine (G1, male, 45 years old, GGM community engagement officer).

GGM and other shareholders, for example Government and the community, continue working together to strengthen the existing relationship. The relationship between GGM and the community is not good because of these incidents. GGM has to learn to treat people in a good manner not in a bad way because GGM depends on community, and the community depends on GGM. Additionally, GGM was aware of few incidents of human rights violations conducted by the security guards, but GGM insisted it would continue protecting people's rights.

#### **8.4.6 Unfulfilled promises**

Unfulfilled promises were some of the factors which weakened the relationship between GGM and community. Community members blamed GGM for failing to fulfil its promises. GGM should implement all the promised CSR projects, and by doing so, the relationship between GGM and community will be strengthened. The GGM community engagement office should keep records of all promised projects and implement them on time. The study revealed that unfulfilled projects should be incorporated in a new CSR joint plan between the Government and GGM. Moreover, the community should be educated that the role of bringing development lies in the hands of the Government and not GGM. The development of Geita must come from the Geita people themselves and not from GGM, which should act as a catalyst. The Geita community should understand that GGM is not a panacea for their development problems.

The study findings showed that had GGM promised to build a health centre at Mgusu Village, but nothing has been done. GGM promised to supply water to Nungwe Dispensary and to construct a ward office at Nyamwilolelwa, but nothing has happened. GGM promised to install a milling machine for people with disability at Nungwe, but nothing has happened. Due to unfulfilled promises, the community decided to destroy the water project so that GGM would quickly respond to their grievances. GGM promised to compensate people reallocated to Mine *Mpya* Village, but nothing has been done. All these unfulfilled promises have weakened the relationship between GGM and the Geita community.

One of the participants from Katoma Village stressed that:

People are tired of unfulfilled promises from GGM on compensation. The only solution now is to tell our President about the matter, and we know he will act immediately. We are glad the President is from Geita and comes home often. Next time he comes, I will tell him, and he will direct Government officials to work on it and that will be the end of such lies. That is the last option to end the matter (G61, male, 64 years old, retired secondary school officer).

GGM need to compensate all the citizens living inside the mining licensed area. People, for many years, have been waiting for compensation from GGM but nothing is happening. Government and GGM should work closely to make sure people are compensated, so that they can start a new life. Moreover, the Government should educate the community before starting any investment project to avoid unnecessary ambitions. The community should know that compensation is not a panacea for development but is a means to start a new life after being relocated. Another participant from Compound Village in support of the above, commented that:

GGM takes a long time to compensate the community, and we have conducted several meetings with Ministers responsible for mining, but nothing has happened. A few weeks ago, the minister came to Geita and promised to find a solution. However, we do not trust them now because they have taken a long time discussing the same thing, but nothing is happening. These politicians give us sweet words but do not walk the talk. GGM is reluctant to give its compensation. Our hope remains in the new Regional Commissioner (RC) who has shown an interest in resolving the matter (G17, male, 58 years old, small-scale gold miner).

Community members who are entitled to compensation hope to get huge amounts of money from the “speculative development of land” as when GGM and the Government gave compensation of around 6.83 billion Tanzania shillings (US\$2.7 million) to only 34 people which was a lot of money. Therefore, everyone is hoping that after compensation they will have a good amount of money.

#### **8.4.7 Uneven resource allocation**

The study findings revealed that there was uneven allocation of CSR projects between one village and another, one ward and another and one division and another. Some wards or villages had more CSR projects than others, creating inter-community conflicts.

One of the participants from Mgusu Village commented that:

Nyakabale Village has been given two buses by GGM to be used by the villagers as a means of transport from the village to Geita Town by paying only one hundred Tanzania shillings. However, students from Mgusu Village walk more than ten kilometres to Nyamalembo Village to the secondary school. This inequality in CSR projects leads to inter-community conflicts (G49, male, 38 years old, school primary teacher).

GGM should treat all villages equally because allocating more projects to one village or ward, creates inter-community conflicts.

Likewise, one participant from Samina Village during the FGD commented that:

Some villages have benefited more from GGM CSR projects than others. For example, Saragulwa and Nyakabale have good dispensaries, police post, water services, primary schools and agricultural projects while Mgusu and Samina villages have none. Additionally, Saragulwa receives more attention from CSR projects than other villages. Since independence in 1961, we have been living as brothers and sisters. The first President Mwalimu Julius Kambarage Nyerere promoted unity among Tanzanians and treated all communities equally. Mwalimu Nyerere decided to unite villages through the Villagization Policy so that people's basic needs could be met. Now GGM wants to divide society by favouring some communities and abandoning others. We do not like to live in a divided society; we are all Tanzanians (G42, male, 62 years old, retired secondary school teacher).

There is need to make sure CSR initiatives benefit the entire society to avoid division and anonymity between one community and another. GGM and Government in the new CSR plans should make sure communities are treated equally and benefit equally. By doing so, the relationship between GGM and the community will be strengthened.

#### **8.4.8 Unresolved grievances**

The study revealed that failure to resolve grievances on time resulted in misunderstanding between GGM, the Government and community. Several issues already referred to have not been resolved, causing tensions between GGM and the community or GGM and the Government (local Government authorities).

One of the participants on the failure to resolve grievances on time commented that:

GGM takes so long to resolve some of the grievances of the community such as compensation. People have been demanding compensation since 2000, but nothing has happened, and ministers have been at Geita and held several meetings with GGM and the community but with no success. Regional Commissioners (RCs) and District Commissioners (DCs) have been trying to resolve the matter; yet no changes. People have been waiting for a couple of years now hoping that one day GGM will fulfil their promises (G14, male, 54 years old, peasant).

Delay compensating community members increases the risk of poverty and insecurity. GGM need to compensate all the citizens who are living inside the mining licenced area.

During an interview, the Geita RC insisted that his office had set a milestone, in that one grievance should not take more than a month. He commented that:

No grievances in Geita Region should take more than one month. People need answers to their problems and not stories; Government officials should make sure they solve people's problems on time. Justice delayed is justice denied. The President wants all leaders to solve people's problems and not to stay in office. I have set a milestone for GGM to compensate the community.

#### **8.4.9 Lack of employment opportunities**

GGM has been providing both permanent and casual jobs to the community surrounding the mine. All unprofessional jobs are announced by Geita to give a chance to every Tanzanian who is capable of applying. These jobs include cleaning, community policing and others, which do not need professionals. The study findings revealed that most people in Geita demand more permanent jobs as opposed to casual jobs. According to GGM statistics, Geita region has had a greater number of workers than other regions in Tanzania.

The constitution of the United Republic of Tanzania (1977) states that “every citizen has the freedom to live in and freedom of movement to any part of the United Republic of Tanzania”. However, the study revealed that those who said they originated from Geita might not have, but simply have an address in Geita. The community members demanded more permanent jobs not casual jobs. The Geita community wants GGM to recruit more people from Geita. Most participants claimed that GGM has been employing people outside Geita and has not done enough to help the community regarding employment, especially permanent jobs. That has been one of the factors which weaken the relationship between Geita community and GGM.

One interviewee from GGM on employment opportunities commented that:

GGM has always tried to empower the Geita community with different skills so that they are employable. GGM established different programmes to empower youth in Geita such as building the youth centre at Magogo where we trained them in masonry, brick making, shoe making, welding and tailoring. GGM decided to train youth as part of its capacity-building programme so that they could be self-employed or employed by GGM. Most youth lack the proper skills; therefore providing them with different skills helps to empower them to become competitors in the market. GGM statistics show clearly the parentage of Geita people the company has employed. Some politicians use political podiums to destroy GGM's image in the community. Nearly three-quarters

(73%) of those employed by GGM come from Geita (G3, male, 45 years old, GGM Human Resources Manager).

Similarly, another participant from Mpomvu Village added:

GGM should increase wages from 300,000 Tanzania shillings (US\$130) to 500,000 Tanzanian shillings (\$220) per month. The cost of living is high; therefore 300,000 Tanzania shillings (US\$ 130) is not realistic in the current economic situation in Geita. Geita is a mining town; everything is double the price compared to other places in the country. Life in Mwanza City is much cheaper than the life in Geita Town. The presence of GGM has had both positive and negative impacts. One of the negative impacts is the high price of commodities. Everyone in Geita is regarded as a GGM worker. Therefore, goods are very expensive (G62, male, 28 years old, GGM casual worker).

There is a need for GGM to review the minimum wage for the casual workers, given the economic situation and inflation rate in the country. The village Governments should also reduce the amount they deduct from casual workers' earnings, as 60,000 Tanzania shillings (US\$ 26) is too much.

## **8.5 GGM and Government Relationship**

The study revealed that the relationship between the central Government and GGM was good as the company had been paying all taxes on time as already referred to in previous chapters. However, it revealed that the relationship between GGM and Geita Regional Commission Office was not good as there was misunderstanding over the lack of transparency of CSR projects, poor documentation of CSR projects, lack of involvement of local Government authorities in CSR projects, lack of value for money in most of CSR projects, lack of sustainability of CSR projects, unfulfilled promises and poor coordination of the CSR projects.

The study also found that the relationship between GGM and local Government authorities (Geita Town Council and Geita District Council) was not good, because they had begun being excluded from implementation of most of the CSR projects. On the relationship between GGM and local Government authorities, most of the participants were not happy with it and pledged to boost the relationship by encouraging meetings to take place between GGM and local Government authorities.

During an FGD with heads of departments in Geita District Council, one participant commented that:

Lack of involvement of local Government authorities by GGM in the execution of CSR projects weakens the relationship. In the past years, CSR projects were implemented by GGM alone that is why the local Government authorities lacks proper documentation of the CSR projects. The custodian of all the projects was GGM alone, while reporting on development projects at the district level was to be done by the respective local Government. There is a lack of trust between GGM and local Government authorities. GGM does not trust local Governments and GGM does not fulfil promises to the local Government authorities, such as paying the service levy on time. GGM promised Geita District Council it would pay US\$ 800,000 in 2013 but until today nothing has happened, and so those councillors rioted to show their concern but were severely beaten by the police for illegal rioting. All these factors contribute to weakening the relationship between GGM and local Government (G6, male, 55 years old, District Executive Officer).

One interviewee from GGM on the relationship between GGM and Government commented that:

GGM has a good relationship with both central and local Government authorities. GGM has been paying the required taxes without any problem. GGM projects were the best as they follow international standards. GGM brought international standards to their projects. There was a lot of exaggeration by some politicians on several issues regarding GGM operations to tarnish GGM's image (G1, male, 45 years old, GGM community engagement officer).

The relationship between GGM and local Government was not good as there were several issues, which weakened the relationship and included delays in fulfilling the promise such as paying royalties and services levy to the local Government authorities. But after the amendment of the mining law of 2017 things have started to change as both parties are working together to execute CSR projects.

During an interview with Geita RC on the relationship between GGM and the Government he further commented:

The role of the Government is to create an environment where there will be a win-win situation between investors, the Government and community. To strengthen the relationship between GGM and the Government, especially local Government authorities, the following should be done, first paying all outstanding debts, involving local Government in the execution of CSR, investing in

projects, which have a multiplier effect, proper reporting and information sharing, transparency and value for money of CSR projects. All these will improve the relationship between GGM and local Government authorities (Geita Town Council and Geita District Council).

## **8.6 GGM Local Content Policy**

GGM had its own internal local content policy before the establishment of new regulations. One of the internal local content policies was to empower the community through various capacity-building programmes. GGM provided agricultural inputs and training to Nyabusakama Cooperative Society as part of the internal local content policy.

Additionally, GGM established a horticulture project at Nyakabale Village where farmers were linked with GGM supplier AKO so that the farmers could sell their agricultural produce to the supplier and increase their incomes. Geita Tailoring and Shoemaking Cooperative Society Limited was empowered by GGM and managed to make uniforms for GGM community police as part of the local content policy, which increased their income.

On local content, one interviewee from GGM commented that:

GGM has its local content policy. Moreover, in the past two (2) years, GGM spent almost 27% of total expenditure on buying goods from Tanzania, and the rest on goods from outside the country. In 2018, GGM spent over 30% of the total expenditure in Tanzania. This has been done to promote goods from Tanzania as part of the local content. Now the supplier is from Geita and is supplying rice, vegetables and other services. Youth programmes have been able to make uniforms for GGM hospital staff worth 3 million Tanzania shillings (US\$ 1305), uniforms for AKO Company 3.2 million Tanzania shillings (US\$ 1,400) and clothes for *Moyo wa Huruma* Orphanage worth 4.1 million Tanzania shillings (US\$ 2000). Moreover, more than 95% of GGM workers are nationals (locals) (G1, male, 45 years old, GGM community engagement officer).

The GGM internal local content policy is not shared with Geita Town council and Geita District Council. Local content policies cover mining, oil and gas undertakings with the aim of promoting the national economy (Esteves, Coyne and Moreno, 2013), and providing indigenous stakeholders with employment opportunities, and the chance to be involved in supply chains or the delivery of services.



Another interviewee from an NGO commented that:

The Government has taken a long time to establish local content regulations and giving room to companies in the country to do whatever they wanted. Most mining and gas companies in Tanzania imported everything, even food such as rice, chicken, meat, fish, vegetables, beans, salt, and cooking oil. The country has been blessed with different types of food. How can you import fish from South Africa while there are so many types of fish in Lake Victoria? Tanzania has the Indian Ocean, the same as South Africa and has the same fish. These MNCs have been running away from buying local stuff complaining that they lack international standards. GGM has been in Geita for almost twenty years now, and their workers are eating the same food as we are eating in the local market, but when they go in, they say our food is not of a good standard. Now we want to see whether they will die from eating our local food or not. The Government has established local content regulations which all the MNCs should adhere to; if they fail to do that they should pack up and go (G50, male, 40 years old, programme manager).

### **8.7 GGM Complaints and Grievances Management**

GGM operations might cause an impact on the community and therefore instituting grievance management is very important. Therefore, GGM has put a mechanism in place to deal with grievances, which helps to improve the cooperation between the company and its shareholders.

The following are the key steps used for grievance management.

- First, claims or grievances are collected via telephone, email, suggestion boxes or face-to-face meetings with community members; a person can decide not to introduce himself or herself to ensure anonymity.
  - Second, claims or grievances are written in the GGM claim book of records.
  - Third, GGM will acknowledge receipt of the claim and propose modalities for solving such grievance or claim on time.
  - Fourth, the impact of the claims will be assessed and grouped according to the impact of the claim and transferred to the respective department for action.
  - Fifth, claims or grievances will be carefully investigated, and steps for resolving the claims will be identified.
  - Sixth, GGM will eventually release the outcome of the claims and suggest the best strategies for dealing with them.
- i. If the complainant is satisfied with the outcome of his or her claim, that will be the end of his or her claim.

- ii. If the complainant does not agree with the outcome of his or her claim or the way GGM has handled it, then the claim will be forwarded to the GGM executive committee for weighing the recommended solutions and find other possible solutions for the claim or grievance.
- iii. If the complainant does not agree with the recommendation from the GGM executive committee then the claim will be forwarded to an independent person for a recommendation where GGM and the complainant will be called and discuss the matter.
- iv. Seventh, the grievance or claim book is improved every day depending on the claim
- v. Lastly, all claims will be written in the customer complaint book for reference and future records.

The process of dealing with complaints, or grievances from stakeholders helps the company to observe human rights and strengthens the relationship between GGM and the community. Moreover, the process helps GGM to deal with claims or grievances from their stakeholders before they reach a serious stage. Furthermore, the resolving of community claims helps the company to understand different issues facing their stakeholders and what is the best that can be done to mitigate the impact.

One of the participants explained on GGM grievances management and commented that:

I can say that GGM community engagement managers should hold meetings in the villages at least once a month in every village, which would help to minimize grudges from the community. People have so many complaints but the problem is how to reach them. Some people decide to stay quiet even if they have some claims against GGM because Mgusu Village is so far from GGM and not easy to get to their premises. The security system in the mine is very complicated; therefore, it is obvious that people like me cannot dare to go to the mine even if I have some claims. The big problem facing GGM in solving people's grievances is that they take so long time to conclude. Most people have decided to give up because of the delay "justice delayed is justice denied" (G63, male, 52 years old, small-scale gold miner).

One of the participants gave a similar view from the Tarzan Housing project who lamented that:

Even people from Mine *Mpya* have been fighting for our rights for more than seven years. After being evicted, we were forced to live in shanty houses near a police post in Geita Town, and life over there was so terrible as we had no proper accommodation. I lost my husband because of cholera at that time. We conducted several meetings with GGM and the District Commissioner (DC), but nothing helped until we decided to go to high court in Mwanza (G53, female, 69 years old, peasant).

## **8.8 Conclusion**

This chapter presented the findings based on qualitative data. The discussion concentrated on community participation in development projects, developmental approaches of GGM as part of CSR in Geita District and existing relationship between the Geita Gold Mine, the Geita community and the Government. Moreover, the chapter discussed specific factors weakening the relationship between GGM, community and Government. Some contributing factors include land conflict and compensation, forced eviction, encroachment, environmental degradation, human rights abuse, unfulfilled promises, an uneven allocation of resources, unresolved grievances and lack of employment opportunities. The chapter further stresses on GGM and Government relationship, GGM local content policy and GGM complaints and grievance management. The next chapter discusses the role played by civil society and its participation in CSR in Geita Region.

## **CHAPTER NINE**

### **9.0 THE ROLE AND PARTICIPATION OF CIVIL SOCIETY IN CSR IN GEITA**

#### **9.1 Chapter Overview**

This chapter discusses the role played by the civil society and its participation in CSR in Geita Region. The chapter further presents a summary of the operations of the mining industry in Geita, and the discussion emphasizes on the role played by civil society in the mining sector particularly in Geita Region of Tanzania. It also discusses the nature of state-civil society relations in Geita Region. The chapter provides a comprehensive analysis of the challenges facing civil society in the region. Accordingly, this chapter focuses on CSOs which operate in Geita Region, working directly with Artisanal and Small-scale Gold Miners (ASGM), specifically GEWOMA, GEREM), FEMATA and the Solidaridad International Non- Government Organisation.

#### **9.2 Overview of the Mining Industry in Geita Region**

Geographically, Geita Region is in the north–western part of Tanzania, bordering Kagera Region in the West, Mwanza Region in the North and Shinyanga Region in the South. Geita Region also border with the biggest lake in Africa, Lake Victoria. It is one the region with the richest gold deposits in Tanzania. The region is evidently endowed with an enormous array of mineral deposits currently being exploited by both large-scale and small-scale miners (URT, 2013). The region comprises five districts, namely; Geita, Mbogwe, Chato, Nyang’hwale and Bukombe. The capital of the region is Geita Town. Comparatively, Geita District has more substantial gold deposits than any other district in the region. The district is located within the Greenstone Belt (URT, 2013). Large-scale mining operations are being conducted in areas such as Mtakuja, Nyakabale and Nyankanga while small-scale mining activities are done in villages such as Nyarugusu, Mgusu, Lwamugasa, Kanena, Nyamalimbe, Nyamtondo and others.

#### **9.3 Roles of Civil Society Organisations (CSOs) in the Mining Industry in Geita**

This section affords a detailed analysis of the role played by various stakeholders, particularly the Civil Society Organisations, in stimulating development in the mining industry in Geita Region. This part of the study also aims at understanding the nature of

the relations between the State and the Civil Society Organisations in Geita. Research attests to the fact that these Civil Society Organisations have been playing a significant role in promoting socio-economic development in the mining sector. Their contribution in the mining industry has been targeting artisanal and small-scale miners (ASM) in terms of improving their production, working environment and promotion of sustainable mining practices.

The artisanal and small-scale mining (ASM) activities are reportedly taking place in almost eighty countries globally (World Bank, 2013). The industry has increased expeditiously in the majority of developing countries. This development has been motivated by demographic pressures particularly population explosion and inadequacy of sources of income especially in the rural areas of the developing nations (Lahiri-Dutt, 2004). Though the debate had been raging on for a long time, there is unanimous acceptance among development partners that artisanal and small-scale mining is mainly driven by poverty (Aryee *et al.*, 2003; Hilson and Banchirigah, 2009; Hilson and Garforth, 2013). The study focuses on the Civil Society Organisations which operate in Geita, working directly with the Artisanal and Small-scale Gold Miners (ASGM), namely the Geita Women Miners' Association (GEWOMA), the Geita Region Miners' Association (GEREMA), the Federation of Miners Association of Tanzania (FEMATA) and the Solidaridad International Non- Government Organisation (INGO). Some of these Civil Society Organisations are local while others are international and are mainly rendering support to the Artisanal and Small-scale Miners, providing them with training on environmental protection, HIV/AIDS, health and safety, business management, market linkages and sustainable mining practices.

The Geita Women Miners' Association (GEWOMA) is a non-profit making organisation established in 2016 with Registration No. 178. The head office of the association is in Geita Town. The administrative structure of Geita Women Miners Association comprises the chairperson, the secretary general, the treasurer and the board members. Currently, the association is composed of about 150 members from the five districts of Geita Region. The Geita Women Miners' Association has its constitution, which guides members and clearly stipulates the roles of leaders and those of members. The main goal of the association is to help small-scale gold miners in Geita Region particularly women, providing them with training in such areas as entrepreneurship skills and environmental

conservation. The association plays other roles such as acting as the spokesperson of the female miners, coordinating the activities of the female miners, safeguarding and protecting female miners' rights and linking up female miners with Government, Civil Society Organisations and other development partners. Geita Women Miners' Association plays a significant role in empowering female miners in Geita Region by providing its members with training and other skills in order to improve their activities. The association also aims at forming a mineral marketing centre in Geita Region where members can conveniently sell their minerals at fairly attractive prices. In Tanzania, mining activities are male dominated; therefore, the exclusion of women is apparent. To bridge this gap, Geita Women Miners' Association has been trying to mount educational campaigns to sensitise the society to put mining at the same level with other jobs which can be done by both men and women. The association is dedicated to the promotion of development among women and other small-scale gold miners in Geita Region.

In addressing the needs of the artisanal and small-scale gold miners, the Geita Region Miners' Association (GEREMA) was established in 2012. It is an association of miners based in Geita Region. In the past years, Geita and Mwanza had a common mining association known as the Mwanza Region Mining Association (MWAREMA). Geita Region was established in March 2012. Since then, it has its own association of miners. Geita Region was formed by amalgamating some districts from three different regions of Mwanza, Shinyanga and Kagera. Associations of Artisanal and Small-scale Miners are all over the country as the Government encourages every region engaged in mining to have its own mining association. Each region engaged in mining activities should form its own mining association. Therefore, the formation of regional mining associations necessitated the establishment of the Federation of Miners Association of Tanzania (FEMATA).

The objectives of Geita Region Miners' Association include acting as a bridge between the Government and small-scale miners in Geita Region, finding the best prices for the minerals mined in Geita Region, and linking small-scale and larger-scale miners from within and outside the country. Furthermore, the association provides technical support to the small-scale miners on issues related to contract, acts as a spokesman of the small-scale miners and plays a crucial role in protecting and conserving the environment, coordinating mining activities, safeguarding and protecting miners' rights and acting as a link between the Government the Civil Society Organisations and other stakeholders.

The Federation of Miners Association of Tanzania (FEMATA) is a registered non-profit making organisation operating in the United Republic of Tanzania. It is legally licensed to manage the mining and marketing of minerals for example diamonds, gold and other precious gems. FEMATA started its operations in 1986 with the objective of safeguarding the interests of small-scale miners in Tanzania. The headquarters of the association is in Dar es Salaam and has branches in Arusha, Kigoma and Mwanza Regions. It is an umbrella association comprising members from all the regions. The federation's sources of income include a Government subsidy and contributions from the members. The Federation resulted from the amalgamation of Regional Miners' Associations (REMAS). Every region has its own office that deals with the affairs of small-scale miners. The federation acts as a conduit between the Government of Tanzania and small-scale miners in the country.

Solidaridad is an International Non-Governmental Organisation (INGO) based in Utrecht, in the Netherlands and in East Africa; its headquarters is located in Nairobi, Kenya. In Tanzania, the Head Office of the organisation is in Arusha, and it has a branch in Geita. The Non-Governmental Organisation aims at uplifting small-scale miners, linking them to the market and the entire mining value chain system. Solidaridad presides over the implementation of projects such as dairy farming, aquaculture and production of sugarcane, cotton, soya, cocoa, tea, palm oil, coffee, fruits and vegetables. In Tanzania, there are four active projects: a gold project in Geita, a coffee project in Kilimanjaro, Bukoba and Mbinga, a fruit and vegetable project in Tanga and Kilimanjaro and the Sustainable Landscape Innovation Project in Kilimanjaro Mountain (The Solidaridad Report, 2018). However, this study restricted itself to the Golden Line Project operating in Geita Region. The project specialises in providing support to female small-scale gold miners.

The Gold Line Project aims at fostering the empowerment of women involved in the mining industry in Geita Region. Solidaridad emphasises on the imperativeness of uplifting women, making them conscious of the fact that they have the same capacity and ability as men in all the spheres of human endeavours and that anything which can be done by men can also be done by women. Therefore, the organisation is emphatic on the need for women to explore the opportunities that abound in the gold mining industry in the same way as men do. The project is committed to provision of support to women who are

working in the mineral sector in order to eliminate their marginalisation in socio-economic development. Similarly, the organisation provides training on how to exploit minerals in a way that is gender inclusive. In the same vein, Solidaridad aims at elimination of gender-based discrimination that characterises the mining sector. Equally, the organisation deals with issues related to family planning, so as to create conducive environments for female small-scale gold miners (Solidaridad Report, 2018).

#### **9.4 Raising Awareness**

Civil Society Organisations play a major role in pushing the country's development agenda. In Geita Region, Civil Society Organisations provide awareness to small-scale gold miners in areas such as environmental conservation, sustainable mining practices, family planning and the fight against malaria, HIV/AIDS and other communicable diseases. Different stakeholders and the Government are also involved in such programmes. The purpose of these training workshops and awareness campaigns is to ensure that small-scale gold miners conduct their activities in a way that is reflective of best practices and ensuring that the industry contributes to sustainable economic development.

Commenting on the role of civil society in raising awareness, one interviewee said that:

A few Civil Society Organisations (CSOs) have fully been engaged in raising awareness among small-scale gold miners as represented by Solidaridad, the Federation of Miners Association of Tanzania and Geita Region Miners' Association. Most of the small-scale gold miners lack knowledge on sustainable mining practices and mining rights. The two associations have been standing for our problems, acting as a bridge between small-scale gold miners and Government (G55, male, 28 years old, small-scale gold miner).

Owing to a diversity of programmes established by the Civil Society Organisations in Geita, many beneficiaries, mainly the small-scale gold miners have benefited. These programmes aim at promoting sustainable mining practices and improving the living standard of the small-scale gold miners. Solidaridad International Non-Governmental Organisation has been engaged in raising awareness among female small-scale gold miners in Geita. Typical examples of the programmes being implemented by Solidaridad include family planning, education on sustainable mining practices such as the use of mining techniques that are friendly to the environment and other miners as well as providing information on financial management and market linkages. Civil Society



plays an important role in raising awareness among mining communities by promoting environmental protection and ensuring sustainable socio-economic development (Apichatibutarapong, 2018). However, different other stakeholders such as the Government and the private sector complement the role of civil society in ensuring improvement in the quality of the environment (Apichatibutarapong, 2018).

However, one of the participants from Geita Town Council expressed remarks that contradict the earlier statement articulating the positive role played by civil society in raising awareness among mining communities:

Very few artisanal and small-scale gold miners are benefiting from the presence of these Civil Society Organisations in Geita. Most of the Civil Society Organisations operating in Geita lack financial resources to fund their programmes with the exception of international Non-Governmental Organisations such as Solidaridad. GEWOMA, GEREMA and FEMATA face resource constraints, and they mostly depend on contributions from their membership for them to run their office work and programmes. As a result, the majority of the small-scale gold miners have not been able to benefit from the services offered by these Civil Society Organisations (G12, female, 31 years old, The Community Development Officer, Geita Town Council).

The inadequacy of resources is one of the challenges threatening the operations of the majority of the Civil Society Organisations not only in Geita but also in Tanzania in general. Financial constraints stifle the Civil Society Organisations' capability to fulfil their objectives. In Geita, most of the CSOs, with the exception of Solidaridad International Non-Governmental Organisation, face financial problems. For example, Geita Women Miners' Association does not have any offices and own transport means to facilitate the running of their day to day activities. The generality of the Civil Society Organisations in Africa are involved in service delivery as well as participating in advocacy programmes (Mbote, 2016). These Civil Society Organisations normally face some problems in the implementation of their programmes, and the problem is compounded by lack of support from other Civil Society Organisations (Mbote, 2016).

Commenting on the issue of raising awareness, one interviewee working in a Civil Society Organisation had this to say:

The Solidaridad International Non-Governmental Organisation (INGO) has been involved in several capacity building programmes targeting female small-scale gold miners. Such programmes

include awareness of environmental conservation and sustainable mining practices. Female small-scale gold miners are trained on how to apply sustainable mining practices by exposing them to new mining methods such as proper handling of mercury and adoption and application of gold culture technology and cyanide technology. The last two mining techniques are very friendly to the environment as opposed to the use of mercury (G16, female, 33 years old, The Project Coordinator, The Gold Project, Tanzania).

Raising awareness among female small-scale gold miners helps empower them, in addition to improving their working environment. In Tanzania, women are marginalised to engage fully in the mining industry; hence, this deprives them of the opportunity to benefit from the country's mineral resources. In many developing countries, women suffer the full brunt of several economic constraints, the chief ones being lack of capital and other resources as well as traditional barriers (IGF, 2018). The incapacity to access credit and assistance from financial institutions hinders female small-scale miners from investing and exploring the benefits that manifest in the mining sector (IGF, 2018).

### **9.5 Empowerment and Capacity Building**

The Civil Society Organisations operating in Geita engage in empowerment and capacity building programmes among the artisanal and small-scale gold miners (ASGM). They offer different community-based programmes which aim at promoting sustainable mining. The Civil Society Organisations expose small-scale gold miners to various educational programmes such as financial management and environmental protection. Capacity building includes provision of training and technical assistance as well as other forms of assistance to the needy (Suarez-Balcazar *et al.*, 2008).

On the role played by the civil society in the mining sector in Geita, one interviewee commented that:

The Civil Society in Geita has been aiding small-scale gold miners in various ways, especially in capacity building, safety issues and market linkages. Solidaridad Non-Governmental Organisation has been providing training to female small-scale gold miners in Geita Region. Women are the most disadvantaged group in the society; therefore, empowering them is to empower the entire society (G64, female, 39 years old, female small-scale gold miner).

Small-scale miners in Tanzania face a diversity of economic challenges ranging from lack of credit and financial resources, lack of land from which to exploit minerals, obsolescent

mining equipment and machinery and lack of geological information (Weldegiorgis, Lawson and Verbrugge, 2018). Women in Tanzania face exclusion from mainstream economic activities owing to traditional beliefs which impede their access to land and other economic opportunities. Lack of resources and poor technology prevent women from exploring economic opportunities in the mineral industry in Tanzania. Most of the women in Tanzania are restricted to household activities, subsistence agriculture and raising children. From a patriarchal perception, mining is an activity considered to be within the precincts of men's work, thus excluding women from participating in such activities is common. As a result of the traditional norms and legal statutes that limit property ownership and entitlement to the inheritance of land, the bulk of Tanzanian women end up working as unregistered entities (Weldegiorgis, Lawson and Verbrugge, 2018).

One interviewee from a Solidaridad International Non-Governmental Organisation (INGO) commented that:

The Solidaridad Non-Governmental Organisation offered to work with women engaged in the mining industry because this group of people is mostly disadvantaged and marginalised. Our project aims at empowering women in the entire production chain. The project links female small-scale gold miners with the market, training them to mine in a gender friendly way, reducing all forms of gender discrimination in the mining sector and providing education on family planning. We also train them to comply with fair trade and mining standards so that they get a premium price for their gold (G43, female, 33 years old, The Project Coordinator, The Gold Project, Tanzania).

The participation of Civil Society Organisations in the mining sector in Geita helps in the provision of education on better mining methods, healthcare, environmental protection, market linkages and financial savings. For instance, Solidaridad International Non-Governmental Organisation has been empowering female small-scale gold miners in Geita through equipping them with a variety of skills. Since the mining sector started operating in Tanzania, the industry has been historically dominated by men at the expense of women who had been deprived of the opportunity to participate fully in the industry (HakiRasilimali, 2016). The patriarchal system is ingrained in the country's socio-economic fabric as it manifests in the mining industry, thus barring women from benefiting from the exploits of the extractive industry (HakiRasilimali, 2016).

## **9.6 Lobbying and Advocacy**

The Civil Society Organisations in Geita engage in lobbying and advocacy programmes with the aim of helping Artisanal and Small-scale Gold Miners (ASGM). Among these Civil Society Organisations are the Federation of Miners Association of Tanzania, Geita Region Miners' Association, Geita Women Miners' Association and the Solidaridad International Non-Governmental Organisation (INGO). They influence policy and legislation that regulate operations in the mineral industry in Tanzania. The Federation of Miners Association of Tanzania has been helping small-scale gold miners in Geita Region, and among its success stories is the fact that its members have a forum where they talk about their own challenges and the way forward including exchanging knowledge and experience among the members. In addition, the association has succeeded in improving the working environment of small-scale miners in terms of improvement in production and income and facilitation of access to a competitive mineral market.

Advocacy ensures that communities, especially the most disadvantaged ones in society, can have an opportunity to have their voices heard on important issues that concern them. For instance, the protection of their rights, opinions and needs is taken into account when decisions are made (The African Diaspora Policy Centre, 2016). Advocacy helps marginalised people to express their views and wishes, at the same time accessing information and services, safeguarding and fostering their rights and responsibilities and exploring different choices available to them (The African Diaspora Policy Centre, 2016). The Civil Society Organisations need to go beyond advocacy and lobbying level in order to be recognised by the societies they work with (The African Diaspora Policy Centre, 2016).

During an interview, one interviewee from the Federation of Miners Association of Tanzania (FEMATA) dwelt on the above topic, adding that:

The Federation of Miners Association of Tanzania has been representing the voice of the small-scale miners in Tanzania in general and Geita in particular on issues like getting mining licenses on time and linking them up with investors outside Tanzania. The association also plays an indispensable advocacy role in pushing for reduction of taxes by the Government in the mining sector so that small-scale miners benefit from mineral resources. The federation has been negotiating with the Government for supply of electricity to the mines owned by small-scale miners to facilitate mining operations and to reduce operational costs (G7, male, 45 years old, President of the Federation of Miners Association of Tanzania (FEMATA)).

Among of the Civil Society Organisations engaging in lobbying and advocacy role in Geita is the Federation of Miners Association of Tanzania. The federation managed to unite all small-scale miners from different parts of the country, and it forwarded their views and concerns to the Government. Government and the Federation of Miners Association of Tanzania work together in resolving the problems confronting small-scale miners in Tanzania, for instance, lobbying for the reduction of mining taxes. The Federation of Miners Association of Tanzania expresses the voice of small-scale miners in Tanzania on several issues particularly the burden of taxation, lack of electricity in most of the mining zones, bureaucracy that impedes securing of Primary Mining Licenses (PML) and the Mining License (ML) (The Citizen, 2018).

Regarding the lobbying and advocacy role, one participant from Mgusu Village commented that:

Artisanal and Small-scale Gold Miners (ASGM) are not fully reached by the Civil Society Organisations in Geita. These Civil Society Organisations need to go beyond their areas of operation in order to increase the number of the beneficiaries. Small-scale miners are confronted by many problems which call on different stakeholders to join their hands. The Civil Society Organisations operating in Geita cannot solve all the problems facing small-scale miners in the region. There is need to rope in other Civil Society Organisations to intervene in the matter. The Federation of Miners' Association of Tanzania and the Geita Region Miners' Association have been helping us in solving our problems especially on land issues and licensing (G65, male, 36 years old, and small-scale gold miner).

The records that were privy to the researcher show that Geita District has a bigger number of small-scale gold miners than any other district in the region, but there are few Civil Society Organisations dealing with the small-scale miners. The district is rich in gold reserves as it is located within the Greenstone Belt (URT, 2013). Geita's Greenstone Belt has been very productive in terms of gold production in Tanzania since 1932 (URT, 2013). The Geita Gold Mine is also operating within this area since its commencement in early 2000.

## **9.7 Market Linkages**

The Civil Society Organisations that are operating in Geita support small-scale gold miners through sourcing markets for their gold. Among these Non- Governmental Organisations are the Federation of Miners' Association of Tanzania and the Solidaridad

International Non-Governmental Organisation (INGO). These organisations have been working with small-scale gold miners in Geita linking them up with buyers. Therefore, they solved market related challenges that had been facing small-scale gold miners in Geita. For a long time, the marketing of gold had been conducted through the black market until recent years (late 2010s) when the Government established a formal mineral market.

Commenting on market linkages, one participant from Mgusu Village said:

Small-scale gold miners in Geita are facing a serious problem of failure to secure a good market for their gold. The Civil Society Organisations are not doing much to help them secure better markets. The majority of small-scale gold miners sell their gold through the black market, and this has taken so long a time until the Government established the Gold Trading Centre in Geita. For a long time, the gold market has been dominated by brokers in the black market, and normally they paid low prices for the gold (G56, male, 41 years old, small-scale gold miner).

In Tanzania in general and Geita in particular, the marketing of gold has been conducted and dominated by black market-based brokers whereby small-scale miners were offered lower prices for their gold. For quite a long time, the Tanzanian mineral market has been benefiting a few people especially the brokers, leaving the majority of the small-scale miners wallowing in abject poverty. The newly promulgated legislation, the Written Laws (Miscellaneous Amendments) Act of 2017, provides for the establishment of a mineral market where small-scale miners can equitably and gainfully sell their minerals. The establishment of the mineral market in Geita has helped in increasing Government revenue inflows. The data provided by the Ministry of Minerals (MoM) indicate that Geita Region has produced in excess of 287.7 kilograms of gold and managed to collect royalty and other taxes amounting to 1,659, 648, 571.97 Tanzanian Shillings (US\$ 661,459 million) (The Ministry of Minerals, 2019). The establishment of the Gold Trading Centre in Geita and in other parts of the country has facilitated an increase in the collection of Government revenue, the provision of better prices for minerals for the small-scale miners and elimination of the middlemen in the gold market.

## **9.8 Building Active Miners**

The Civil Society Organisations operating in Geita help to develop active small-scale gold miners through various empowerment programmes. The Solidaridad International Non-Governmental Organisation (INGO), the Geita Region Miners' Association, the

Geita Women Miners' Association and the Federation of Miners Association of Tanzania have been offering training in various skills in order to build active small-scale gold miners. Examples of such programmes include application of sustainable mining practices, access to financial and credit institutions and creating links with prospective investors. The Federation of Miners Association of Tanzania (FEMATA) managed to discuss with the Government and succeeded in removing the Value Added Tax (VAT) and the withholding of tax. Another achievement is easy accessibility of mineral licences and information and removal of bureaucratic formalities that tended to restrict the securing of mining licences by small-scale miners. All these actions aimed at building and developing active small-scale gold miners.

Commenting on the building of active miners, one participant from Bombambili Ward said that:

More efforts should be put by the civil society organisations in helping small-scale miners in Geita. Small-scale gold miners need to be empowered by various stakeholders, apart from the Federation of Miners Association of Tanzania and the Geita Region Miners' Association. The Government should also be involved. For small-scale gold miners to be active, the Government and other stakeholders need to ensure that small-scale miners are given loans which enable them to buy modern mining equipment and do away with traditional mining practices which are not only very risky but also very expensive and outdated (G57, male, 32 years old, small-scale gold miner).

It is imperative to build active small-scale miners so that they can contribute fully to the economic development of the country. Small-scale gold miners in Geita still use old technology in conducting their mineral operations, and this leads to low productivity, hence low income is obtained. They lack access to credit and finance which could enable them to adopt modern mining practices. The Civil Society Organisations based in Geita lack the capacity to empower small-scale farmers economically as most of them face many challenges including financial constraints. The next paragraph discusses Civil Society participation in corporate social responsibility projects in Geita.

## **9.9 Civil Society Participation in Corporate Social Responsibility Projects in Geita**

The Civil Society Organisations (CSOs) are important stakeholders in implementation of Corporate Social Responsibility projects. The participation of the Civil Society

Organisations in these projects ensures success and sustainability of the projects. Civil Society Organisations have an important role in corporate social responsibility as they promote development of relationships between business and community by making sure that businesses are socially responsible and that they contribute positively to sustainable development in the country. CSOs operating in Geita have been working with small-scale gold miners to promote sustainable mining practices. The execution of CSR projects in Geita has been taking place for a quite long time now, but it has not been involving the key stakeholders such as CSOs. Geita Gold Mine (GGM) has been implementing these projects for almost two decades, but the engagement of the CSOs in Geita has been very minimal. Most of the corporate social responsibility projects in Geita have been implemented by the Geita Gold Mine in collaboration with the community without involving the CSOs. In Geita Region, there are very few projects of this nature in which CSOs are involved, especially in health-related projects such as the Vine Trust Project, the Cleft Lip and Cleft Palate Programme (CLP), HIV/AIDS, the Geita Malaria Prevention Programme, the Kilimanjaro HIV/AIDS Challenge and Orphanage Project. The majority of the CSOs that were involved were not from Geita.

On the engagement of the Civil Society Organisations in the CSR projects in Geita, one interviewee working in a Non- Governmental Organisation commented that:

The engagement of the Civil Society Organisations in Corporate Social Responsibility projects in Geita is very minimal as most of the implementation of these projects is done by the Geita Gold Mine and does not always involve other stakeholders. It is almost two decades since the Geita Gold Mine started implementing CSR projects in Geita, but it does not fully engage the Civil Society Organisations. Geita Gold Mine has been implementing Corporate Social Responsibility projects unilaterally; even the Government is not fully involved. All the same, Non-Governmental Organisations are not involved in such projects. Poor participation by stakeholders in these projects has led to abandonment of most of the projects. Corruption rendered such projects unsustainable (G48, male, 49 years old, Non- Governmental Organisation worker).

In Geita, all the Corporate Social Responsibility projects are implemented by Geita Gold Mine in collaboration with the community. This is done without fully involving the Government and the Civil Society Organisations. In most cases, the Government was not fully involved until recently following enactment of a new legislative framework which demands that Corporate Social Responsibility projects be implemented by both the mining company and the Government. The newly enacted laws particularly Section 105 of the



Written Laws (Miscellaneous Amendments) Act of 2017 requires that “a mineral right holder shall, on an annual basis, prepare a credible corporate social responsibility plan jointly agreed by the relevant local Government authority or local Government authorities in consultation with the Minister responsible for local Government authorities and the Minister of Finance and Planning” (URT, 2017). The engagement of stakeholders such as the Government, the community, Civil Society Organisations, Geita Gold Mine and the consumers play an important role in implementation of Corporate Social Responsibility projects, and they can make a positive contribution to the development of community projects (Skarmeas and Leonidou, 2013).

In response to the issue of the participation of Civil Society Organisations in Corporate Social Responsibility projects, another interviewee from the Geita Town Council commented that:

The local Government authorities in Geita are not fully involved in the execution of Corporate Social Responsibility projects with the exception of a few projects such as the Malaria Prevention Programme. The biggest problem which faces most of these projects in Geita is that they do not fully involve stakeholders such as the Government and the Civil Society. That is why there are many shortcomings in these Corporate Social Responsibility projects (G36, female, 31 years old, The Community Development Office of Geita Town Council).

Most of the CSR projects in Geita were implemented by the Geita Gold Mine without involving other stakeholders. The participation of other stakeholders ensures transparency, value for money and the avoidance of duplication of the projects among stakeholders. For the Corporate Social Responsibility projects to be successful and sustainable, they should involve different stakeholders. Successful implementation of these projects needs to take into account the interests of different stakeholders both internally and externally (Basu and Palazzo, 2008). The next section discusses the State-Civil Society relations in Geita region.

#### **9.10 State- Civil Society Relations in Geita**

The existing relations between the State and the Civil Society in Geita generally differ depending on the issues in which the two ought to collaborate. The relationship between the Government and the Civil Society in Geita is currently characterised by a paradox of trust and mistrust on either side. The manner in which the Civil Society Organisations like the Geita Region Miners’ Association, the Geita Women Miners’ Association and the

Federation of Miners Association of Tanzania are working with small scale-gold miners sometimes differs from what Government does on certain issues though sometimes there is agreement on other issues. For example, when the Government wants to evict small-scale miners from licensed areas, these CSOs have always been siding with small-scale miners. The majority of the members of these CSOs are also small-scale miners who have interests in the mining sector. In that case, the relationship between Government and CSOs will automatically have to be shaky. Most of the CSOs in Geita safeguard the interests of small-scale miners. In fact, the relationship between the Civil Society Organisations and the Government has always been characterised by mistrust on both sides of the dichotomy (Harrison, 2018).

The Government has concentrated on getting to know the function of the CSOs and the approval of their activities, while at the same time the CSOs, which are mainly Non-Governmental Organisations, have been distancing themselves from the Government as they continued working on their planned goals (Mallya, 2010). Nevertheless, there are different views on how the Tanzanian Government views the CSOs and the way these CSOs perceive themselves (Harrison, 2018). The Government's perception of the CSOs is that the majority of them are not transparent in their operations and that they are not obliged to tow Government policy guidelines as they are not funded by the Government (Harrison, 2018). Most of the CSOs believe that Government aspires for controlling and interfering with their operations as they play a watchdog role in Government operations. On the other hand, the Government also believes that most of the CSOs are appendages of opposition political parties and attributes the growing opposition in Tanzania to the activities of these organisations (Harrison, 2018). According to the Gramscian Perspective, the Government may be considered to portray the politics of domination while the CSOs portray the politics of consent (Ameen, 2017). Both the State and the CSOs have a part to play in promoting the socio-economic development of the society (Ameen, 2017). The next section discusses challenges facing Civil Society Organisations (CSOs) in Geita.

### **9.11 Challenges Facing the Civil Society Organisations (CSOs) in Geita**

The CSOs operating in Geita face challenges just like other organisations of their ilk operating in Tanzania. From the information obtained from field interviews and focus group discussions, the Civil Society Organisations working with small-scale gold miners

in Geita Region are facing some challenges which include limited resources, lack of strategic planning skills, poor communication and documentation, lack of transparency, lack of transport services and poor programme coordination. Despite the fact that they are diverse and well-organised, Civil Society Organisations operating in Tanzania are still being confronted by a barrage of challenges related to lack of a sector specific legislative framework, lack of funding, constrained geographical coverage and lack of transparency (Haapanen, 2007). At some points, both sides agree with each other, especially on the way the Civil Society Organisations are functioning and the challenges they are facing; for instance, the exclusive nature of internal politics, lack of transparency and battling donor dependency (Harrison, 2018). The Civil Society Organisations based in Geita face the same challenges as others of their kind operating in the rest of the country, and some of the challenges include the ones explained below.

#### **9.11.1 Limited funding**

All the Civil Society Organisations and participants who were interviewed during the field interviews and focus group discussions concurred that the major challenge impeding their operations was limited funding. Many of these CSOs are self-funded with the exception of the Solidaridad International Non-Governmental Organisation (INGO) which gets funding from the donor community and well-wishers. These CSOs are reported to have limited fund-raising skills with the exception of the Solidaridad International Non-Governmental Organisation (INGO) which receives a constant supply of funds. Local Civil Society Organisations fail to manipulate their expertise to access funding from local organisations to discontinue their dependency on foreign donors whose funding is highly unpredictable. Donor dependency syndrome has been a notorious problem facing not only Civil Society Organisations in Geita, but also those operating in Tanzania. Lack of funds has compelled some Civil Society Organisations to shelve programmes at implementation stage, making them unable to conclude their programmes on time. Such Civil Society Organisations include the Geita Women Miners' Association and the Geita Region Miners' Association. Some of these Civil Society Organisations, Geita Women Miners' Association, for instance, do not have permanent offices, a scenario which makes it difficult for them to operate.

### **9.11.2 Lack of strategic planning**

Lack of strategic planning among the Civil Society Organisations in Geita was established as one of the main challenges stifling the performance of the CSOs. The findings of the study show that many of these Civil Society Organisations have no strategic plans which could assist them to claim ownership of their mission, principles and activities. Lack of strategic planning competencies results in most of these CSOs finding it difficult to assess their impact at any given point in time. The Solidaridad International Non-Governmental Organisation (INGO) has a clearer mission, vision and values than other local Non- Governmental Organisations operating in Geita. The majority of the local Civil Society Organisations in Geita do not have strategic plans, a scenario which renders it difficult for them to assess the impact of their own activities.

### **9.11.3 Poor communication and documentation**

Poor communication was singled out as another challenge facing CSOs in Geita. The majority of these organisations have poor communication strategies within their structures, and this problem often cascades to poor communication even with the world outside the association. They are also let down by lack of proper documentation of their activities and lack of reliable websites on which to easily find their information. It is only the Solidaridad International Non-Governmental Organisation (INGO) that has a reliable website and information database detailing their activities. Further, the majority of local Civil Society Organisations in Geita do not keep relevant information that details their work, clearly demarcated areas of operation, an organisational structure and plans of the association.

### **9.11.4 Lack of transparency**

The Geita-based CSOs are battling the problem of transparency in their operations. Issues that relate to funds are treated as highly confidential and are not readily available to the public. The United Republic of Tanzania; through the Ministry of Health, Community Development, Gender, Elderly and Children; promulgated the Non- Governmental Organisations Act (Amendments) Regulations, 2018 (hereinafter referred to as “the Non- Governmental Organisations (Amendments) Regulations, 2018”). Among the new amendments is the establishment of provisions that are concerned with financial transparency and accountability. The legislative framework provides for an arrangement where all the registered Non-Governmental Organisations in Tanzania are obliged to

reveal to the public, the Registrar of the Non-Governmental Organisations and other key stakeholders the issues that concern sources of their funds and expenditure, their purpose as well as activities planned for implementation. The Non-Governmental Organisations that are operating in the country are required to adhere to financial transparency and accountability.

#### **9.11.5 Government interference**

The CSOs in Geita are not spared by the challenges confronting other CSOs in Tanzania. One of the critical issues reported by the participants was Government interference in their operations. The newly enacted Non-Governmental Organisations law is interpreted as being unfriendly to the majority of the CSOs not only in Geita but in Tanzania in general as they are required to account for and to report their operations and the sources of their funds to the Registrar of the Non-Governmental Organisations. The recently established Non-Governmental Organisations Act (Amendments) Regulations 2018, aims at controlling operations of all Non-Governmental Organisations in Tanzania. All Non-Governmental Organisations in Tanzania are obliged to disclose to the Registrar of NGOs issues related to finance, sources of funds, expenditure and donor contracts. Apparently, Non-Governmental Organisations feel that their freedom is restricted as they are required to report to the Registrar of the Non-Governmental Organisations.

#### **9.11.6 Internal conflicts**

Internal conflicts were also among the challenges that were reported to have been facing the Civil Society Organisations in Geita. Precisely, the Civil Society Organisations in Geita Region face the problem of mistrust among the leaders. This state of affairs has caused internal conflicts and division within the Civil Society Organisations. The internal conflicts are attributed to power struggles and the battle for the control of resources. Due to internal conflicts, the associations fail to perform their duties, and this renders them incapable of fulfilling their planned objectives.

### **9.12 Conclusion**

This chapter presented the historical background of the mining industry in Geita Region and the role played by Civil Society Organisations in the mineral industry in Tanzania in general and Geita Region in particular. The chapter has also discussed the involvement of Civil Society Organisations in Corporate Social Responsibility projects in Geita Region.

The chapter further discussed State-Civil Society relations in Tanzania in general and in Geita Region in particular. The findings show that the existing relationship between the State and Civil Society in Geita is characterised by mutual mistrust and a myriad of challenges that vary from one situation to another. The chapter summed up by discussing the challenges facing the Civil Society Organisations in Geita Region. The next chapter presents the conclusion drawing from the findings and the recommendations.

## CHAPTER TEN

### 10.0 CONCLUSIONS AND RECOMMENDATIONS

#### 10.1 Chapter Overview

The main objective this study sought to achieve was to assess the level of corporate social responsibility, community participation and socio-economic development as they apply to the mining sector in Geita Region, situated in the North-western part of Tanzania. The study was conducted in two councils of Geita, namely Geita Town Council and Geita District Council. The data collection process was accomplished through a combination of both quantitative and qualitative methods whereby 200 questionnaire copies, 10 focus group discussions and 20 in-depth interviews were administered with the respondents, focus group discussants and interviewees respectively selected for participation in the area of study. The questionnaire copies were the preserve of the community members living adjacent to Geita Gold Mine (GGM); and focus group discussions were held with village leaders, village committee members and Government officials who were selected for having directly or indirectly participated in the implementation of Corporate Social Responsibility projects. In-depth interviews were conducted with officials in the central and local Government, officials in Geita Gold Mine, Civil Society and the academia. This chapter also discusses both the theoretical and practical contributions of the study, and it further reflects the different methodologies used in the collection of data. The chapter sums up by presenting the conclusions based on the findings and, lastly, the chapter proffers a number of recommendations.

#### 10.2 Methodological Contribution

The study used the mixed methods approach. The approach was appropriate as it helped to address the research questions that guided this study. The mixed methods approach helped in achieving the deepest level of understanding of the intended objectives, which could not be possible when using a single method. Further, the mixed methods research technique was convenient and appropriate for integration of quantitative and qualitative data. The application of pragmatism as a research approach ensured that qualitative and quantitative data were generated and afforded the researcher a comprehensive analytical framework that assessed the nature of Corporate Social Responsibility, community participation and socio-economic development in the mining sector in the North-western

region of Tanzania. The qualitative study, which was underpinned by in-depth interviews and focus group discussions, took precedence over the quantitative method as it managed to generate information relevant to the topic, and together with the pre-test survey, qualitative methods helped to shape the development and validation of the survey questionnaire. The qualitative data collection process was fostered by the use of in-depth interviews and focus group discussions which generated additional information relevant to the phenomenon under investigation, and these methods were also used to comment on the data generated through the questionnaire method.

The quantitative methods were also complementary in generating measurable information such as demographic characteristics, which include respondents' sex, age groups, marital status and education and their situational characteristics and levels of income. On the other hand, qualitative methods generated information which could hardly be accounted for numerically, for instance, the range of behavioural (psychological) characteristics such as attitudes, subjective norms and perceptions in order to prove that the execution of CSR in Geita was not fully participatory as it excluded other crucial shareholders such as Government and the Civil Society.

The main methodological contribution the research made is the integration and application of the concepts of the CSR initiative, community participation and development. The other methodological contribution the study made to the existing body of knowledge is the vast experience accumulated through the application of different methods in the execution of data collection. The reviewing different empirical studies that focus on Corporate Social Responsibility, community participation and development in the mining sector that was done about North-western Tanzania helps to understand new methods and approaches by using focus group discussions, in-depth interviews and questionnaires as methods for obtaining primary data. The use of inferential statistics (chi-square tests) helped the researcher to acquire information presented in the form of descriptive statistics and make judgments on the extent of association between variables of interest in the study, including association between respondents' sex and level of satisfaction with GGM's involvement in community development.

The methodological contribution the study makes to knowledge also lies in its use of theoretical concepts and theories that are applicable to other environments. The Utilitarian



Theory, the Managerial Theory, the Relational Theory, the Classical Theory and the Stakeholders Theory, as developed in Western countries, are applicable to the Tanzanian context in so far as they help develop insights into an in-depth understanding of the differences that prevail in various social and cultural settings. These various theories were used in this study to help bring about an understanding of their applicability of these theories and their weaknesses in understanding the concept of CSR in the mining sector in Geita Region.

### **10.3 The Contribution and Theoretical Implications of the Study**

This study contributes to bridging the existing knowledge gap by unveiling the best methods and approaches that have not been applied in the Corporate Social Responsibility practice in Geita. The study findings, therefore, are an essential contribution to the knowledge in specialised areas of CSR, community participation and development in the mining industry. The study further enriches the literature on CSR in Tanzania and other developing countries which face the same challenges.

A critical review of the Utilitarian Theory, the Managerial Theory, the Relational Theory, the Classical Theory and the Stakeholders Theory made the researcher appreciate the similarities in the conceptualisation of these theories and their approaches to the application of the concept of Corporate Social Responsibility. A critical analysis of all the theories and approaches mentioned above helped the researcher to contribute new knowledge to the existing body of knowledge in an attempt to bridge the existing knowledge gap. Furthermore, the study broadens an understanding of the fundamental theories and their practical contributions to the fields of planning, policy formulation and implementation and administration in the mining sector. In this study, the discussion of each theory revealed the strengths and weaknesses inherent in each theory in relation to CSR. By so doing, the study contributed to the existing knowledge on the applicability of the CSR programme.

The study also discussed the theories of Corporate Social Responsibility and interrelated approaches by examining the type of theory, discussing the approaches that underpin each theory and by describing each theory. Furthermore, the theories of CSR were summarised by explaining the main theory, the literature and variables and the summary of outcomes. Each theory was critically analysed in relation to the topic under study. Examining these

theories, relating them to the study, enabled the study to contribute to the body of knowledge through developing an understanding of their approaches and their applicability to different social contexts.

It is also imperative to understand the fact that this study emphasised the apparent reality that the successful application of the Corporate Social Responsibility should rope in different stakeholders in order to bring about sustainable development. The researcher acknowledges the fact that the execution of Corporate Social Responsibility projects in Geita was not participatory and its impact is hardly measurable. The use of various theories provides a broad and comprehensive understanding of Corporate Social Responsibility practice in Geita.

The application of the Utilitarian Theory did not clearly show how the Corporate Social Responsibility initiative can be practised in Geita as it appears to put emphasis on profit maximisation rather than on promoting the development of relations among stakeholders. This study reiterates the point that the mining company operating in Geita (GGM) should not only focus on profit maximisation, but it should also take more consideration to include other stakeholders such as the community, the Government and the Civil Society Organisations. In this study, the application of the Stakeholders Theory, which stresses the involvement of different stakeholders in the execution of projects initiated under the Corporate Social Responsibility initiative, helped to foster a better understanding of the broad perspective of the practice as it applies to the mining sector in Geita Region.

Additionally, the use of the Managerial Theory in this study only helped to understand the role of company managers in the application of the Corporate Social Responsibility practice. The study highlighted the importance of managers in the involvement of other stakeholders in the implementation of Corporate Social Responsibility programmes in order to promote good relations and sustainable development. The Relational Theory and the Stakeholders Theory advocate establishment of a sustainable relationship between the company and the community and integration of the two entities. These theories also stress the need for these companies to uphold ethical standards during their mining operations. The use of these theories in this study helps to understand the manner in which the Geita Gold Mine executes the Corporate Social Responsibility and the extent to which the company adheres to ethical standards in the implementation of its mining activities.

In theorizing, this study makes a number of hypotheses. It posits that CSR follows five perspectives, namely organizational perspective, political perspective, value perspective, community perspective and the social perspective.

The organizational perspective says that, for CSR to take off work, the organization to undertake CSR must have the capacity, resources, structures and systems that support CSR. In their absence, CSR will not work, let alone be sustainable. This study revealed the factors that weakened the relationship between GGM, the community and Government such as land conflicts and matters of compensation and lack of employment opportunities. This undermined efforts at CSR as the capacity was to some extent impaired.

The political perspective says that there ought to be political will among stakeholders for CSR to gain fruition. The firm must show the political will to execute CSR programmes and projects. Similarly, Government, NGOs and communities must have similar political will as one of the preconditions for successful CSR.

The value perspective states that stakeholders must see value in CSR. In other words there must be common and shared values that underpin CSR initiatives. These values include trust, honesty, transparency, empowerment, justice and inclusivity. For instance, this study revealed that the relationship between GGM and Geita Regional Commission Office was not good as there were several issues of misunderstanding including lack of transparency with respect to CSR projects, with some projects lacking value for money.

The community perspective says that there must be communities with unmet needs and that community is willing to engage and participate in CSR activities. CSR will not work in circumstances where the community has no appetite and desire for CSR. A willing community is a prerequisite for successful CSR. As this study showed that there were many unfulfilled promises accompanied with poor coordination of CSR projects, this undermined the sustainability of the projects. Women are too marginalised to participate meaningfully in the mining sector due to patriarchy, lack of technology, lack of resources especially capital and other factors. Under such circumstances, there is a need to ensure the participation of women in the sector, if they are to be active small-scale gold miners so that they can fully contribute to the development of the country.

The social perspective says that personal traits of individuals involved in CSR activities are also important as they influence how CSR is conducted. It is the cohesiveness of these individuals that makes CSR possible. In circumstances where individuals sow divisions, CSR will not work. For example, this study found that the Civil Society Organisations in Geita Region suffer the problem of mistrust among the leaders, causing internal conflicts and division within their ranks. The internal conflicts are over the control of resources and encumber the associations to perform their duties.

#### **10.4 Realisation of Objectives**

This study had five objectives. First, the study sought to assess the contribution of the Geita Gold Mine to development projects in Geita District. The study findings revealed that the contribution of the Geita Gold Mine to development and poverty reduction in this district is insignificant. The study also revealed that very few projects running under the Corporate Social Responsibility initiative had a significant impact on the community.

Since the contribution of GGM to development and poverty reduction was insignificant and very few projects running under the CSR initiative had low impact on the community; GGM will have little benefits to the communities if they do not improve their CSR interventions.

The second objective of the study was to evaluate the impact of the development projects or community-based projects initiated by the Geita Gold Mine on society, particularly in Geita District. The findings of the study revealed that the majority of the participants were not impressed by the involvement of the Geita Gold Mine in community-based development projects. The intervention of the Geita Gold Mine in several projects run under the Corporate Social Responsibility initiative in Geita District had very little impact on community development. The study further found that very few projects initiated under the Corporate Social Responsibility had positive impact on community development.

On the basis of the finding that several projects run under the CSR initiative had very little impact on community development, it is concluded that community members may be dissatisfied with GGM's development interventions and hence sabotage the interventions. This situation could also compromise sustainable development.

The third objective of the study was to assess the level of community participation in development projects in Geita District. The research findings attest to the fact that Geita Gold Mine used to involve the community in the execution of projects run under the Corporate Social Responsibility, but the mining company did little to involve other stakeholders such as Government and Civil Society Organisations. The findings also revealed that the company used to implement most of the Corporate Social Responsibility projects without involving the Government (respective councils). Therefore, there was a missing link between the Geita Gold Mine and the Government, and that tended to hamper the sustainability of these projects.

Little involvement of local Government and Civil Society Organisations like GGM did in implementation of CSR initiatives whereby it was just directly involving other community members is likely to make GGM implement interventions which are out of scope of national CSR policy. That approach can also bring division between community members and leaders.

The fourth objective of the study was to assess the approaches used by Geita Gold Mine in implementing developmental projects as part of Corporate Social Responsibility in Geita District. The study established that in its implementation of the projects under the Corporate Social Responsibility initiative, the mining company applied two approaches. The first was through conducting meetings with all the 43 villages in the five wards and the three divisions that make up Geita Town Council and Geita District Council. This approach was not participatory because the local authorities were excluded. The second approach was the company's adoption and use of the Community Investment Committee (CIC). The committee comprised the following members: the Managing Director of Geita Gold Mine, who chaired the committee; the Community Affairs Manager, who served as the secretary for the committee and the Geita Gold Mine Heads of Department (HODs). Through this arrangement, requests from the villages had to be collected and forwarded to the Community Investment Committee (CIC) for scrutiny and approval. In the same vein, this method was not participatory as it did not involve other indispensable stakeholders such as Government, the community and the Civil Society.

It is good that GGM managers held meetings for CSR projects, although the meetings were deficient in bottom-up approaches, if improvement is made in this shortfall, so that such meetings are more bottom-up, CSR is likely to be improved.

The fifth objective of the study was to develop a better framework that facilitates the implementation of the Corporate Social Responsibility initiative. The study proposes a new Corporate Social Responsibility framework which can be used in the mining sector not only in Tanzania but also in other Sub-Saharan African countries as well. The proposed framework will help the mining sector in execution of projects implemented under the Corporate Social Responsibility programme, and this should be cognisant of the involvement of different stakeholders.

## **10.5 Recommendations**

This study makes several recommendations, which border on the need to assess the applicability of Corporate Social Responsibility, the level of community participation and development as they apply to the mining sector in North-western, Tanzania. The recommendations are stratified into various levels, namely: the policy level; the district level; the Geita Gold Mine level and the level of future research.

### **10.5.1 Recommendations at policy level**

The study makes several recommendations to the Government and other key stakeholders in order to promote best practices in the application of Corporate Social Responsibility in the mining industry. The Government and other stakeholders in the mining industry in Tanzania should ensure that the mining sector contributes positively to the socio-economic development of the country. The recommendations are structured in such a way that they cater for the various levels, namely: policy level; district level; Geita Gold Mine level and the level of future studies.

First, the Government and other stakeholders, including the Multinational Corporations should adopt the United Nations Global Compact initiative, whereby these Multinational Corporations should embark on self-evaluation and ensure that they publish their performance reports basing on the ten principles of sustainable development. These ten principles include: companies operate in such a way that they uphold the basic principles of human rights, do not engage in human rights violations, companies respect freedom of

association and strong recognition of the importance of collective bargaining. Others are eradication of all kinds of forced labour, elimination of child labour, removal of all kinds of discrimination with regard to employment and occupation, companies strongly supporting precautionary steps to environmental challenges, companies being actively involved in taking measures to promote a friendly environmental society, promoting the development and the dissemination of friendly environmental technologies, and companies striving to be corrupt-free in all its forms. The mining companies should prevent causing harm to the people and the planet, and they ought to keep engaging stakeholders in the execution of Corporate Social Responsibility projects.

Second, there is need for the Government to establish a Corporate Social Responsibility Commission to be responsible for overseeing the day to day practical implementation of the concept of Corporate Social Responsibility in the country. The establishment of this commission will ensure accountability and transparency in handling of Corporate Social Responsibility funds and implementation of projects under this programme. The commission will be responsible for setting high standards for the Corporate Social Responsibility practice and projects as spearheaded by the mining industry. The commission will act as a conduit between the mining companies and Government. It will also provide technical guidance and support as well as compiling annual performance evaluation reports regarding the execution of the Corporate Social Responsibility in the extractive industry.

Third, the Government needs to ensure that Multinational Corporations (MNCs) execute Corporate Social Responsibility initiatives within the precincts of the stipulated law. The newly enacted laws, particularly Section 105 of the Written Laws (Miscellaneous Amendments) Act of 2017, require mineral rights holders to prepare Corporate Social Responsibility plans in collaboration with the Ministry of Finance and the Ministry of Local Government and forward them to the respective local Government authorities for approval. The Government should enforce adherence to the newly promulgated Written Laws (Miscellaneous Amendments) Act No. 7 of 2017 and devise appropriate penalties for any company that fails to comply with the laws.

Fourth, the Government, through the Ministry of Minerals, should work closely with mining companies to ensure that all the companies are implementing the Corporate Social

Responsibility policy and therefore contribute positively to community development. Government should make it mandatory for small-scale mining companies to also execute the Corporate Social Responsibility as large companies do.

Fifth, the policies that aim at improving the conditions of Artisanal and Small-scale Miners (ASM) should take into consideration the need to empower small-scale miners so that they can benefit from mining and therefore contribute to economic development. More intervention strategies should be developed to empower female small-scale miners as a disadvantaged group in the community. Small-scale miners should also start implementing Corporate Social Responsibility in their mining endeavours.

#### **10.5.2 Recommendations at the level of Geita District (Study Area)**

The Government, through Local Government Authorities, namely Geita Town Council and Geita District Council and the Geita Gold Mine, must continue initiating projects under the Corporate Social Responsibility in order for the initiatives to have impact on the community. Different stakeholders need to execute Corporate Social Responsibility projects which have a multiplier impact on the community. These projects should not benefit a mere segment of the community but the community in its entirety. Consequently, the Corporate Social Responsibility projects will have a significant impact on the community, and this promotes sustainable community development.

There is need to engage different stakeholders so as to have the most inclusive Corporate Social Responsibility practices which are friendly and participatory for all stakeholders, particularly the Government, Civil Society, Geita Gold Mine and the community. This will ensure the sustainability of the projects implemented under the Corporate Social Responsibility apart from promoting relations among stakeholders.

Local Government authorities need to involve Civil Society in planning and execution of Corporate Social Responsibility projects. The involvement of Civil Society Organisations will help to enforce accountability and transparency in the implementation of these projects. Most of the problems faced in the application of the Corporate Social Responsibility initiative in Geita reportedly emanated from little involvement of Civil Society Organisations and that has resulted in the embezzlement of funds ear-marked for such projects.



The Corporate Social Responsibility practice needs to be locally owned for it to contribute positively to community development. People's needs and choices should be considered during the implementation of Corporate Social Responsibility projects. The execution of such projects should involve different stakeholders such as the mining company, the Government, the community and the Civil Society. This will help to develop a sustainable relationship between the company and the community.

Authorities in the Local Government need to put in place proper documentation of the Corporate Social Responsibility projects. These projects should be well documented, and the information should be made readily available for public consumption.

### **10.5.3 Recommendations at the level of Geita Gold Mine**

Geita Gold Mine should comply with and execute the Corporate Social Responsibility projects as stipulated in the Written Laws (Miscellaneous Amendments) Act No. 7 of 2017, particularly the amended Section 105 of the Mining Law, to include provisions relating to the mineral rights holders' Corporate Social Responsibility Plan. Section 105 states that:

Section 105 (1) of the amended Mining Law directs all Mining Companies to prepare a credible Corporate Social Responsibility plan jointly agreed by the relevant local authority in consultation with the Minister responsible for Local Government Authorities and the Minister responsible for Finance before implementation.

In addition, Geita Gold Mine should ensure an effective Corporate Social Responsibility projects audit or an effective review mechanism in order to improve the quality of service and upholding of the value for money principle in implementation of the Corporate Social Responsibility projects. Mining companies should consider adopting the Corporate Social Responsibility initiative as an important approach to sustainable development. The initiative has become an important aspect in the promotion of Sustainable Development Goals (SGDs), a developmental initiative which aims at eradicating poverty, protecting the planet and ensuring that people enjoy peace and prosperity.

The mining company should ensure that there is effective communication of Corporate Social Responsibility projects and that relevant stakeholders are involved. The Geita Gold Mine needs to continue engaging with other stakeholders in the execution of Corporate Social Responsibility projects. There is a need to ensure that active stakeholders are in

partnership and are involved in these projects. It should be reiterated that engagement of different stakeholders ensures sustainability of the projects.

The Geita Gold Mine needs to disseminate reports on Corporate Social Responsibility to various stakeholders, and the reports should be open to the public. The reports should be readily accessible to the public in order to promote transparency and accountability.

Furthermore, the Geita Gold Mine needs to establish a department that deals with the management of grievances. The department will be responsible for solving day to day grievances from stakeholders. The office should be easily accessible to different stakeholders to circumvent bureaucracy which often manifests as the greatest impediment responsible for unnecessary delays.

#### **10.5.4 Recommendations for further research**

As a result of time and resource constraints, the study only focused on Geita Gold Mine as it was not possible to study other mining companies in Tanzania. Correspondingly, only Geita District and its councils, namely Geita Town Council and Geita District Council were studied. However, it is anticipated that this study will motivate other researchers to conduct similar research projects for the purpose of improving the quality of Corporate Social Responsibility practice in Tanzania. It is therefore recommended that future research should be conducted on other extractive companies such as oil and gas where the companies are investing a lot of money in Corporate Social Responsibility projects without anything tangible being witnessed.

Additionally, this study elicited much of the data from Geita Gold Mine and Geita District councils, namely Geita Town Council and Geita District Council. This provides justification for the imperativeness of a more extensive study to be conducted in other regions covering small, medium and large-scale mining entities. This is important as there are many problems which need new intervention strategies in order to improve the execution of Corporate Social Responsibility in the mining sector in Tanzania. Since the study findings were based on an assessment of the applicability of Corporate Social Responsibility, community participation and development in the mining sector in the North-western part of Tanzania, it is proposed that a specific study be conducted to assess mining companies' adherence to the new legislation that regulates the implementation of the Corporate Social Responsibility programme.

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## APPENDICES

### Appendix 1: Questionnaire for Community Members



### QUESTIONNAIRE FOR COMMUNITY MEMBERS

Interviewer's introduction:

Dear Respondent.

My name is Nawanda Yahaya, conducting a research survey for a PhD degree in Development Studies at University of KwaZulu-Natal. My student registration number is: 217079115. This research aims to assess the **Corporate Social Responsibility, Community Participation and Development in the Mining sector of the North-western, Tanzania**. I would be grateful if you could spare a moment to answer this questionnaire. Please do not write your name on the questionnaire to ensure confidentiality of your responses. Please omit any questions you do not wish to answer and feel free to add comments or clarifications to any questions. Your contribution is highly valued in making the study successful. Assurance is given that your personal information will be handled confidentially and will be used for academic purpose only. Thank you for your time and effort you will remain anonymous.

Researcher contact details: Nawanda Yahaya

Email address: ynowanda@yahoo.co.uk

Phone number: +255714125646

My supervisor: Prof. Oliver Mtapuri. Email address: mtapurio@ukzn.ac.za

**SECTION A: Background Information**

1. What is your age? (years)

.....

2. Gender of the respondent

1) Male [ ]

2) Female [ ]

3. Marital statuses

1) Single [ ]

2) Married [ ]

3) Steady relationship [ ]

4) Divorced [ ]

5) Widowed [ ]

4. Level of education

1) No formal education [ ]

2) Primary school [ ]

3) Secondary school [ ]

4) College/Diploma [ ]

5) University [ ]

5. Level of Income per month

.....

6. Sources of income

1) Agriculture [ ]

2) Mining [ ]

3) Pastoralism [ ]

4) Business [ ]

5) Employment (specify).....

6) Others (specify).....



**SECTION B**

7. Do you know Geita Gold Mine (GGM)?

- 1) Yes [ ]
- 2) No [ ]

8. How long have you been living near Geita Gold Mine (GGM) (years)? (Please tick)

- 1) 0-5 [ ]
- 2) 6-10 [ ]
- 3) 7-11 [ ]
- 4) 12 and above [ ]

9. In which area does your community benefit from Geita Gold Mine (GGM)?

(Please tick more than one)

- 1) Building schools/ supplying school materials [ ]
- 2) Building Hospital/ Dispensary/ supplying medical facilities [ ]
- 3) Water facilities /sanitation [ ]
- 4) Infrastructure such roads, bridges, dams etc [ ]
- 5) Agriculture [ ]
- 6) Others (specify).....

10. What contribution to the development and poverty reduction does the GGM provide to the community? (Please tick more than one)

S/No	Development/ Poverty reduction	Response
1.	Creation of employment opportunities	
2.	Provision of market for local goods and services	
3.	Improvement of habitat	
4.	Improvement of community welfare/ living standard	
5.	Food security	
6.	Provision of social services	
7.	Economic diversification	
8.	Social security programmes	
9.	Improvement of infrastructure	
10.	Capacity building programmes	
11.	Environmental conservation	
12.	Empowerment of vulnerable groups	

11. What societal impacts does Geita Gold Mine bring to the community through their developmental projects (CSR) ?( Please tick more than one option)

S/No	Societal Impact	Yes	No
1.	Improved academic performance		
2.	Improved health care and sanitation		
3.	Improved living standard		
4.	Improved infrastructure		
5.	Reduced crime rate		
6.	Reduced unemployment rate		
7.	Improved other sectors of economy		
8.	Improved environmental protection		
9.	Increased local Government revenue		

12. Which areas have GGM invested in any of the listed below as part of its community investment initiatives (CSR) ?(Please tick whichever applicable)

S/NO	Community Investment Initiatives	Yes	No
1.	Education		
2.	Health		
3.	Water and sanitation		
4.	Capacity building		
5.	Youth Development		
6.	Conservation of Nature		
7.	Sports and Games		
8.	Counselling and HIV/AIDS Initiatives		
9.	Fishing projects		
10.	Infrastructural support to local community		
11.	Empower people with disability and other vulnerable groups		
12.	Agricultural activities		

13. What type of resources do GGM provide to the community? (Please tick)

- 1) Money [ ]
- 2) In Kind [ ]
- 3) Volunteering/charity [ ]
- 4) Loans/ micro- credits [ ]

14. What developmental approaches does the GGM use as a part of CSR?

- 1) Top- bottom approach (imposed to community) [ ]
- 2) Bottom- up approach (community participatory) [ ]

15. In which processes does the community participate? (Please tick where appropriate)

S/NO	Processes	Yes	No
1.	Project designing		
2.	Project planning		
3.	Project implementation		
4.	Project Monitoring		
5.	Project Evaluation		

16. Are you satisfied with Geita Gold Mine (GGM) involvement in community development?

- 1) Very satisfied [ ]
- 2) Satisfied [ ]
- 3) Average [ ]
- 4) Not satisfied [ ]
- 5) Very dissatisfied [ ]

17. Which areas should be improved by the GGM/ Geita Town Council in implementation of development projects (CSR)? (Please tick where appropriate)

S/No	Areas of improvement	Response
1.	Transparency	
2.	Capacity building/ community empowerment	
3.	Local content implementation	
4.	Environmental conservation	
5.	Community involvement	
6.	Infrastructure	
7.	Provision of social services	
8.	Job creation opportunities	
9.	Economic diversification	
10.	Corporate/ community disputes settlement	
11.	Community awareness on CSR	
12.	Quality of projects	

18. What should be done to make to make CSR projects sustainable? (Please tick where appropriate)

- 1) Capacity building and awareness [ ]
- 2) Job and income creation opportunities [ ]
- 3) Economic diversification [ ]
- 4) Record Management of CSR projects/programmes [ ]
- 5) Community involvement and ownership [ ]
- 6) Youth development [ ]
- 7) Conduct of needs assessment [ ]
- 8) Even distribution/allocation of the CSR projects [ ]
- 9) Establishment and maintenance of proper channels of communication [ ]
- 10) Expectations and grievances management [ ]
- 11) Transparency of the projects [ ]
- 12) Effective corporate exit and community takeover strategy [ ]

19. How do you rate with the relationship with GGM? (Please tick one)

- 1) Very good [ ]
- 2) Good [ ]
- 3) Average [ ]
- 4) Poor [ ]
- 5) Very poor [ ]

20. Are there any conflicts between the Geita Gold Mine (GGM) and your community?

- 1) Yes [ ]
- 2) Neutral [ ]
- 3) No [ ]

21. What are the areas/issues of conflict (Please tick where appropriate in accordance with their gravity i.e. the higher the number the greater the gravity).

S/NO	Issues of conflicts	Very high (5)	High (4)	Average (3)	Low (2)	Very low (1)
1	Environmental issues					
2	Land conflict					
3	Encroachment/intrusion					
4	Non-recognition of Community views					
5	Compensation					
6	Forced eviction					
7	Unresolved grievances					
8	Human rights abuses					
9	Unfulfilled local content					
10	Lack of transparency					
11	Resource allocation					
12	Unfulfilled promises					

22. Please rate the level of satisfaction relationship between the Geita Gold Mine (GGM) and your community?

- 1) Very satisfied
- 2) Satisfied
- 3) Average
- 4) Not satisfied
- 5) Very dissatisfied

23. Is there any structure or institutional framework in place for conflict resolution at the following levels? (Please tick where appropriate)

- 1) Village/ Mtaa level [ ]
- 2) Ward level [ ]
- 3) District/Council level [ ]
- 4) Company level [ ]

24. Is there any alternative options for the community to cope with unresolved conflicts apart from formal Government structure?

- 1) Yes [ ]
- 2) No [ ]

25. If yes please tick appropriate options

- 1) Court of law [ ]
- 2) Civil society intervention [ ]
- 3) Arbitration [ ]
- 4) Traditional settlement [ ]

26. What should be done to improve the relationship between GGM and the surrounding community? (Please tick where appropriate)

S/No	Improvement	Response
1.	Transparency	
2.	Capacity building	
3.	Community participation	
4.	Improve channels of communication	
5.	Grievance Management	
6.	Protection of human rights	

Date:

Village:

Ward:

Thank you for completing the survey.

## Appendix 2: Focus Group Discussion Guide



### FOCUS GROUP DISCUSSION GUIDE

Interviewer's introduction:

Dear Respondent,

My name is Nawanda Yahaya, conducting a research survey for a PhD degree in Development Studies at University of KwaZulu-Natal. My student registration number is: 217079115. This research aims to assess the **Corporate Social Responsibility, Community Participation and Development in the Mining sector of the North-western, Tanzania**. I would be grateful if you could spare a moment to answer this questionnaire. Please do not write your name on the questionnaire to ensure confidentiality of your responses. Please omit any questions you do not wish to answer and feel free to add comments or clarifications to any questions. Your contribution is highly valued in making the study successful. Assurance is given that your personal information will be handled confidentially and it will be used for academic purpose only. Thank you for your time and effort you will remain anonymous.

Researcher contact details: Nawanda Yahaya

Email address: y nawanda@yahoo.co.uk

Phone number: +255714125646

My supervisor: Prof. Oliver Mtapuri. Email address: mtapurio@ukzn.ac.za

1. In which area does your community benefit from Geita Gold Mine (GGM)?
2. What contribution to the development and poverty reduction does the GGM provide to the community?
3. Which areas have GGM invested as part of its community investment initiatives (CSR)?

4. What societal impacts does Geita Gold Mine bring to the community through their developmental projects (CSR)?
5. What developmental approaches does the GGM use as a part of CSR?
6. Which areas should be improved by the GGM/ Geita Town Council in implementation of development projects (CSR)? (Please tick where appropriate)
7. What should be done to make to make CSR projects sustainable?
8. Are there any conflicts between the Geita Gold Mine (GGM) and your community? If yes what are the areas/issues of conflict?
9. Is there any structure or institutional framework in place for conflict resolution at the following levels?
10. What should be done to improve the relationship between GGM and the surrounding community?

Date:

Village:

Ward:

Thank you for your participation.



### Appendix 3: Interview Guide for Government Officials



#### INTERVIEW GUIDE FOR GOVERNMENT OFFICIALS

Interviewer's introduction:

Dear Respondent,

My name is Nawanda Yahaya, conducting a research survey for a PhD degree in Development Studies at University of KwaZulu-Natal. My student registration number is: 217079115. This research aims to assess the **Corporate Social Responsibility, Community Participation and Development in the Mining sector of the North-western, Tanzania**. I would be grateful if you could spare a moment to participate in the interview. Please skip any question you do not wish to answer and feel free to add comments or clarifications to any questions. Your contribution is highly valued in making the study successful. Assurance is given that your personal information will be handled confidentially and it will be used for academic purpose only. Thank you for your time and effort you will remain anonymous.

Researcher contact details: Nawanda Yahaya

Email address: [ynawanda@yahoo.co.uk](mailto:ynawanda@yahoo.co.uk)

Phone number: +255714125646

My supervisor: Prof. Oliver Mtapuri. Email address: [mtapurio@ukzn.ac.za](mailto:mtapurio@ukzn.ac.za)

#### **SECTION A: GGM contribution to development and poverty reduction in Geita District**

1. How does the community and Government benefit from GGM CSR projects and programmes
2. What type of resources does GGM provide as part of CSR?

**SECTION B: Societal impacts GGM has to the Geita District community through its CSR Projects**

3. How does GGM CSR projects and programmes contribute to development and poverty reduction initiatives in Geita
4. What are the noticeable impacts of these CSR Projects to the community?
5. What are the challenges and possible areas of improvement in implementation of CSR projects

**SECTION C: Geita district community involvement in CSR project**

6. How does GGM involve the community in the CSR projects?
7. What should be done to make CSR projects sustainable?

**SECTION D: GGM CSR approaches/model**

8. What approach does GGM use in undertaking CSR projects?
9. How does the Government facilitate local content policy for the benefit of the community?

**SECTION E: Government, GGM and community relationships**

10. What is the status of the relationship between Government, community and GGM?
11. How do you resolve conflict between and the community?

## Appendix 4: Interview Guide for Government Officials



### INTERVIEW GUIDE FOR GGM OFFICIALS

Interviewer's introduction:

Dear Respondent,

My name is Nawanda Yahaya, conducting a research survey for a PhD degree in Development Studies at University of KwaZulu-Natal. My student registration number is 217079115. This research aims to assess the **Corporate Social Responsibility, Community Participation and Development in the Mining sector of the North-western, Tanzania**. I would be grateful if you could spare a moment to participate in the interview. Please skip any question you do not wish to answer and feel free to add comments or clarifications to any questions. Your contribution is highly valued in making the study successful. Assurance is given that your personal information will be handled confidentially, and it will be used for academic purpose only. Thank you for your time and effort you will remain anonymous.

Researcher contact details: Nawanda Yahaya

Email address: ynowanda@yahoo.co.uk

Phone number: +255714125646

My supervisor: Prof. Oliver Mtapuri. Email address: mtapurio@ukzn.ac.za

**SECTION A: GGM contribution to development and poverty reduction in Geita District**

1. How do you implement CSR projects? What are the CSR interventions since the beginning of the operations to date?
2. What type of resources does GGM provide as part of CSR?
3. What are the GGM achievements and challenges so far recorded? What are the opportunities and the way forward with regards to CSR?

**SECTION B: Societal impacts GGM has to the Geita District community through its CSR Projects**

4. How do GGM CSR projects and programmes contribute to development and poverty reduction initiatives in Geita?
5. What are the possible areas of improvement in implementation of CSR projects
6. What are the measures in place to mitigate/ manage environmental impacts?
7. What are the GGM measures for community capacity building?

**SECTION C: Geita district community involvement in CSR project**

8. What should be done to make CSR projects sustainable?
9. Is there any company exit strategy? How does it support sustainability of the CSR projects?

**SECTION D: GGM CSR approaches/model**

10. What approach does GGM use in undertaking CSR projects? How does GGM involve the community in the CSR projects?
11. What is the company internal policy on local content?

**SECTION E: Government, GGM and community relationships**

12. What is the status of the relationship between Government, community and GGM?
13. What are the GGM approaches for grievance management and conflict resolution?

## Appendix 5: Ethical Clearance Letter



15 February 2018

Mr Yahaya Nawanda (217079115)  
School of Built Environment & Development Studies  
Howard College Campus

Dear Mr Nawanda,

**Protocol reference number: HSS/2132/017D**

**Project Title:** Corporate Social Responsibility, community participation and development in the Mining Sector of Northwestern, Tanzania

### Approval Notification – Expedited Application

In response to your application received 01 November 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.


**Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.**

**PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.**

**The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.**

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

  
.....  
Dr Shamila Naidoo (Deputy Chair)

/ms

Cc Supervisor: Professor Oliver Mtapuri  
Cc Academic Leader Research: Professor Oliver Mtapuri  
Cc School Administrator: Ms Nolundi Mzolo

---

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**Appendix 6: Gate Keeper's Letter from District Commissioner (DC) Geita**

**THE UNITED REPUBLIC OF TANZANIA  
PRESIDENT'S OFFICE  
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**

**GEITA** REGION  
Address: "ADMIN"  
Telephone No.: 028 – 2520050  
028 – 2520447



DISTRICT COMMISSIONER'S OFFICE  
P. O. Box 52,  
**GEITA.**

Ref. No.

19<sup>th</sup> Oct. 2017

Yahaya Esmail Nawanda  
School of Built Environment and Development Studies,  
University of Kwa-Zulu Natal,  
Durban, 4041  
**SOUTH AFRICA.**

*Dear Mr Nawanda,*

**RE: REQUEST TO CONDUCT DOCTORAL RESEARCH:  
CORPORATE SOCIAL RESPONSIBILITY, COMMUNITY PARTICIPATION  
AND DEVELOPMENT IN THE MINING SECTOR OF THE NORTHWESTERN  
TANZANIA, CONTEXT OF GEITA GOLD  
MINE IN GEITA DISTRICT, TANZANIA.**

In reference to your letter dated 20 September 2017, regarding the above subject. I wish to inform you that your application has been approved, for you to conduct a study, which is a component of your Doctoral study titled: Corporate Social Responsibility Community Participation and Development in the Mining sector of the Northwestern Tanzania, Context of Geita Gold Mine. The study will take place on the 2nd January 2018 to the 30th April 2018.

This approval is granted subject, to the study, taking place during office hours, and the instruments of data collection to be administered, will be by means of questionnaires, focus group discussions and interviewing key person(s) from Geita Town Council, community and Geita Gold mine workers, who are the key focus of the study. We however, believe you will be conscious of ethical consideration as stipulated in your application.

The Geita District and Geita Gold Mine (GGM) will provide all necessary support to achieve your objectives. We look forward to the findings of the study and we believe it will be beneficial not to Geita district alone but the nation of Tanzania in general.

Regards,



**Herman Clement Mupaji**  
**District Commissioner**  
**GEITA, Tanzania**  
**DISTRICT COMMISSIONER**  
**GEITA**

## Appendix 7: Gate Keeper's Letter from Geita Gold Mine (GGM)



PO Box 532, Geita, Tanzania  
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Fax: +255 282 160 104  
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5th Floor, Nyerere Towers, Plot 1249/11 Bibi Titi, Morogoro  
Road, Dar es Salaam  
PO Box 75803, Dar es Salaam, Tanzania  
Tel: +255 222 121 038  
Fax: +255 222 121 050  
Website: www.anglogoldashanti.com

18<sup>th</sup> October, 2017

Mr. Nawanda Yahaya  
PHD Student No. 217079115  
University of Kwazulu Natal, Durban  
4041 South Africa

### RE: REQUEST TO PARTICIPATE IN RESEARCH PROJECT

Reference is made to the heading above, and your letter dated 30<sup>th</sup> September, 2017.

Geita Gold Mine is one of the several operations owned by AngloGold Ashanti across the globe. This mine, like all others under AGA is guided by several values, one of which states that the communities around our operations must be better off for us having been here.

Under this value the Company has invested significantly in supporting the surrounding communities in terms of health, education, arts and culture, Small and Medium Enterprise, environment and social infrastructure since its inception. In that regard it is fair to say that your choice to conduct the topic research: **Corporate Social Responsibility, Community Participation and Development in the Mining sector of Northwestern Tanzania, Context of Geita Gold Mining**, is relevant and appropriate.

I hereby express my consent for you to conduct the research as requested within the terms of your request letter and any other reasonable conditions that management may deem appropriate to impose before and/during your research. It is also my expectation that you will be able to share the findings of your research for the benefit of the communities surrounding our operation.

I wish you all the best in your academic journey.

Regards,

  
Richard M. Mwanuzi  
Managing Director  
Geita Gold Mining Limited

Directors: \*Sicelo Ntuli (Chairman),  
\*South African,

\*\* R. Mariki (Director),  
\*\*Tanzanian


\*H. Persotam (Director)

\* L. Marwick (Director),  
\*\*\*British

\*\*\* R. Jordinson (Director)



## Appendix 8: Geita Gold Mine (GGM) and Geita Councils signs Agreement on CSR



**ANGLOGOLDASHANTI**  
Geita Gold Mining Limited

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Fax: +255 282 160 104  
Dar es Salaam Office:  
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Oysterbay, Kinondoni District  
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Website: www.anglogoldashanti.com

8 March 2018

**Press Release**

**GGML and Geita Councils Sign Agreement on Developments Project for 2018**

(GEITA – PRESS RELEASE) - Geita Gold Mining Limited (GGML), the Geita District Council and Geita Town Council this week signed a Memorandum of Understanding (MoU) in relation to the GGM's Corporate Social Responsibility (CSR) Plan for 2018. This makes GGM the first mining company to comply with Tanzania's new legislation governing the process for agreeing its CSR Plan in advance of its implementation.

The agreed projects will benefit the Geita communities in the areas of education, health, environment, potable water supply, humanitarian aid and small business development.

The Government of the United Republic of Tanzania, through the Written Laws (Miscellaneous Amendments) Act. No 7 of 2017, amended section 105 of the Mining Law to include provisions relating to a mineral right holder's Corporate Social Responsibility Plan.

*"Section 105 (1) of the amended Mining Law directs all Mining Companies to prepare a credible Corporate Social Responsibility plan jointly agreed by the relevant Local Authority in consultation with the Ministers responsible for Local Government Authorities and the Minister responsible for Finance before implementation, and this is what we have today," Geita Regional Commissioner, Eng. Robert Gabriel, said. "We commend GGML for being the first mining company to comply with the law, and we are looking forward toward this cooperation."*

GGML strives to support the Government of Tanzania's aspirations of sustainable social and economic development in host communities. The company further endeavours to collaborate with the local authorities as well as the communities in the identification and management of key projects for the sustainable future of Geita District and Town councils.

*"We are proud of this important milestone, and we believe that working together with the host communities through an all-inclusive process, will enhance ownership of these projects by the communities, as well ensure their success and sustainability," GGM Managing Director, Mr. Richard Jordinson, said.*

**Directors:** \*Sicelo Ntuli (Chairman), \*\* R.Mariki (Director), \*H.Persotam (Director), \* L. Marwick (Director), \*\*\* R.Jordinson \*\* F.Mlaki \*\*\*\*E.Ankamah

\*South African      \*\*Tanzanian      \*\*\*British      \*\*\*\*Ghanaian





Since its inception, GGM has been working closely with the Geita Town and District Councils to support a number of community projects in the Geita region through Public-Private Partnerships as well as National programmes. Consistent with its core value of providing the Geita community with sustainable socio-economic development that outlast mining activity, GGM had a comprehensive programme of direct investment in the local Geita community through a series of projects including water supply, education and economic development activities in the agriculture, construction and service sectors.

“We are determined to leave a legacy of enduring value for our Geita and Tanzania stakeholders through our direct investments, through the jobs we create, the export revenue we generate and the taxes we pay,” Mr Jordinson said. “We are proud of this contribution and will continue to work with all stakeholders to ensure sustained economic development benefit continues to flow from our mining activities.”

**Ends**

**For more information, Visit: [www.anglogoldashanti.com](http://www.anglogoldashanti.com)**