

MZUMBE UNIVERSITY

SCHOOL OF BUSINESS

**The Impact of Corporate Social Responsibility on Poverty Alleviation in Mining
Areas in Tanzania: The Case Study of African Barrick Gold**

By

Steven Mugisha Hauli

MBA (Corporate Management)

A dissertation submitted in partial fulfillment of the requirements for the award of the
degree of Masters of Business Administration (Corporate Management) of Mzumbe
University

2013

CERTIFICATION

We, the undersigned certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: **The Impact of Corporate Social Responsibility on Poverty Alleviation in Mining Areas in Tanzania: The Case Study of African Barrick Gold**, in partial fulfillment of the requirements for award of the degree of Master of Business Administration (Corporate Management) of Mzumbe University.

Signature

Major Supervisor

Signature

Internal Examiner

Accepted for the Board of

.....

Signature

DEAN/DIRECTOR,
FACULTY/DIRECTORATE/SCHOOL/BOARD

DECLARATION

I, Steven Mugisha Hauli, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature _____

Date _____

COPYRIGHT

This dissertation is copyright material under the Berne Convention, the Copyright and Neighbouring Rights Act, 1999 and other international and national laws on intellectual property. No part of this Dissertation may be reproduced or stored in any retrieval system or transmitted in any form or by any means whether electronic, mechanical, photocopying and recording or otherwise in full or in part except for short extracts under fair use, for scholarly work only, without prior written permission of the Deputy Vice Chancellor for Academic Affairs of Mzumbe University, on behalf of the author and the University.

ACKNOWLEDGEMENT

I would like to express my sincere thanks and appreciation to all those who helped me in various ways in the course of researching and writing a report of this dissertation. Time and space would not allow me to mention all of them for their enormous contributions to the completion of this work. However, I would like to mention just a few.

First and foremost, my distinguished thanks should go to my supervisor, Dr. Daudi Mollel, whose constructive criticisms and helpful guidance helped me so much in accomplishing this work. Also, I would like to express my sincere gratitude to the following in no particular order for their helpful insights and helpful contributions towards the completion of this dissertation: Mr. Stephen Kisakye of ABG, Mr. Christopher Laurent (Mwendakulima Village Executive Officer), Mr. Nicholas Maya (Bulyanhulu Ward Executive Officer), the Headmasters of Bugarama Secondary School and Ingwe Secondary School, Headmistress of Nyamongo Primary School, Mr. Stanley Mashehdi Mbuta (Bugarama Ward Education Coordinator) and Mr. Leonard M. Mabula of Msalala District Council.

Special thanks should also go to my current employer, Layne Drilling Tanzania Limited, for the valuable support in funding this dissertation. Had it not been for my employer's permission and financial support, this dissertation would not have been a success.

I take full responsibility for all the mistakes and shortcomings.

DEDICATION

This work is dedicated to my beloved wife, Neema John Mwakasege, whose unfailing support and dedication has enabled me to successfully complete this work and my studies in general.

LIST OF ABBREVIATIONS

ABG	African Barrick Gold
CSR	Corporate Social Responsibility
CIPD	The Chartered Institute of Personnel and Development
NEMC	National Environment Management Council
NGO	Non – Governmental Organizations
TFDA	Tanzania Food and Drugs Authority
TBS	Tanzania Bureau of Standards
OSHA	Occupational Health and Safety Authority
OECD	Organization for Economic Cooperation and Development
TANESCO	Tanzania National Electricity Company
SACCOS	Savings and Credit Co-operatives
SEDEP	Secondary Education Development Plan
UN	United Nations
USAID	United States Agency for International Development

TABLE OF CONTENTS

CERTIFICATION.....	ii
DECLARATION	iii
COPYRIGHT.....	iv
ACKNOWLEDGEMENT	v
DEDICATION	vi
LIST OF ABBREVIATIONS	vii
TABLE OF CONTENTS.....	viii
LIST OF FIGURES.....	xiii
ABSTRACT.....	xiv
CHAPTER ONE	1
INTRODUCTION.....	1
1. 1 Introduction	1
1.2 Background to the Problem.....	5
1.3 African Barrick Gold: The Company Profile	8
1.4 Statement of the Problem	9
1.5 Research Objectives.....	11
1.5.1 General Research Objective	11
1.5.2 Specific Research Objectives.....	11
1.6 Research Questions.....	11
1.7 Significance of the Research	12
CHAPTER TWO	14
LITERATURE REVIEW	14
2.1 Theoretical Literature Review	14
2.1.1 Meaning of Corporate Social Responsibility.....	14
2.1.2 Triple Bottom Line Concept and Stakeholder Theory	16
2.1.3 Corporate Social Stakeholders.....	17
2.1.4 Firm and Economic Responsibilities.....	18
2.1.5 Legal and Ethical Responsibilities	19

2.1.6 Discretionary (Philanthropic) Responsibilities	20
2.1.7 The Rationale for Corporate Social Responsibility	21
2.1.8 Benefits of Corporate Social Responsibilities to a Firm	22
2.2 Conceptual Framework	22
CHAPTER THREE	25
RESEARCH METHODOLOGY	25
3.1 Introduction	25
3.2 Research Design	25
3.4 Study Population.....	26
3.5 Sample Design and Sample Size	27
3.5.1 Sampling Technique.....	27
3.6 DATA COLLECTION METHODS	28
3.6.1 Questionnaires	28
3.6.2 Key Informants Interviews	28
3.6.3 Focused Group Discussion	28
3.6.4 Observation.....	28
3.6.5 Library Research.....	29
3.6.6 Conclusion.....	29
CHAPTER FOUR	30
DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS	30
4.1 Introduction	30
Age Distribution	30
Education Level.....	31
Employee Position.....	31
Length of Service (Tenure)	33
4.2 ABG's Corporate Social Responsibility Policy.....	33
4.2.1 Ethics.....	34
4.2.2 Employees	34
4.2.3 Communities.....	34
4.2.4 The Environment	34

4.2.5 Health and Safety	35
4.2.6 Security and Human Rights	35
4.2.7 ABG Maendeleo Fund	35
4.3 Buzwagi Gold Mine	37
4.3.1 Road Infrastructure	38
4.3.2 Education Support.....	38
4.3.3 Health Services	43
4.3.4 Provision of Water and Electricity	45
4.3.5 Agriculture Improvement Support: Community Farm Development Programme.....	46
4.3.6 Employment Opportunities.....	46
4.3.7 Supporting construction and renovation of government offices	47
4.3.8 Employee Training and Development.....	47
4.4 Bulyanhulu Gold Mine.....	48
4.4.1 Education Support.....	48
4.4.2. Health Services Support	52
4.4.3 Water and Power Supply	53
4.4.4 Bulyanhulu Local Community Cooperative (Ibuka).....	54
4.4.5 Construction of the first bank building in Bugarama	55
4.4.6 Employment Opportunities for Tanzanian nationals.....	55
4.5 North Mara Gold Mine	56
4.5.1 Education Support.....	57
4.5.1.1 Donation of School Desks to Primary Schools	57
4.5.2 Health Services Support	62
4.5.3 Water and Sanitation	64
4.5.4 Nyamongo Court House and Staff Quarters	65
4.5.5 Road Maintenance.....	66
4.5.6 Employment Opportunities.....	67
4.5.7 Promotion of Local Farming	69
4.5.8 North Mara Co - Existence Plan	69

4.5.9 Environmental Protection and Preservation	70
4.5.10 Other Community Investments Projects	71
4.6 Extent of ABG’s CSR Investments in Mining Areas.....	72
4.7 Impact of ABG’s CSR activities on poverty alleviation	73
4.7.1 Education.....	74
4.7.2 Health Services	76
4.7.3 Water and Sanitation	79
4.7.4 Road Infrastructure	80
4.7.5 Reliable Source of Power	82
4.7.6 Local employment.....	83
4.7.7 Local Procurement	84
Poverty Alleviation Initiatives	86
CHAPTER FIVE.....	87
SUMMARY, CONCLUSION AND RECOMMENDATIONS	87
5.1 Summary	87
5.2 Conclusion.....	89
5.3 Recommendations.....	89
5.3.1 For ABG’s CSR activities to have better impact on poverty alleviation.....	89
5.3.2 The other recommendation is that ABG	90
5.3.3 In addition to constructing schools and supporting.....	90
5.3.4 Similarly, in addressing the problem of income and employment	90
5.3.5 Moreover, it is highly recommended that ABG focuses	91
5.3.6 The other way ABG can support local communities	91
5.3.7 It is highly recommended that ABG should negotiate	92
5.3.8 Lastly, but not least, this Research recommends to the government.....	92
5.3.9 Alternatively, it is a recommendation of this Research that the government	92
A. REFERENCES.....	92
B. ARTICLES AND JOURNALS	95
C. WORLD WIDE WEBSITES.....	96
APPENDICES	98

Appendix 1: ABG Officials	98
Appendix 2: Local Residents	105
Appendix 3: Local Government Officials.....	112
Appendix 4: ABG Employees	119

LIST OF FIGURES

Figure 2.1: Conceptual Framework	24
Figure 4.1: Age Distribution	30
Figure 4.2: Level of Education	31
Figure 4.3: Employee Position	31
Figure 4.4: Higher Education Training.....	32
Figure 4.5: Length of Service(Tenure)	33
Figure 4.6: Chapulwa Primary School.....	39
Figure 4.7: School Desks Donated by ABG and Hassan Maajar Foundation.....	43
Figure 4.8: Mwendakulima Health Centre.....	44
Figure 4.9: Bugarama Secondary School	49
Figure 4.10: Ingwe Secondary School.....	59
Figure 4.11: Nyangoto Primary School	60
Figure 4.12: Kemambo Secondary School	62
Figure 4.13: Sungu Sungu Health Centre	64
Figure 4.14: Nyamongo Primary Court (under construction)	66
Figure 4.15: Nyakegema SACCOS	68
Figure 4.16: Extent of ABG's CSR Investments in Mining Communities	72
Figure 4.17: Impact of ABG's CSR on the Lives of Local Communities	74
Figure 4.18: Contribution of ABG's CSR on Poverty Alleviation in Mining Areas	86

ABSTRACT

This research aims at assessing the impact of corporate social responsibility on poverty alleviation in mining areas in Tanzania by using a case study of African Barrick Gold (ABG) as its research design. The study was conducted at Tarime and Kahama Districts where three ABG's gold mines of North Mara, Buzwagi and Bulyanhulu are located. A sample size of 150 was used in the study comprising of ABG employees, ward and village executive leaders, local residents and local government officials in the area.

Information relating to Corporate Social Responsibility activities conducted by ABG and their implementation were extracted from annual reports; websites, interviews, questionnaires and library research. Data collected were summarized both qualitatively and quantitatively. The sampling procedures used were judgmental sampling and simple random sampling research methodology.

Major findings show that ABG's has invested heavily in Corporate Social Responsibility activities such as education, health, water and sanitation, electricity, infrastructure etc in all the mining areas where it operates. However, the research has found out that despite these massive investments in mining areas, ABG's Corporate Social Responsibility activities have not contributed much to poverty alleviation for most residents in the areas.

The conclusion drawn in this study shows that effective implementation of the company's Corporate Social Responsibility plan has a positive impact on poverty alleviation in the surrounding communities where it operates. Therefore, the study recommends to the government to regulate corporate social responsibility in the country by making it mandatory for mining companies to fund development activities in the areas where they operate. Also, the study recommends that a certain percentage of corporate tax or royalty paid by mining companies should be remitted back to local governments for promoting economic development activities in the mining areas.

CHAPTER ONE

INTRODUCTION

1. 1 Introduction

In recent years, Corporate Social Responsibility (CSR) has been gaining widespread influence within the business world. Many corporate organizations are investing a lot of money in activities related to Corporate Social Responsibility. Whether it is made compulsory or voluntary, CSR will remain the single most effective way corporate organizations can contribute to society in which they live. Though the concept and definition of what CSR is have gone through different phases and evolved over the years, it was not until the late 1990's that the idea of CSR became almost universally sanctioned and promoted by all constituents in the society from governments and corporations to non-governmental and individual consumers.

Due to its growing importance, Lee (2008) says most of the major international organization organizations such as the United Nations, World Bank, the Organization of Economic Co-operation and Development (EOCD) have not only endorsed CSR, but they have also established guidelines and permanently staffed divisions to research and promote CSR. However, attempting a definition of what CSR has never been a simple task as there are many and varied definitions of Corporate Social Responsibility. In short, according to McWilliams *et al* (2006) Corporate Social Responsibility (CSR) refers to the actions taken by businesses “that further some social good beyond the interests of the firm and that which is required by law.” It is concerned with “the impact of business behaviour on society, according to Husted, B. and Salazar J. (2006). Porter, M. & Kramer M. (2006) say that CSR can be regarded as a process of integrating international business and society

According to Redington (2005), CSR has also been defined by CIPD in *Making CSR Happen: the contribution of people management* as “the continuing commitment by

business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” This definition seems to place more emphasis on CSR in the workplace.

Discussing about the role of CSR, Davis (1973) conceptualizes CSR as “what companies do to make a contribution to society above and beyond what constitutes their legal obligations”. Another definition by Pride and Ferrell (1977) explains CSR as “the corporation’s moral responsibility to maximize its positive impact and minimize its negative impact on the society”. Yet, in a more contemporary definition of CSR, Kotler and Lee (2005) define CSR as a commitment to improve community well-being through discretionary business practices and contributes of corporate resources”.

Because of its broad conceptualization, there are many and varied areas of corporate social responsibilities, therefore, the areas are endless. The most comprehensive list of different CSR activities can be obtained from a database named *Socrates: The Corporate Social Ratings Monitor* which monitors and rates more than 600 CSR compliant companies. According to this database, the six main domains which conceptualize CSR are (1) community support (e.g. support of arts, health and educational initiatives) (2) diversity (e.g. race, sex, and religion initiatives) (3) employee support (job security, profit sharing and employee involvement) (4) environment (e.g. environment friendly products and pollution control) (5) operations (operations in countries with human rights violations) and (6) products (products safety, research and development).

Socially responsible behaviour was explained more by Carroll (1991) who used a pyramid to categorize into four main components namely (1) economic components (e.g. it is vital to perform in a manner consistent with maximizing earnings per share) (2) legal component (e.g. it is important to comply with various federal, state and local regulations) (3) ethical components (e.g. it is important to recognize new or evolving moral/ethical norms adopted by the society) and (4) philanthropic components (i.e. it is

important to perform in a manner consistent with philanthropic and charitable expectations of the society)

CSR is not a new phenomenon in business. Most studies seem to suggest that CSR has been around for as long as trade and business have been around. The history of CSR is almost as long as that of companies. Concerns about the excesses of the East India Company were commonly expressed in the seventeenth century. There has been a tradition of benevolent capitalism in the UK for over 150 years. Quakers such as Barclays and Cadbury, as well as socialists, such as Engels and Morris, experimented with socially responsible and value – based forms of business. And Victorian philanthropic could be said to be responsible for considerable portions of the urban landscape of older town centres today.

CSR is an important business strategy because, whenever possible, consumers want to buy products from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGO's increasingly want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of these stakeholder groups allows companies to maximize their commitment to another important stakeholder groups, that is, their investors benefit most when the needs of these other stakeholder groups are being met.

Expounding more on the benefits of CSR, Caly Fiorina, Chairman and Chief Executive Officer of Hewlett Packard Company had the following to say: “I honestly believe that the winning companies of this century will be those who prove with their actions that they can be profitable and increase social value – companies that both do well and do good...Increasingly, shareowners, customers, partners and employees are going to vote with their feet – rewarding those companies that fuel social change through business. This is simply the new reality of business – one that we should and must embrace.”

The businesses that are most likely to succeed in the globalizing world will be those best able to combine the often conflicting interests of its multiple stakeholders, and incorporate a wider spectrum of opinion and values within the decision – making process and objectives of the organization. Commenting on the increasing role of CSR in the society, Peter F. Drucker, founder and leader of the Drucker Foundation, says: “the 21st century will be the century of the social sector organization. The more economy, money, and information become global, the more community will matter”.

The benefits of CSR to the business are many. Among the most common include the fact that CSR makes a good moral appeal for any business. This is the basis for the argument that companies have a duty to be good citizens. For example, the US Business Association encourages its members to achieve this by asking them “to achieve commercial success in ways that honour ethical values and respect people, communities and the natural environment”. Therefore, businesses have a moral imperative to do the right thing without regard to how such decisions affect the firm performance and, by so doing, achieve competitive advantage by tying CSR activities to primary stakeholders. The other benefits of CSR to a business are that it enhances business reputation by improving the company’s image, strengthening of its brand and even raise the value of its stock.

Moreover, CSR gives an organization a license to operate because its activities are not only known but are also recognized by such major stakeholders as the government and the community at large. Likewise, CSR helps the business achieve sustainability by placing emphasis on environment and community stewardship. The World Business Council for Sustainable Development (2006) expressed this aspect of sustainability as involving “meeting the needs of the present without compromising the ability of future generations to meet their own needs”.

Commenting on Corporate Social Responsibility Skard (2010) says, in 2006, 52 percent of the Global Fortune Top 250 companies issued CSR-reports, compared to 35 percent in 1999. Moreover, Crane et al (2008) point out that many large and international

companies, such as Nike, McDonald's, and Starbuck's have long branded for their CSR campaigns, in order to produce a strong reputation. CSR is therefore considered as an important effort in improving corporate reputation (Skard, 2010). A distinguished quote about CSR is that "CSR is not merely the right thing to do, but also the smart thing to do" (Lou and Bhattacharya, 2006). The "right thing to do" is what appeals to consumers; consumers are acting on their personal values in terms of willingness to pay extra for "socially responsible products" (Skard, 2010).

In Tanzania, many local and multinational companies have been seriously investing more in CSR activities. There are telecommunications companies that have even set specific foundations that deal with the important issue of Corporate Social Responsibility. For example, Vodacom has established their own foundation called Vodacom Foundation with other telecommunication companies doing the same. According to Karin Mader (2012) these efforts in paying attention to CSR activities are not limited to telecommunications companies only but are also being witnessed in most major local and multinational companies having their business activities in Tanzania.

The CSR programs initiated by these multinational companies cover a wide range of activities including, but not limited to the following: construction of schools, construction of dispensaries and other health facilities, provision of free books in schools and free medicines in hospitals, caring for the sick and disabled, supporting initiatives geared towards promoting peace and order in the country, provision of better terms of employment for its workforce, supporting poverty eradication initiatives in the society and provision of clean and safe water, among many others. This has not only been beneficial to the general public but has raised the profile and positive image of these multinational companies within the Tanzanian community.

1.2 Background to the Problem

Since the early 1990's considerable economic reforms have been undertaken in improving the mining sector in Tanzania. It was during this period of massive economic

reforms and trade liberalization that the government passed the Mining Policy (1997) having recognized its importance and the contribution it can play in the economic growth of the country. This policy is intended to guide the development of the mining sector in 25 to 30 years and is therefore the available vision to lead and direct the development of minerals activities in the country. Among the aims of this policy include: promotion of exploration and development of mining activities, to improve small scale mining, to reduce poverty, to enhance social and economic infrastructure, to increase foreign currency and government revenue, to develop Tanzania into Africa's Gemstone center and encourage environmental safety and protection.

In ensuring the smooth operation and implementation of the Mining Policy the government made amendments to the financial laws in 1997 through the enactment of the Financial Laws (Miscellaneous) Amendments Act, 1997 followed by the enactment of the Mining Act, 1998 which was subsequently repealed by the Mining Act, 2010. The government also made changes to the Foreign Exchanges Act, 1992 so as to meet the needs of the mining sector as set out in the new Mining Policy. Other notable improvements during the period were the financial sector liberalization which led to the enactment of the Banking and Financial Institutions Act, 1991 following the report of the Nyirabu Commission whose main task was to recommend ways of reforming the financial sector, particularly the banking sector in order to attract foreign direct investments in the country.

These economic and financial sector reforms undertaken during the period were responsible for the liberalization of many important economic sectors in the country including the mining sector. In the mining sector, the government embarked on a vigorous campaign to attract investors in the sector, particularly foreign investors, by among other things, offering tax incentives. Among the incentives given included import and excise duty exemptions, income tax holiday during the first five years, VAT relief, and reduced income tax rate, payment of lower stamp duty, exemption from fuel levy charge exceeding US \$ 200,000.00 per annum and repatriation of income.

As a result of these incentives the country witnessed the mushrooming of mining companies in the country engaged in different mining activities ranging from prospecting and exploration of minerals to primary mining and general mining activities. This led to the opening up of mining sites by giant mining companies in different parts of the country, sometimes with devastating effects on the environment and people in the neighbouring areas.

Among the large mines that have been opened up in the country during the period include Bulyanhulu, Buzwagi, Tulawaka and North Mara Gold Mines found in Kahama, Biharamulo and Tarime districts respectively (owned by ABG), Geita Gold Mine in Geita district (owned by AngloGold Ashanti Limited), Golden Pride Mine in Nzega district (owned by Resolute Tanzania Limited), Tanzanite One Mine (owned by Tanzanite One Limited), Mwadui Diamond Mines (owned in partnership between Tanzania government and a subsidiary of South Africa De Beers Group), Luika Gold Mine in Chunya (owned by Shanta Gold Tanzania Limited), and Kabanga Nickel project owned in partnership between Xstrata Nickel and Barrick Gold Corporation, just to name a few.

Recent statistics published by the Tanzania Chamber of Minerals and Energy on its website show that, foreign mining firms have invested US \$ 5 billion between 1997 and 2010; mineral exports between 2009 and 2011 have reached US \$ 4.55 billion while the government has earned US \$ 196 million in taxes and royalties during the same period. At the same time, gold production alone now accounts for over 41.3% of Tanzania's export earnings, 75% of foreign direct investments (FDI) and an increasing share of taxes, representing 3.6% of GDP and contributing 4% of its growth.

Despite the fact that most of the mining companies have been trading in the country for more than fifteen (15) years, there have been widespread complaints from the general public accusing them of environmental degradation and lack of general CSR initiatives in their activities. This, coupled with the other criticism leveled against mining companies of paying very little taxes to the revenue of the government, has not only

greatly tainted their reputation in the country but has also largely been the cause for the frequent confrontations and antagonistic relationship between the mining companies and neighbouring communities. In some of the worst cases, this has led to sporadic violence and loss of lives in places like North Mara in Tarime district. Even the general public at large seems to treat mining companies with trepidation and suspicion.

The above notwithstanding, while recent reports published by the Tanzania Extractive Industries Transparency Initiative (TEITI) in 2011 and 2012 which exposed ABG's tax payment history showed that ABG does not pay the 30 percent corporate tax it is obliged to the government, a statement by its Chief Executive Officer, Mr. Greg Hawkins, released in 2011 indicated that ABG's net profit rose by 237 percent during 2010 to 222.6 million US dollars (over Tshs. 330/-bn) from 66 million US dollars in the previous year, meaning that Tanzania would have received 66.78 million US dollars had ABG paid its 30 percent corporate tax obligation.

According to reports published recently in the local newspapers, the mining giant ABG was ordered by the National Environment Management Council (NEMC) to close a pit refuse facility at North Mara Mine due to toxic leakages contaminating local water sources. In 2009, after heavy rains, toxic leaking into Tigithe River from North Mara Mine reportedly killed over 20 people and over 100 cows.

1.3 African Barrick Gold: The Company Profile

ABG is Tanzania's largest gold producer and one of the five gold largest gold producers in Africa. The has three large producing gold mines (ABG's Tulawaka Gold Mine in Biharamulo District ended production in the first half of 2013) and several exploration projects at various stages of development in both Tanzania and Kenya. Barrick Gold Corporation is its majority shareholder with about 73.9 percent equity interest in ABG.

From the time of its registration in Tanzania, and before its initial public offering (IPO), ABG's operations in the country were under direct ownership of Barrick Gold Corporation, its current majority shareholder based in Toronto, Canada. According to

available reports, Barrick Gold Corporation is the largest gold producer in the world. ABG's regional offices in Africa are located in Dar es Salaam, Tanzania and Johannesburg, South Africa with its corporate headquarters being based in London, United Kingdom.

ABG is basically a UK public company with its headquarters in London. They are listed on the Main Market of the London Stock Exchange under the symbol ABG and have a secondary listing on the Dar es Salaam Stock Exchange in Tanzania. Thus, to March 2010, ABG's operations in Tanzania comprised the gold mining business of Barrick Gold Corporation, their current majority shareholder.

From a starting point and zero production in the year 2000, ABG has grown to be the largest gold producer in the country, and the fifth in gold production in Africa. In 2012 alone, they produced 626,212 ounces of gold bringing its total production to 6.5 million ounces of gold to date.

According to available reports published on its website, ABG's total direct economic contribution was US\$ 1,073 million in 2012, a slight increase from the economic contribution of US\$ 1,063 million that was made in 2011. During the same period, ABG's net tax contribution was US\$ 159 million and US\$ 144 million in 2012 and 2011 respectively.

However, ABG's true economic impact is far greater than what the statistics seem to indicate when the greater effects of its presence in the mining areas is taken into account. These include the indirect effects of its workers spending their wages, governments distributing tax and royalty revenues, and neighbouring communities using the infrastructure developed for its operations.

1.4 Statement of the Problem

While mining activities has led to the development of many countries including Botswana and South Africa on the African continent, this does not seem to be the case for Tanzania with the mining sector contributing only about 2.3% of the GDP despite

heavy investments made in the sector during the last twenty years of the heralded economic reforms and trade liberalization. There seem to be a lot of mistrusts between the general public and the mining companies whose contribution to the economy of the country as a whole is still very minimal even when compared to less lucrative sector like telecommunications and tourism.

Worse enough, there have been numerous complains about the destruction of the environment by these mining companies furthering the concern that these giant multinational mining companies seem to be interested in enriching themselves at the expense of the majority poor with no clearly programmed CSR activities. It is also claimed that communities living in mining areas suffer from chemical infections resulting from mining activities in their areas. These include lack of clean and safe water, poor houses, and education and health facilities nearby.

The National Vision 2025 and the Mining Policy, 1997 focused the contribution of the mining sector to reach a minimum target of 10% by 2025 but there are very little signs so far that the sector will reach that target even in the next twenty years because its current contribution is still very minimal compared to other sectors. A recent study into the mining sector indicated that the contribution of mining companies revenue to social and community programs is negligible, a situation which suggests that these large mining companies have little interest in developing the communities surrounding the mines. Instead, the wealth created is used for operations, managing and financing of companies while the environment and livelihood of people communities surrounding the mines are being destroyed.

All these complaints seem to indicate that either CSR activities are completely ignored by mining companies in their mining activities or there is a lack of public understanding of the CSR activities being undertaken by mining companies in the mining sector. Irrespective of the true reasons, the mining sector has suffered the most in terms of its reputation damage and numerous attempts by mining companies to improve their positive image have not yielded the desired results so far. A study into the root causes

of the problem, the current state of affairs and the solutions to the problem is what this Research sought out to achieve.

1.5 Research Objectives

This research has a general research objective and three specific research objectives.

1.5.1 General Research Objective

This Research sought to assess the current trend of companies in the mining sector towards the implementation of CSR activities and the impact of these CSR activities in improving the living conditions of people living in mining areas while, contributing to poverty alleviation for local communities living in mining areas.

1.5.2 Specific Research Objectives

The specific Research objectives were as follows:

- i. To assess the implementation of the concept of corporate social responsibility at ABG.
- ii. To assess the impact of CSR activities being currently undertaken by ABG on poverty alleviation in communities living in mining areas.
- iii. To make suggestions and recommendations on how ABG can improve its application and implementation of CSR activities and promote a more positive image and favourable perception of the company and mining sector in the country generally.

1.6 Research Questions

This study seeks to answer the following questions:-

1. To what extent does ABG implement Corporate Social Responsibility Policy?
2. What is the impact of the ABG's Corporate Social Responsibility activities on poverty alleviation in communities living in mining areas?

3. What can ABG do to improve its application and implementation of CSR activities in mining areas?

1.7 Significance of the Research

It is a widely accepted fact that a properly managed mining industry has the potential to turn around the economy of any country and contribute significantly to raising the living standards of the people living in areas neighbouring the mining areas and the general public at large. To be able to play its significant role in contributing to the economy of the country in general and raising the living standards of people in the surrounding communities, mining companies must make effective use of CSR activities towards achieving this important goal of corporate citizenship.

As a result of being good corporate citizens, mining companies will become more profitable while improving their image and perception in the public leading to more revenue generation. This will, undoubtedly, raise the percentage of the mining sector's contribution to the Gross Domestic Product above that of some other leading sectors like telecommunication and tourism. Given its nature and importance worldwide, mining sector can play an important role in turning around the economic fortunes of this country.

Not only that but also, mining companies can greatly improve the living conditions of people living in neighbouring communities through provision of clean and safe water, power generation plants, constructions of schools, health facilities and feeder roads and medical services support, among many others. This can be evidenced from the examples of countries like Botswana and South Africa where mining activities have significantly contributed to better living conditions for people living in mining areas and the country as a whole.

Through effective CSR activities employees should receive better remuneration and other working conditions such as free medical and education services for themselves and their families. It is an undeniable fact that CSR compliant companies have reaped

much more benefits from their workers than those companies that ignore this important aspect in improving productivity.

This study, therefore, was intended to assist in narrowing the gap between theory and practice since it shall provide empirical evidence that can be used to study issues of similar nature. Also, the study will greatly assist the management of ABG and the mining sector in general to evaluate its position in the eyes of the public and how it can effectively apply its Corporate Social Responsibility Policy. Moreover, the study aimed at raising awareness on the part of the public at large on the impact of CSR activities being implemented by mining companies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

Attempting a definition and meaning of corporate social responsibility is not easy as there is no single definition of what corporate social responsibility is. In reality, what constitutes corporate social responsible behaviour may vary according to one's point of view. According to Campbell (2004) and Dahlsrud (2006) socially responsible corporate behaviour may mean different things in different places, to different people, and at different times. In short, the concept of corporate social responsibility proposes that a corporation has responsibilities to the society that extend beyond the making of a profit.

2.1.1 Meaning of Corporate Social Responsibility

Corporate Social Responsibility (CSR) which is also called corporate responsibility, corporate citizenship and responsible business is a concept whereby organizations consider the interests of the society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. Normally this obligation extends beyond the statutory obligation to comply with legislation and views organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large (Wikipedia Free Encyclopedia, 2008).

In other words, CSR refers to the commitment of the business enterprise to work with employees, their families, the local communities, and society at large so as to improve their quality of life and contribute to sustainable economic and social development. It is the process of assuming responsibility by a business enterprise across its entire supply chain for the social, ecological, and economic consequences of the company's activities,

report on the consequences, and constructively engage with major stakeholders. Among the major initiatives undertaken by businesses to promote CSR include the following: introducing measures to improve employees' health and well-being, providing internship and work experience, donating to community causes and charity, promoting cultural diversity and equality in the workplace, improving waste management and energy efficiency, participating in community activities, adopting socially responsible products and services, helping other businesses to improve performance and sourcing local or ethical products and services.

Wheelen and Hunger, (2008), view corporate social responsibility as strategic decisions taken to support social causes that often affect more than just the corporation. It is thus a deliberate effort on the part of the organization to pursue policies and decisions while taking actions which are desirable in terms of objectives and values of the society. On their part, Rao and Krishna (2003) identify social responsibility as an approach to meeting social obligations that is characterized by an attitude that considers business as having both societal and economic goals. They go on to argue, for example, that a decision to retrench by closing some plants and discontinuing product lines affects not only the firm's workforce but also the communities where the plants are located and customers with no other sources for discontinued products. They argue further that organizations are social entity that operate in open environment and whose operations are virtually influenced by the environment in which it operates.

Daft (2000) stresses that social responsibility means being a good corporate citizen by pursuing objectives that concern the welfare of the society; that restrain individual and corporate behaviour from destructive activities, regardless of how profitable they are, to positive contribution for human betterment and community development. Kinicki and Williams (2008) advocate that since businesses create problems, they should also be able to solve them using the resource they have at their disposal while Holbeche argues that firms must see their own roles as contributing to society over the long term, rather than simply maximizing shareholders' dividends in the short term. Even Lucey (1997)

contends that corporate social responsibility should be exercised as shift of fundamental objectives of business organizations from the focus of profit maximization to distributing that profit to other stakeholders; from seeing profit as end in itself to means for achieving the end; a shift from shareholder theory of the firm to stakeholder theory.

2.1.2 Triple Bottom Line Concept and Stakeholder Theory

The phrase Triple Bottom Line (TBL) was first coined by John Elkington who later expanded and articulated it in his book titled *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. The TBL concept demands that a company's responsibility be to 'stakeholders' rather than shareholders. In this case, 'stakeholders' refers to anyone who is influenced, either directly or indirectly, by the actions of the business firm. According to the stakeholder theory, the business entity should be used as a vehicle for coordinating stakeholders' interests, instead of maximizing shareholder's (owner's) profits.

Thus, the triple bottom line, also known as three Ps stand for (1) People (this pertains to fair and beneficial business practices toward labour and the community and region in which a corporation conducts its business), (2) Planet (refers to sustainable environmental practices designed to benefit the natural order as much as possible or, at least, to bring no harm to it, and (3) Profit (this requires that profitability be seen as the economic benefit enjoyed by the society as whole).

Expounding more on the stakeholder theory, Freeman (1984) suggests that managers must satisfy a variety of constituents (e.g. workers, customers, suppliers, local community organizations) who can influence the outcomes of a firm. According to Freeman, it is not sufficient for managers to focus exclusively on the needs of stockholders or owners of the corporation but, based on stakeholder theory; it can be beneficial for the firm to engage in certain CSR activities that non – financial stakeholders perceive to be important.

Since Corporate Social Responsibility imposes obligations on part of the corporation that have to be fulfilled, the question that follows therefore is to whom must these responsibilities be fulfilled? As we have already seen, a 'stakeholder' is any group within or outside the organization that has a stake in the organization performance. It is from this definition that we get the two basic groups of stakeholders namely, primary stakeholders and secondary stakeholders.

2.1.3 Corporate Social Stakeholders

There are two types of recognized Corporate Social Responsibility stakeholders who are (i) primary stakeholders and (ii) secondary stakeholders. On one hand primary stakeholders are those that are directly connected with the corporation and who can directly affect corporate activities because of their bargaining power in the corporation activities. These include employees, shareholders, suppliers, creditors and customers. Thus, primary stakeholders can either affect or be affected by the corporation's business activities. In relation to employees, it refers to the way employees are treated considering such issues as discrimination, confidentiality and loyalty. Burke and Cary (2008) observe that organizations need to adhere to 'good employer' principle in relation to fair treatment and remuneration, personal development, job security, participation and consultation and job design.

On the other hand secondary stakeholders are those who only have an indirect stake in the corporation but are also affected by the corporation activities. These include NGO's, activists, local communities, trade associations, competitors and government. This relationship between the corporation and secondary stakeholders is usually not covered by any written or verbal agreement, according to Wheelan and Hunger (2008). Thus, for a firm to fulfill its ethical and discretionary responsibilities it must seriously consider the needs and wants of its secondary stakeholders in any strategic decision since, in most cases, the primary stakeholders are purely economic.

2.1.4 Firm and Economic Responsibilities

Corporate Social Responsibility falls into four main areas which are economical, legal, ethical and discretionary responsibilities. These four responsibilities are widely considered to form the total of company's social responsiveness. Commenting on the four responsibilities Daft (2006) says that a company's ethical and social responsibilities are considered as important as legal and economic responsibilities with managers and organizations typically finding themselves involved in such issues simultaneously. Incidents such as the Union Carbide accident in Bhopal, India and the Chernobyl nuclear power station disaster helped to put corporate responsibility for environmental hazard on the international agenda. As Porter and Kramer (2006) argue, there is a strong link between competitive business advantage and corporate social responsibility.

The responsibility of the business is to produce goods and services that the society wants and to maximize profits for its owners and shareholders. Milton Friedman (1970), the Chicago economist, was of the view that corporations should be operated on a profit – oriented basis, with its prime mission to increase its profits while staying within the rules of the game. He argued more that the mere existence of CSR was an agency problem within the firm in that it was a misuse of the resources entrusted to managers by owners, which could be better used on value – added internal projects or returned to shareholders. However, this profit- making goal is no longer considered to be an adequate measure of performance since it can lead companies into difficulties with the society, according to Daft (2006).

Keinert (2008) states that proven benefits that a good CSR policy can bring include the achievement of competitive advantage, better reaching market segments like ethical consumers and socially responsible investors and enhanced opportunities for strategic alliances or other partnerships as major business opportunities. She says further that one source of major competitive advantage possibly achievable through CSR is the lowering

of operational costs accomplished through saving disposal costs of IT or other equipment when donating it.

Vogel (2005) argues that many people are attracted to firms whose values and behavior are similar to theirs and the leadership and employees of successful companies often share a common vision. A survey in 2004 of more than 800 MBA's from leading North American and European business schools showed that ninety-seven percent would be willing to forgo an average of fourteen percent of their expected income in order to work with an organization with a good reputation for corporate social responsibility. On his part Carroll, A.B. (1989) lists the economic responsibility of a business enterprise as "being profitable, maximizing sales, minimizing costs, making sound strategic decisions and being attentive to dividends policy".

2.1.5 Legal and Ethical Responsibilities

Discussing the legal responsibilities of the firm, Carroll A.B., (1989) stresses that "obeying all laws and adhering to all regulations, fulfilling all contractual obligations and honouring warranties and guaranties" are some of the most important legal requirements any CSR compliant business is expected to observe. According to Daft (2006) businesses are expected to fulfill their economic goals within the legal framework which recognizes what society thinks of as appropriate corporate responsibility. The legal requirements are those that are imposed by both local and central government authorities. Corrupt practices, for example, can bring the downfall of an otherwise successful business overnight. These legal requirements are imposed by different organizations ranging from United Nations Conventions, multilateral and bilateral treaties and legislative and regulatory bodies (TFDA, TBS, NEMC, OSHA etc) to local government authorities.

According to Daft (2000), ethical responsibilities refer to the generally held beliefs about behaviour in a society. It therefore reflects organization's decisions that are based on equity, fairness and impartiality and respect of the rights of individuals. Thus, ethical

responsibility includes behaviours that are not necessarily codified into law and may not serve the corporation's best interests. This includes such matters as cultural diversity, self-regulation, bribery, the physical environment and self-regulation. According to Carroll, A. (1989), to be able to achieve ethical responsibility businesses "have to avoid questionable practices, respond to the spirit as well as to the letter of the law, assume that law only provides bottom-line of ethical behaviour, operate above the minimum required, do what is right, fair and just and assert ethical leadership".

2.1.6 Discretionary (Philanthropic) Responsibilities

Discretionary responsibilities are the purely voluntary obligations a corporation assumes, guided by the company's desire to make social contribution not mandated by economics, law or ethics. Daft (2000) argues that, discretionary responsibility is the highest criterion of social responsibility, because it goes beyond societal expectations to contribute to the community's welfare. Discretionary activities include generous philanthropic contributions that offer no payback to the company and are not expected by the community.

Fisher and Lovell (2006) state that corporations are increasingly subject to scrutiny via international codes of conduct such as the UN Global Impact, the Organization for Economic Cooperation and Development (OECD)'s Guidelines for Multinational Enterprises, the Ethical Trading Initiative as well as various industry-specific or issue-specific codes, although wide spread concerns regarding the efficacy of such codes is also growing because of alleged hypocrisy.

Pride et al (2011), argue that social responsibility is the recognition that business activities have an impact on society and the consideration of that impact on decision-making. In the first few days after Hurricane Katrina in New Orleans, USA, Wal-Mart delivered \$20 million in cash, 100 trucks of free merchandise, and food for 100,000 meals. The company also promised jobs elsewhere for every one of its workers affected by the catastrophe.

2.1.7 The Rationale for Corporate Social Responsibility

According to Hillman and Keim (2001), the rationale for CSR is based on two propositions. First, they argued that “there is a moral imperative for businesses to do the right thing without regard to how such decisions affect firm performance (the social issues argument)” and second, that “firms can achieve competitive advantage by tying CSR activities to primary stakeholders (the stakeholders argument)”. In their research of about 500 businesses they found out that “investing in stakeholders management may be complimentary to shareholder value creation and could indeed provide a basis for competitive advantage as important resources and capabilities are created that differentiate a firm from its competitors”.

Commenting further on the rationale for CSR, Moran and Ghoshal (1996) make the argument for CSR that, “that what is good for society does not necessarily have to be bad for the firm and what is good for the firm does not necessarily have to come at a cost to society”. On their part, Russo and Fouts (1997) were of the considered view that there is a positive relationship between environmental performance and financial performance while Porter and Kramer (2006) argue that “the most important thing a corporation can do for any society and for any community is contribute to a prosperous economy”.

Remarking on this topic, Matsushita (2000) had the following to say: “profits should be a reflection not of corporate greed but a vote of confidence from society that what is offered by a firm is valued”. Other reasons being cited for the CSR growth include globalization and market forces, social awareness and education, ethics training, crisis and their consequences and government laws and regulations.

Discussing about *Consumer Awareness as Driver of CSR*, Roy. R. (2008) says that the consumer as a concerned citizen is becoming increasingly aware of how companies are impacting the society and environment therefore, he/she as a consumer can choose to prioritize companies that have a better record of discharging their social responsibilities.

Likewise, Roy R. (2008) goes on to say that market forces have indirectly impacted adoption of CSR whereby companies such as Nike, Hershey's, and Wal-Mart have faced a lot of flak when their suppliers have been found to engage in unfair employment or environmentally harmful practices. This has necessitated large corporations to impose social responsibilities on their suppliers and other business partners.

Not only that but also, because of globalization, Roy R. (2008) says further that CSR is now being implemented across the supply chain and many of these supply chains are global in nature. He gives an example of petroleum from Saudi Arabia that is being processed into polymers in a petrochemical complex in India, which is then shipped to China, where it used to make toys. From China it is then ultimately sold in a store in Argentina belonging to a US-based retailer. Under such circumstances, companies have to be concerned with global standards of social responsibility.

2.1.8 Benefits of Corporate Social Responsibilities to a Firm

Among the major benefits of this type of ethical behaviour are the following: it generates a social license to function, it provides sustainable development that improves reputations, yields more efficient operations, boosts sales and preserves customer loyalty, and provides greater capacity to attract and retain employees; it creates new business opportunities, it attracts and retains investors and partners; it avoids crisis from bad conduct, it generates government support and creates relational and political capital.

2.2 Conceptual Framework

In most parts of the world, companies that have become successful in business are those that were able to integrate CSR activities that are geared towards meeting the social-economic needs of the society. This is because when a company engages in CSR activities it raises its profile within the community it trades and this in turn leads to more productivity and profitability as more people like to deal with companies that have a good reputation. Where the company does not have a clear CSR policy, the trend

shows that it stands to lose more than it gains because of low employees morale and poor perception and image of the company in the public. Therefore, CSR is an important workplace policy that needs to be implemented at every workplace for the well-being of both the company and community.

Figure 2.1 suggests CSR leads to increased profitability of a corporation and poverty alleviation something which indicates a win-win situation. When a company engages in any four main areas of CSR which are economical, legal, ethical and discretionary responsibilities, these activities contributes to poverty alleviation in the local community in which it operates in addition to increasing the firm's profitability and good standing in the eyes of the local community.

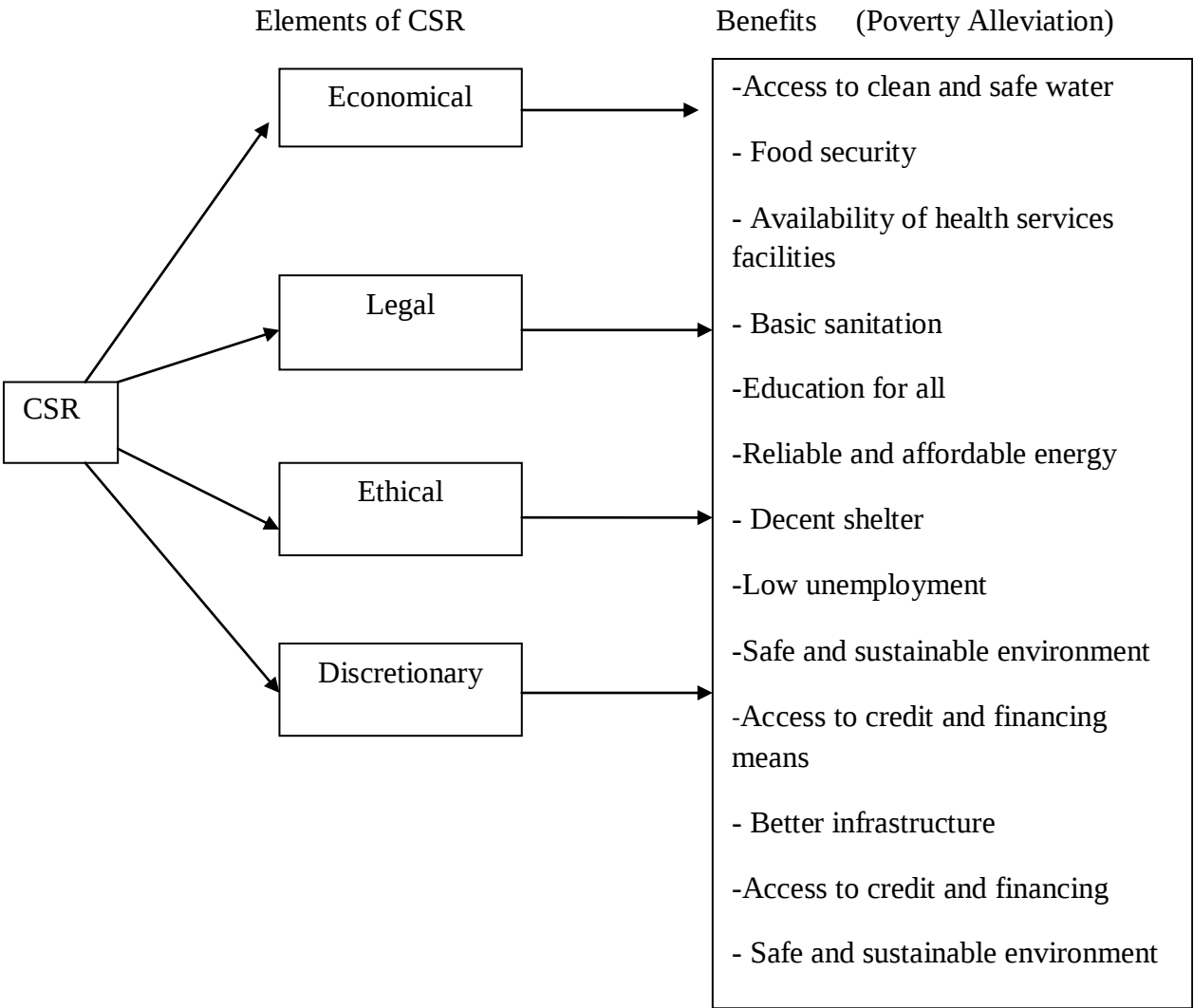
According to UN statement made in June 1998 and signed by heads of all UN agencies, poverty means "... not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit". Likewise, UN defines absolute poverty to mean "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information"

Not only that but also, according to the UN Declaration made at the UN World Summit on Social Development in 1995 overall poverty takes various forms including "lack of income and sustainable livelihoods; hunger and malnutrition; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion".

Thus, as shown in Figure 2.1 effective implementation of CSR in the four areas of economical, legal, ethical discretionary responsibilities leads to poverty alleviation in the community in which the company operates through improved access to clean and safe water, food security, availability of health services facilities and decent shelter, access to affordable health services, reliable and affordable energy, low unemployment

levels, better infrastructure, access to credit and financing means and safe and sustainable environment.

Fig. 2.1: Conceptual Framework on How CSR Leads to Poverty Alleviation



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides for the research design and methods employed by the Researcher in data collection, analysis and ultimately data presentation. Other things covered under this part include Research design, area and population of the study, sample size and sampling techniques, among others.

3.2 Research Design

The research design that was used to explore the phenomenon under investigation for the purposes of this research study was a case study design. This design was adopted because of the intention of the Researcher to investigate a single unit of inquiry (ABG) in order to provide a more accurate and in – depth analysis of the study unit. The design is also flexible in data collection and maximizes threats to external validation. According to Yin R. (2003), case study designs can be useful in particular on providing rich and detailed account of the phenomenon under study.

This study did make use of case study design because it is a relevant research design for qualitative analysis involving a complete observation of a social unit. Case study involves an intensive investigation of the unit under consideration. The following are the advantages of case study over other research design methods, according to Kothari (2004):

- (i) Case study method is an exhaustive study of a social unit which will help in understanding fully the behaviour pattern of the concerned unit.
- (ii) It facilitates intensive study of social units which is generally not possible with other methods of collecting information like observation and schedules. Under case study method, we make a complete study of a social unit covering all facets.

(iii) The Researcher can make one or more of the several research methods under the case study method depending upon the prevalent circumstances. Therefore it affords greater flexibility in this area than other research designs. Methods such as depth interviews, questionnaires, documents, study of reports, letters and the like are possible under case study method.

3.3 Area of the Study

This Research was conducted in Tarime and Kahama districts in Mara and Shinyanga regions respectively, with ABG (ABG) being used as a case study. The two districts were selected because ABG has had a presence in the area for many years. In the case of Kahama district, this is where the two ABG's gold mines of Bulyanhulu and Buzwagi are found while North Mara Gold Mine is located in Tarime, Mara Region.

Moreover, ABG was selected because it the largest mining company currently operating in the country and the largest gold producer in the world. Thus, ABG is an important player in the mining sector employing thousands of Tanzanian employees in its four major mines of Tulawaka, Buzwagi, North Mara and Bulyanhulu. In addition, ABG has been engaged in mining activities in the country for more than ten years now. Therefore, ABG sufficiently acts as a representative sample of the general CSR activities being currently undertaken by mining companies in the country.

3.4 Study Population

The study population of this Research covers the management of ABG, senior officers and employees of the company. It also covers local village communities living nearby mining areas in Tarime and Kahama districts and local government leaders, non – governmental organizations

3.5 Sample Design and Sample Size

3.5.1 Sampling Technique

The sampling designs used in this research include judgmental sampling and simple random sampling.

3.5.1.1 Judgmental Sampling

Given the nature of the study, this Research deliberately included the management of ABG because they are the ones who are responsible for making strategic decisions about the Corporate Social Responsibility Policy of the company. Thus, top officials of the company and village and local authority officials like village and ward executive officers were selected for the purpose. This method was also employed in determining the villages and districts to be selected which are representative of all the mining areas in the country.

3.5.1.2 Simple Random Sampling

This technique was used to obtain a sample size from a large population with homogenous information. The Researcher made use of this technique in getting sample size from the middle and lower level employees of ABG.

3.5.1.3 Sample Size

The sample size of this study was 150 respondents from a total study population of approximately 150,000 people. The respondents were selected from a given population of communities residing in villages and suburbs within mining areas in Tarime and Kahama districts. This includes respondents selected from a population comprising of village, ward and community leaders, non-governmental organizations, and local government authorities. ABG officials and employees also constituted the sample size of this Research.

3.6 DATA COLLECTION METHODS

In collecting data the Research employed both primary and secondary data collection methods as follows:

3.6.1 Questionnaires

The Researcher administered questionnaires designed for the purpose of this Research to research respondents in the course of gathering information about this Research. The Research made use of questionnaires because they are simple to use, less expensive and are free from interviewer's bias. Questionnaires are also more reliable and dependable.

3.6.2 Key Informants Interviews

This method was employed in gathering information from government leaders at municipal and district levels, village and ward executive officers and elders in communities surrounding mining areas, non-governmental organizations and other key stakeholders. In other cases, key informants were interviewed separately.

3.6.3 Focused Group Discussion

This method of data collection was used in gathering information from communities living in mining areas who were assembled in groups of 8 to 10 from the areas that were purposeful selected. As it was expected, this method enabled the Researcher to cover a wider population of the sample size at a minimal cost and time while, at the same time, obtaining first – hand information from the Research respondents.

3.6.4 Observation

This method of data collection was employed in gathering information in instances where circumstances necessitate observation of the problem being researched about, for example, environmental degradation and development projects. Direct observation

method of data collection was used by the Researcher to get first hand information while working with communities through sight and hearing of conversations.

3.6.5 Library Research

Secondary methods of data collection that were employed include review of existing laws and policies regulating the mining industry. This was supplemented by the intensive study of books, reports, thesis, journals and articles on the subject from different parts of the world.

3.6.6 Conclusion

Both primary and secondary methods were employed for gathering information from different categories of respondents in the course of doing the research. While questionnaires were administered to gather information mainly from ABG employees and some local residents in the mining areas; interviews were used to gather information from local government leaders and select ABG officials. Focused group discussion method of data collection was frequently used to gather information from local residents. Similarly, much information about ABG's CSR activities and their impacts on poverty alleviation in the local community was gathered using physical observation and library research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This Chapter is solely dedicated to data presentation with the analysis and discussion of the data gathered being dealt with in the next Chapter. From the key informants' interviews, observations and questionnaires it became clear during the course of this study that ABG runs a number of Corporate Social Responsibilities activities that are geared towards improving the living conditions of people living in mining areas. For purposes of systematic analysis of data, this study compiled a profile of ABG staff who were interviewed during the research. This profile consisted of information such as gender distribution, age distribution, level of education, length of service with the employer and position in the company. The results have been presented as follows:

Age Distribution

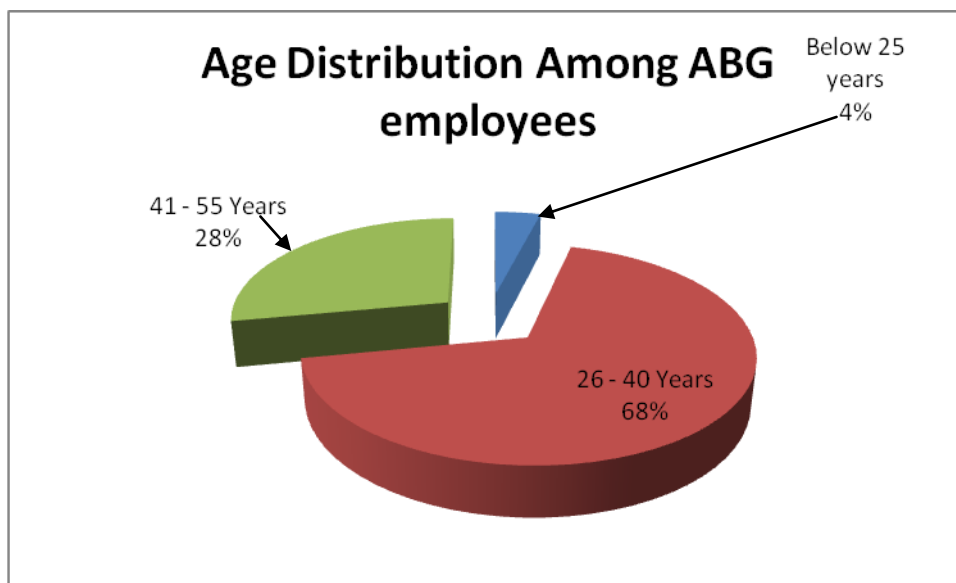


Figure 4.1: Age Distribution

Education Level

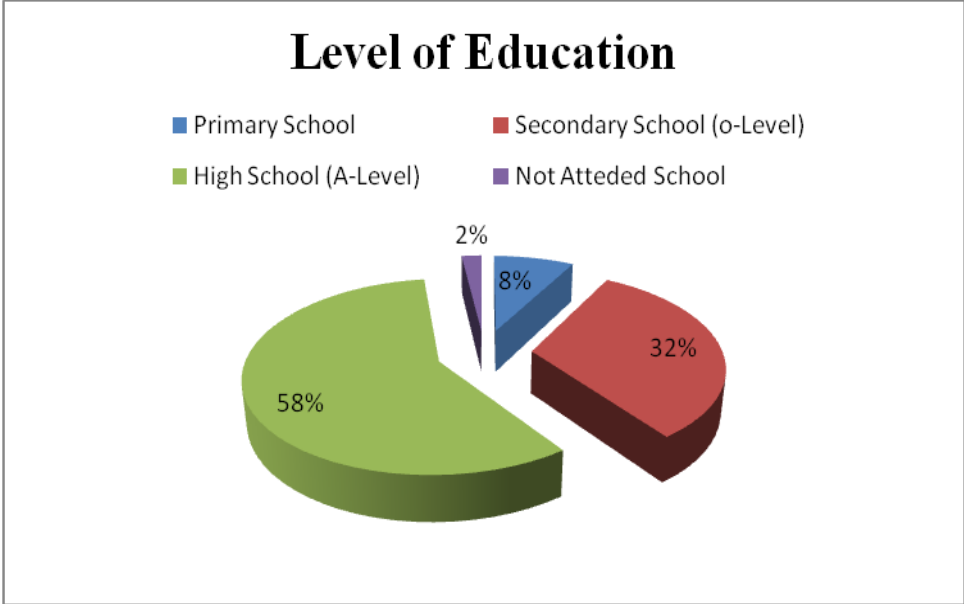


Figure 4.2: Level of Education

Employee Position

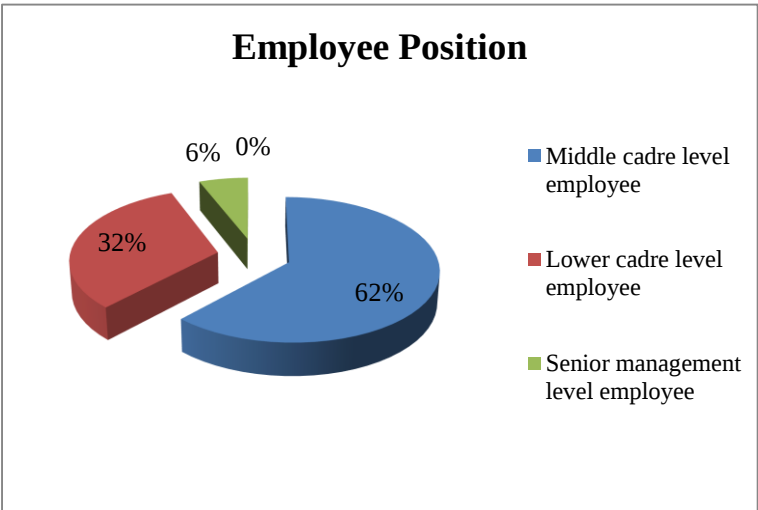


Figure 4.3: Employee Position

According to research findings, 62 percent of the respondents were middle cadre level employees, 32 percent were lower cadre level employees while 6 percent of the employees who were interviewed were senior management level employees.

Higher Education Training

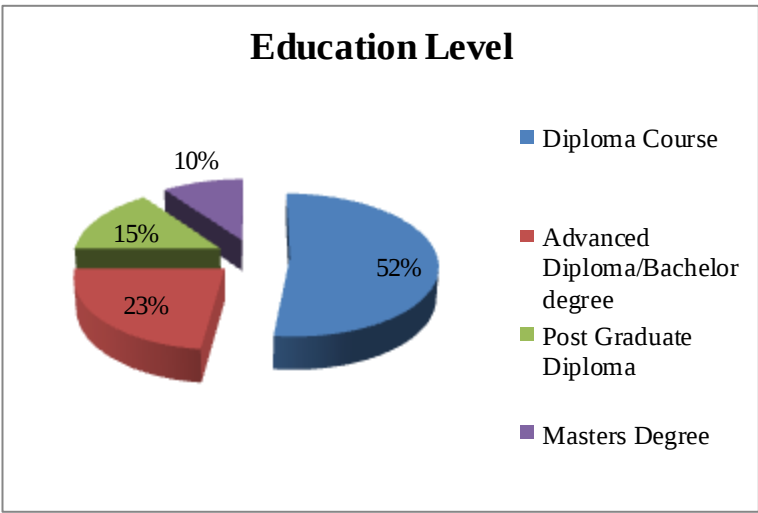


Figure 4.4: Higher Education Training

Majority of the ABG employees who were interviewed during the course of this Research were diploma holders, while few respondent employees hold Masters Degree. The figure above shows that 52% of the respondents hold Diplomas, followed with 23% of the respondents who hold advanced diplomas and Bachelor Degrees in different disciplines, while 15% of the research respondents hold Post graduate diplomas.

Length of Service (Tenure)

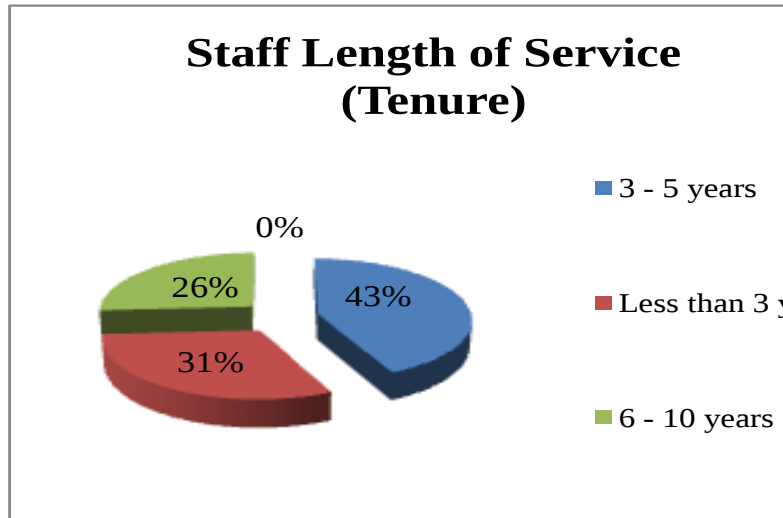


Figure 4.5: Staff Length of Service (Tenure)

The research findings shows that majority of ABG staff have worked with the company for 3-5 years, followed by those who have worked with the company for less than 3 years with only very few who have worked between 6 – 10 years. The findings show that 43% of the employees have worked with ABG for 3-5 years, 26 percent of the respondents have worked between 6 – 10 years while 31 percent have worked with the company for less than 3 years in total.

4.2 ABG's Corporate Social Responsibility Policy

ABG's Corporate Social Responsibility Policy guides its conduct in the fields of Ethics, Employees, Community, the Environment, Health and Safety and Security and Human Rights. Its Corporate Social Responsibility Policy's statement read as follows: "we are determined to work with the utmost respect for individuals, our employees, and the communities and environment in which we operate, while pursuing values for our shareholders".

4.2.1 Ethics

The Policy requires the company to abide by its Code of Conduct which mandates it to conduct its business in an ethical manner and in accordance with all applicable laws in the country. To achieve this, the Policy necessitates ABG to strive to act as a responsible corporate citizen and lend its expertise in helping to engage in constructive public dialogue and informed debate on issues of importance to ABG as a company, the mining industry and the communities in which they operate.

4.2.2 Employees

The Policy is categorical in saying that ABG is committed to developing the full potential of its employees through respecting and valuing each of its employees and observing the fundamental tenets of human rights, safety and non-discrimination in the workplace.

4.2.3 Communities

Regarding communities in which ABG operates, the Policy requires the company to fully consider social, cultural, environmental, governmental and economic factors when evaluating project development opportunities. Not only that but also, the Policy requires ABG to interact with residents, governments, and non – governmental organizations in its local communities, international agencies and other interested groups to facilitate long – term and beneficial resource development.

4.2.4 The Environment

In addition to demanding responsibility to protect, reclaim and enhance the environment in which ABG operates, the Policy requires the company to encourage wise environmental stewardship and diligently apply proven management controls to achieve this goal.

4.2.5 Health and Safety

On Health and Safety, the Policy demands the company to have every employee go home in good health and uninjured, after every shift, each and every day and to commit to performing every job in a safe and healthy manner. Also, the Policy demands that all employees and contractors to work in accordance with the company's safety and occupational health management policies, for the benefit of each one of the company's colleagues, families, communities and business. Moreover, the Policy requires the company to provide the equipment, training and resources necessary to enable employees to work safely through the company's health and safety systems.

4.2.6 Security and Human Rights

The company believes that effective security controls, standards, policies, and procedures contribute to the safety and protection of its employees, assets and reputation and the communities in which the company operates.

Also, the Policy mandates the company's security function to adhere to its commitments for the protection of human rights and respect for people. Above all, the Policy demands that the company respects the human rights of all individuals impacted by its operations and not to tolerate any violation of these rights.

4.2.7 ABG Maendeleo Fund

In September, 2011, the Board of Directors of ABG approved the establishment of a community investment fund to spearhead the company's community development initiatives. According to the Chief Executive Officer of ABG, Mr. Greg Hawkins, ABG Maendeleo Fund has been designed to finance and co-ordinate a wide range of sustainable development projects in communities near the company's four producing mines in Tanzania, as well as national initiatives. As such ABG is still regarded to be the largest corporate community development fund of its kind in the country with an annual budget totaling US \$ 10 million.

Since its inception in 2011, the ABG Maendeleo Fund has approved funding for projects amounting to US\$ 7.4 million (up to 2012). Of this amount, US\$ 6.4 million was invested in projects during 2012 with about US \$ 1.4 million invested in projects supporting the North Mara local communities, US\$ 0.5 million for projects supporting Buzwagi communities, US\$ 0.1 million for projects that support Bulyanhulu local communities and US\$ 0.3 for projects that support communities in the Tulawaka Gold Mine area.

Meanwhile, about US\$ 1.3 million was invested in projects sponsored at corporate level. The majority of the projects sponsored by the ABG Maendeleo Fund relate to projects that support community development and access to health and education. According to the investments criteria published by company, investments made under the Maendeleo Fund will focus on the areas of community development, health, education, environments, water projects, skills and training programs. The investments also include support to non – governmental organizations with demonstrated capacity to deliver on community development initiatives.

Not only that but also, the publication goes on to state that as part of ABG's commitment to corporate social responsibility, the Fund will finance various philanthropic initiatives, donations, sponsorships, partnerships and other forms of support and public investment with due consideration being also given to broader development initiatives that support Tanzania's national development strategy.

Under this Fund, priority is being given to the programmes that have passed the criteria developed by the company which include the following: the programmes must have developed from participatory needs assessment conducted in accordance with communities, government and other stakeholders; are aligned with village and district development plans; prioritise mitigation of social impacts and risks; includes fulfillment of existing social obligations; leverages ABG's core business and comparative advantage including in relation to infrastructure and existing facilities and services;

maximizes inclusivity and minimizes dependency; balances visible short – term projects with longer – term development programmes.

However, the publication states that allocation of the Fund in the following areas will be determined on an annual basis by the Community Investment Committee: expenditure within the host communities around each of the ABG operations and projects; ABG’s initiatives in relation to community development and improvements (i.e. initiatives in multiple areas such as surgical missions and other non – governmental partnerships; philanthropic donations and expenditure; educational and training sponsorships to build capacity in the Tanzanian mining sector.

To achieve all this, ABG established a Community Investments Fund which is responsible for reviewing applications received for support and investment under the ABG Maendeleo Fund to ensure that all applications are reviewed in a fair and timely manner. This Committee is comprised of ABG’s Vice President for Corporate Affairs, General Counsel, Head of Corporate Development and Investor Relations, Public Relations and Communications Manager, and Corporate Manager for Community Relations. Among the key functions of the Investment Committee include making decisions on project proposals; overseeing implementation of various projects and coordinating, monitoring and evaluation, and providing reports on the operations of the Fund.

4.3 Buzwagi Gold Mine

Buzwagi is a low grade bulk deposit with a single large open pit. Its mill is designed with a production capacity of 12,000 tonnes per year (approximately 4.4 million tonnes per year) and produces both dore and copper/gold concentrate. Buzwagi’s life of mine is currently estimated to be over 10 years, based on its proven and probable gold reserves of 2,697,000 ounces.

The Mine is immediately surrounded by the three villages of Mwendakulima, Chapulwa and Mwime that are all found in Mwendakulima Ward. Other wards that are in close

proximity to the Mine include Kagongwa, Mondo and Mhongolo. Thus, Buzwagi Gold Mine is located within Kahama Township in Shinyanga region. It is approximately 75 kilometers away from another ABG's gold mine of Bulyanhulu Gold Mine which is within the same region of Shinyanga.

4.3.1 Road Infrastructure

According to ABG's Community Relations Manager, Mr. Stephen Kisakye, ABG contributes to road maintenance in the Kahama District whereby they have been doing repairs to major roads leading to and from Bulyanhulu Gold Mine and Buzwagi Gold Mine. Apart from the major roads leading to Mine Site, ABG has been repairing feeder roads that connect villages adjacent to the Mines in the district of Kahama.

According to Mr. Kisakye, most of these roads maintained by ABG are rough roads but are maintained regularly to enable safe passage of goods and people living in mining areas. While on road infrastructure, one local government leader interviewed said that ABG has committed more than 2 billion Tanzanian shillings towards constructing and improving road infrastructure in Kahama town to the level of gravel road. Likewise, Mr. Kisakye informed the Researcher that ABG is contributing to constructing a five kilometers stretch of road within the township of Kahama to the level of tarmac road

4.3.2 Education Support

For most research respondents, education assistance programmes seems to be the area where ABG has invested the most. According to Mr. Kisakye, ABG focuses on improving the education sector through donating books, school desks in addition to constructing and rehabilitating classrooms and teachers' houses. Thus, ABG's projects in education sector for people living in mining areas range from provision of school desks to constructing classrooms and sponsoring certain categories of students for secondary and vocational education training as we shall discuss hereafter.

4.3.2.1 Chapulwa Primary School

This is a primary school found in the village of Chapulwa that is just adjacent to Buzwagi Gold Mine in Kahama District in Shinyanga Region. The Chapulwa School Project was implemented in partnership with the Kahama District Council in Shinyanga Region whereby about \$ 120,000.00 was spent towards the project. According to ABG officials, this money was spent on construction of classrooms, a water well, staff houses and rehabilitation of various buildings at the school.



Figure 4.6: Chapulwa Primary School

4.3.2.2 Busoka Girls Secondary School

This is a secondary school in Kahama District wherein ABG has again committed a total of \$ 120,000.00 towards supporting the Kahama District's efforts to address girls' access to quality education. Further construction of dining hall and kitchen is scheduled to be completed by the end of 2013.

4.3.2.3 Mwendakulima Secondary School

At Mwendakulima Secondary School, ABG supported the construction of several school buildings including the administrative block of the school which was handed over in February, 2012 at a ceremony attended by the Kahama District Commissioner and Buzwagi Mine General Manager, among other invited guests. According to the Mwendakulima Village Executive Officer, ABG has also built additional classrooms, teachers' houses, a laboratory, kitchen and dining hall in addition to making provision for water and electricity at the school. This is the first high school of its kind in the whole district of Kahama.

4.3.2.4 Masengwa Ward Secondary School

This is a high school located at Masengwa Ward in Kahama District, Shinyanga Region which was funded by ABG in collaboration with local communities and opened by President Jakaya Kikwete in April, 2010. ABG contributed about \$ 213,000 of the total \$ 293, 000 costs. The school has nine classrooms, science laboratories, a dormitory and sports grounds. It is hoped that the construction of this school will expand access to education for local communities living around the Mine.

4.3.2.5 Ishinabulandi Primary School

When floods devastated this primary school located in Kahama District in 2007, ABG contributed \$ 600,000 towards rebuilding the school as part of its efforts to support education in the area. This school was newly re-constructed by ABG and features 12 new furnished classrooms and housing for 11 teachers. The new school has a new playground, soccer field, orange grove and electricity in addition to other school essentials.

4.3.2.6 Mwendakulima and Busalala Primary Schools

At both schools, ABG has built four classrooms and two classrooms at Mwendakulima Primary School and Busalala Primary School respectively. ABG has also built two teachers' houses at Busalala Primary School in addition to provision of school desks at both schools. According to the Village Executive Officer, ABG built additional buildings which made possible for the school to qualify into a high school by building new laboratories, a kitchen, dining hall, teachers houses, hostel for female students and made provision of water and power installation at the school.

4.3.2.7 Education sponsorship programs

In supporting efforts to improve access to education, ABG has been providing education sponsorship to students from poor families who fail to pay school fees despite passing exams and being admitted into government secondary school. These sponsorships are provided on needy and competitive basis.

For example, according to the Village Executive Officer for Mwendakulima, about 100 students in Mwendakulima Ward are currently being sponsored by ABG which funds their school fees from Form One to Form Four. Apart from sponsoring school fees for needy students from Mwendakulima Ward, ABG does sponsor other students from Kagongwa, Mondo and Mhongolo Wards as well. Through these sponsorship programs the Mine ensures that even those children who come from disadvantaged families get access to education.

4.3.2.8 Vocational Education Training

According to the Village Executive Officer for Mwendakulima Ward, ABG is currently sponsoring about 40 students at a vocational education training college in Moshi. These students are selected on competitive basis from villages surrounding the Mine. ABG provides full educational funding for up to three years for all students ranging from school fees, travelling expenses to and from Moshi and subsistence allowances while at

school. When they graduate, ABG offers them employment opportunities within the Mine.

Not only that but also, ABG recruited about 48 girls from neighbouring communities and trained them at Buzwagi Mine in the mine-related skills before employing them. This program aims at bridging the gender gap in employment within the mining communities. The girls who participate in this program must have a minimum “B” grade in their National Form Four exam and must fulfill other conditions set up by the Mine in order to get selected. Prospective participants for this program apply through the Wards offices and must come from villages surrounding the Mine.

4.3.2.9 Provision of School Desks

From the observations made during the research, in almost all the primary schools in the area, ABG has been making provision of school desks through its ABG School Desk Programme. At Chapulwa Primary School, ABG, in collaboration with the Hassan Maajar Trust, has donated several school desks through the ABG Maendeleo Fund. According to ABG officials, the ABG Maendeleo Fund has committed over \$ 100,000 towards furnishing school desks around its mine operations in the entire Lake Zone area where all ABG’s Mines are located in the country.



Figure 4.7: School Desks Donated by ABG and Hassan Maajar Foundation

4.3.3 Health Services

Improvements in health services delivery in mining areas is one of the key areas that ABG has been devoting most of its funds under the ABG Maendeleo Fund. Through the Fund, a number of health initiatives in the mining areas and the Lake Zone have been financed by the company. This involves fighting the spread of communicable diseases, HIV/AIDS intervention programmes and prevention of tuberculosis and malaria programmes.

4.3.3.1 Mwendakulima Health Center

According to ABG's Community Relations Manager, Mwendakulima Health Center is being built by ABG as part of an initiative for provision of health services for

communities living around Buzwagi Gold Mine in Kahama Township, Shinyanga Region. The Center, which is only 5 kilometers away from Kahama Town which has only one major hospital, is expected to focus on health efforts geared towards fighting the prevention and treatment of HIV/AIDS, and fighting malaria and child illnesses which are still the major health issues in Kahama District.

ABG has committed over \$ 390,000 towards the construction of this health facility over two phases. Mr. Kisakye says, so far, we have completed the first phase of the construction which consists of the Out-Patient Wards, mini- theaters, laboratories and two staff houses. Phase Two of the project will involve construction of the delivery rooms, in-patients wards, and 20 beds for in – patients and MCH. Upon its completion, the Center is expected to serve a population of over 12, 000 from three villages within Mwendakulima Ward and other areas. The three villages are Mwendakulima, Chapulwa and Mwime.



Figure 4.8: Mwendakulima Health Center

4.3.3.2 Renovation of Kahama District Hospital

In supporting government's efforts towards improving the quality of health provision in Kahama Township, ABG funded the renovation of Kahama District Hospital and provided one X-Ray for the hospital use. According to reports published in ABG newspaper titled Beyond Border the renovation of the hospital was an important step taken by the company towards improving the state of public health services provision within Kahama Township.

4.3.3.3 Fighting the spread of HIV/AIDS, Malaria and Tuberculosis

In fighting the spread of tuberculosis in mining areas, the company at its Bulyanhulu Gold Mine screens each employee for sputum smears and chest X-rays. In addition, the company has an extensive education and awareness program inside the Mine and the community. To reduce the risk of Tuberculosis in patients with HIV/AIDS those employees who are found to be HIV-positive are provided isoniazid preventative therapy. These company programs are normally conducted in collaboration with the Ministry of Health to make them more effective.

Also, under the company's health initiative, the company uses a combination of education, testing and spraying programmes. For example, an indoor residual spraying (IRS) that uses chemicals to kill mosquitoes inside homes and buildings has been used in areas such as Kakola to a greater effect in preventing the spread of new malaria infections.

4.3.4 Provision of Water and Electricity

According to ABG officials, one of the most important investments that ABG has made in the last five years has been the provision of clean and safe water to communities living nearby the Mine. Thus, by 2008, 67 water wells have been excavated, bringing clean and safe water to more than 2,500 people. These water wells were funded by the Mine using unskilled labourers from the three villages surrounding the Mine.

Even during the resettlement program, the Mine made sure every new house which was constructed to pave way for the establishment of the Mine had access to clean and safe water nearby. The goal of the Buzwagi Water Project was to ensure easy access to water for all newly constructed settlements and surrounding communities. To make this project sustainable, the Mine worked in collaboration with local leaders in identifying areas that needed well construction or upgrading.

On provision of stable and reliable source of power, ABG entered into a joint venture with TANESCO to increase power supply in Kahama in a project expected to cost \$ 8 million and lasting for about eighteen months. Upon its completion, it will provide up to 30 megawatt of power from the existing 1 megawatt currently serving a population of 7000 residents only from the total populations estimated to be above 70,000 residents.

4.3.5 Agriculture Improvement Support: Community Farm Development Programme

In improving agricultural output in the area, ABG established a community farm by committing a total of \$ 50,000 towards this community farm for the villages of Chapulwa, Mwendakulima and Mwime. This is a six – acre farm near Mwendakulima aimed at improving peoples' livelihoods and focuses on production watermelons, potatoes, carrots, bananas, onions and other items in addition to traditional crops such as ground nuts, rice, cassava and beans grown around the Mine.

The Mine itself provides a ready market for farm crops whereby farmers can sell their produce to the Mine to sell Mine workers. The program works through six producer groups scattered across the three villages that have been trained on various agriculture and livestock skills sponsored by the Mine.

4.3.6 Employment Opportunities

According to the Village Executive Officer (VEO) for Mwendakulima, the Mine has been providing employment opportunities to people living in mining areas through

provision of vocational training for girls leading to formal employment with the Mine as heavy equipment drivers/operators or direct employment as security guards. These unskilled and semi-skilled works have opened up numerous job opportunities for women and the youth in the area.

Citing the Mwendakulima Ward as an example, VEO states that the Mine has been employing close to 300 people from the whole ward paying about 70 million Tanzanian shillings in salaries per month. The money is normally paid into the villages account through the Ward office. To encourage more employment opportunities for Mwendakulima Ward residents, ABG has been awarding tenders for provision of meals for security guards working for the Mine to local Mwendakulima residents only.

4.3.7 Supporting construction and renovation of government offices

One of the most notable ABG community relations project observed during the research was the construction of the Mwendakulima Ward office into a modern, clean and safe office serving the needs of the people in the three villages of Mwendakulima, Mwime and Chapulwa. According to some research respondents, apart from supporting the construction of government offices, ABG has been supporting other departments in the township such as police and hospitals in various ways.

4.3.8 Employee Training and Development

As part of its efforts to further improving progressive training and development at its Mines, ABG operates a professional development education programme which provides sponsorship to individuals for professional studies. Speaking at a dinner hosted by ABG in March 2010, the Training and Development Manager, Dr. Malogo Kongola said that the firm was spending USD 819,256 annually to sponsor its workers for training abroad in a number of fields.

One of the beneficiaries of this program is include Mr. Richard Ojendo, the Construction Manager at Buzwagi Gold Mine, who received a sponsorship for a

Masters of Science in Construction Management from Heriot-Watt University, Edinburg. Mr. Ojendo graduated with a masters' degree in 2012 focusing on international best practices in management of construction projects. It is hoped that ABG will benefit more from his knowledge and skills acquired through the company's training and development program for its employees.

4.4 Bulyanhulu Gold Mine

Bulyanhulu is a high grade underground mine primarily accessed by a vertical shaft. The Mine is a trackless operation as its principal mining method, with alimak, conventional cut, and fill and drift the other primary mining methods. This process plant has the capacity to process an average of 3300 tonnes of ore per day (approximately 1.1 million tonnes per year) and produces both dore and gold/copper concentrate. Bulyanhulu's life of mine is estimated to be over 25 years based on its proven and probable gold reserves of 10,564,000 ounces per year.

Bugarama Ward is composed of the six villages of Ilogi, Buyange, Bugarama, Igudita, Bunango and Igwamanoni whereas Bulyanhulu Ward as a whole has a total population of 24,779, people scattered in its six villages of Kakola, Rwabakanga, Bushing'we, Busindi, Busulangwili and Kakola Number 9. Mwingiro Ward is also another ward that is within the vicinity of the Mine but not as close as the two wards of Bugarama and Bulyanhulu.

4.4.1 Education Support

During the research, it was observed that ABG has invested heavily in education programmes in all the areas where its mining activities take place. The education support programmes range from provision of school desks, books and uniforms to needy students to constructing new schools in order to increase enrollment in secondary schools.

4.4.1.1 Bugarama Secondary School

According to ABG officials, this secondary school is one of the major education initiatives undertaken by ABG in collaboration with the government and local residents. It was started by ABG which constructed an administration block, 6 student pit latrines (3 for each sex) and 2 teacher pit latrines which were all completed in 2005.



Figure 4.9: Bugarama Secondary School

According to the headmaster of the school who was interviewed in the course of this research, the school was later inaugurated in August 2007 by President Jakaya Kikwete following more initiatives from ABG in collaboration with local Bugarama residents

through Kahama District Council and the SEDEP program towards increasing the school's enrollment capacity.

The headmaster went on to say that, under this initiative, ABG built three laboratories for Science subjects (Physics, Chemistry and Biology) and 4 teacher houses while local residents built 6 classrooms and 1 teacher house through SEDEP support. The school has a current population of 574 Ordinary Level students, according to the school's headmaster.

4.4.1.2 Provision of School Desks

Most education officials in the area who were interviewed are on the record for saying that ABG has successfully ensured that all schools in Bugarama and Bulyanhulu Ward have no shortages of school desks through its ABG School Desk Program. Thus, ABG has been continually providing school desks to primary and secondary schools in the two wards whenever the need arises.

Among the schools that have benefits from the ABG School Desk Program are Kakola A and Kakola B primary schools. Furthermore, according to the headmaster of Bugarama Secondary School, ABG bought more than 200 school desks which have completely eradicated the problem of shortage of school desks at the school.

4.4.1.3 Construction of Schools

According to the Ward Executive Officer for Bulyanhulu Ward, ABG has supported the construction of schools in areas around the Mine, by providing building supplies for primary schools in five villages and for construction of Mwingiro Secondary School and Tinde Girls Hostel. Not only that but also, ABG has built 2 classrooms at Kakola A Primary School and housing units for teachers at Bulyanhulu Secondary School.

4.4.1.4 Sponsorships to students with financial needs

According to ABG officials, in 2001, ABG, in partnership with CARE International Tanzania, invested \$ 2 million to fund long – term education program in the remote Kahama District, then one of the worst performing areas academically in Tanzania. This program has been hailed as being instrumental in raising primary school enrollment by 75 percent by 2007 with high school enrollment more than doubling during the same period from 800 students to 1885.

During the same time, ABG also funded four highly promising local students from poor families to attend studies at International School in Moshi in addition to sponsoring school fees for students from poor families at Bugarama Secondary School. According to the Bugarama school headmaster, ABG through its CanEducate Fund provided full school fees sponsorship to 100 students and 90 students in 2012 and 2013 respectively at his school.

The headmaster further says that, sometimes, ABG’s sponsorship extends to purchasing exercise books and uniforms for these students. In total, approximately 1461 students in local communities from Bulyanhulu, Buzwagi, and starting from 2012, North Mara and an orphanage in Dar es Salaam are being sponsored by ABG under CanEducate.

Most interestingly, the company and the community have been able to address the plight of some orphaned and economically disadvantaged children who would have otherwise failed to progress with schooling for lack of school fees thanks to donations from ABG employees and contractors. Operating since 2008, the program is funded by ABG employees who donate a portion of their salaries to help students from poor families to pay for their schooling. As a result of these donations from ABG employees, by 2009, nearly 300 students had benefited from this program which covers all school expenses.

4.4.2. Health Services Support

According to the Bulyanhulu Ward Executive Officer, ABG has made a contribution towards the renovation of the Bugarama Dispensary while, at the same time, supporting the construction of an out – patient – department at the health center in Bugarama. When completed, this will prove to be a massive step forward towards health provision improvement in areas surrounding the Mine which is inhabited by thousands of people.

4.4.2.1 Fighting the spread of HIV/AIDS, Malaria and Tuberculosis

According to published reports on its website, in addressing HIV/AIDS issues, ABG partnered with Engender Health in a five year program that aims at confronting the problems of HIV/AIDS among its workers and areas surrounding its mining operations. To make this program a success, ABG and USAID jointly provide funding to the tune of \$ 700,000 towards its implementation in collaboration with local health practitioners and the district government.

Around Bulyanhulu Gold Mine, a team of 60 trained peer health educators, armed with health campaign materials, have been spreading the message in the workplace and the community's 50,000 member population by helping to break down cultural taboos and discuss the importance of safe sex.

To combat the spread of Tuberculosis, each employee at Bulyanhulu Gold Mine is regularly screened for TB through sputum smears and chest X-rays compliment by an extensive TB education and awareness program inside the Mine and in the community. In partnership with medical students from the Tanzania Medical Students Association, ABG has been able to reach even the underserved and isolated communities living around the Mine.

In fighting the spread of the deadly Malaria disease, ABG commissioned a massive spraying campaign that uses chemicals to kill mosquitoes inside homes and building in addition to conducting a variety of education and testing programs. All these health

initiatives are taken under the Lake Zone Health Initiative which was established by Barrick Gold to help combat HIV/AIDS, malaria and tuberculosis and improve access to health services for underserved populations in collaboration with the Tanzanian government, aid agencies and other partners.

4.4.3 Water and Power Supply

In some of the villages surrounding the Mine, ABG has done a lot in improving access to clean and safe water. In Kakola village, for example, the company has built community water wells in order to supply Kakola and the surrounding villages with clean and safe drinking water. In further improving access to clean and safe drinking water in the area, ABG has committed about \$ 2 million to build a pipeline that will bring fresh water to communities living near the Bulyanhulu Gold Mine in an initiative that will benefit about 150,000 people. According to ABG's Community Relations Manager, the company has a 30 kilometer water pipeline from Lake Victoria that passes through 15 villages with a take – off point at every village where villagers can draw water from the pipeline for their own use.

Another research respondent who is the outgoing Executive Officer for Bugarama Ward, ABG has built a large water reservoir at Bugarama Village that aims at improving access to clean and safe drinking water for both Mine employees and local residents living in the area. According to local residents interviewed, the water supplied by ABG has greatly benefited them and saved them hours of searching for water from distant and dirty sources as it used to be the case in the past.

Another ABG official who was interviewed during the research said that on the part of power supply, ABG partnered with TANESCO by financing the electrification of Kakola village by investing \$ 500,000 into this project in order to bring electricity the community of Kakola and surrounding areas for the first time. During the research it was evident that the introduction of electricity has bolstered the economic activities in the area by enabling the community to engage in new income – generating activities

such welding, tool making, saloons and other activities that depend on electrical power. In addition, the Researcher could observe a number of shops selling electrical appliances such as DVD's, refrigerators, deep freezers and micro waves in the area which is the result of electricity provided by TANESCO under ABG funding.

This electrification project undertaken by ABG has massively improved the economic fortunes of people living in the areas surrounding the Mine as they can now ably afford to engage in business and economic activities they would not have considered in the past. As a result, electricity has led to more income generation for a number of residents while, at the same time, improving their living conditions.

4.4.4 Bulyanhulu Local Community Cooperative (Ibuka)

According to ABG Community Relations Manager, in order to maximize employment opportunities for communities living in mining areas, ABG has been supporting initiatives that led to the establishment of the cooperative society called Ibuka which was formed in 2010 comprising of villagers from Bugarama, Bulyanhulu and Mwingilo Wards in Kahama District. Until March 2013, about three years after its establishment, Ibuka had more than 300 members. According to the local government leaders in the area who were interviewed, this co-operative society undertakes such economic activities for the benefit of its members as farming, livestock keeping and construction of residential housing for leasing.

The Community Relations Manager went on to say that, those seeking seasonal and temporary jobs offered by ABG at Bulyanhulu Gold Mine have to apply through Ibuka which acts as link between the Mine and people in the local community that seek seasonal or temporary employment from the Mine. Through this partnership with the Mine, Ibuka has been supplying a steady stream of recruits for the work at Bulyanhulu Gold Mine by creating an inventory of skills available in the local market and matching it to Barrick's labour needs thereby creating employment opportunities for local residents. For example, from 2013 Ibuka is poised to be earning an upwards of \$ 50,000

annually for its work and has a current turnover of over US \$ 2 million dollars, according to Mr. Kisakye. Mr. Kisakye credits Ibuka also for being one of their biggest local suppliers from mining communities in all their mines in Tanzania.

4.4.5 Construction of the first bank building in Bugarama

According to reports published on its website, in 2008 ABG began efforts to construct a building for the first bank in the areas surrounding the Bulyanhulu Gold Mine by investing \$ 230,000 towards the project. The construction of this bank building was completed in 2009 and has opened Bugarama area to new business investments as people are now able to save money and access banking services in a nearby bank rather than having to travel more than 75 kilometers to either Geita or Kahama towns to have access to banking services as it used to be the case in the past when there was no bank services in the area. The building was built by ABG as part of its Corporate Social Responsibility program and handed over to Stanbic Bank upon its completion.

4.4.6 Employment Opportunities for Tanzanian nationals

According to recent statistics given by ABG on its website, Bulyanhulu Gold Mine currently employs over 2000 employees, over 90 percent of whom are Tanzanians. This has been made possible due to a company policy to hire locally whenever possible in order to increase employment opportunities for Tanzanian nationals. With this aim in mind Bulyanhulu Gold Mine introduced a skills transfer program in 2009 aiming at replacing expatriate workers with local Tanzanians. Under this program, the company is expected to spend \$ 4.5 million annually in training local Tanzanians in order to reduce the number of expatriates from the then 184 to only 17 by 2015.

Not only that but also according to various reports published on its own website, ABG has been financing the national program called the Integrated Mining Technical Training (IMTT) Program intended to develop technical skills for the mining sector, in partnership with the government of the United Republic of Tanzania and the Tanzania

Chamber of Minerals and Energy. The three – year apprenticeship program which started in 2009 has been responding positively to the growing demands for industrial and technical skills in the mining sector.

In 2012 alone, ABG employed 30 graduates from IMTT which is a vocational training programme developed by ABG in conjunction with other stakeholders in the Tanzanian commercial mining industry in order to support and progress technical training for the mining sector.

Currently, ABG is sponsoring about 126 participants in the IMTT program and has offering employment opportunities for graduates from the program each year. Likewise, ABG's bursary program with the Department of Mineral Engineering of the University of Dar es Salaam has been instrumental in improving the skills of graduates through internships and learning opportunities for lecturers.

In further efforts to boost employment opportunities in the area, ABG has been sponsoring about 20 local students from the Mine areas for studies at the Vocational Education and Training College in Moshi who are eventually employed by the Mine upon completion of their three – year studies. The Mine also provides practical training to them by offering them opportunities for field training during their college breaks.

According to the Education Co-coordinator for Bulyanhulu Ward, Mr. Stanley Mashehdi Mbuta, about 20 students were sponsored by ABG under this program with the same number of students being sponsored this year too. This training college in Moshi was built by ABG in collaboration with the government. The first batch of 40 students graduated in 2009.

4.5 North Mara Gold Mine

North Mara is a high grade open pit consisting of three open pit deposits: Nyabirama, Gokona and Nyabigena. The process plant at North Mara has the capacity to produce an approximately 2.8 million tonnes per year (equivalent to an average of 8000 tonnes per

day). North Mara's life of mine is estimated to be over 10 years based on its proven and probable gold reserves of 3,012,000 ounces.

North Mara Gold Mine is located at the famous Nyamongo area found within Tarime District in Mara Region and is surrounded by the seven villages which are all within close proximity of the Mine. The villages are Nyangoto, Nyakunguru, Nyamwaga, Kewanja, Kerende, Genkuru and Matongo.

4.5.1 Education Support

Just like it was the case for Buzwagi and Bulyanhulu Gold Mine, ABG has also invested heavily in the education development through its ABG Maendeleo Fund. Activities that have been undertaken by the company around the North Mara area in supporting education development in the area include provision of school desks to all schools in the area, sponsoring needy students and even constructing new classrooms.

4.5.1.1 Donation of School Desks to Primary Schools

Under the ABG School Desk Program, Nyabigena Primary School in Kewanja near ABG's North Mara Mine received 100 desks which enabled students to sit on the desks rather than on the dusty floor for the first time in their schooling life. The donation of 100 school desks to Nyabigena is part was part of the first phase of more than 1000 new desks that was donated by ABG to 10 schools in communities living around North Mara Gold Mine in Tarime District in the company's further efforts to support educational initiatives in the area.

Nyamongo Primary School, which is the oldest primary school in the area, is another school that has massively benefited from 283 school desks donated by ABG and has currently no shortage of school desks, according to the school's headmistress Mrs. Baby Tambuko who was also interviewed during the Research.

According to official figures available at the two schools, Nyamongo and Kewanja primary schools have a combined pupil population of 1307 (Kewanja 590 pupils and Nyamongo 716). Other schools that benefited from donation of school desks include Nyangoto and Matare primary schools and Nyamongo and Ingwe secondary schools, among others.

4.5.1.2 Construction of Ingwe Secondary Schools

According to available reports on its website, ABG decided to relocate two public primary schools of Nyangoto and Matare from areas close to the Mine at the cost of 2 billion Tanzanian shillings as part of its community relations program. The two schools are being relocated because they are located within the Mine area but, in their place, is constructing two completely new modern school complete with modern classrooms, toilets, library, teachers' houses and laboratories.

Not only that but also, ABG at North Mara Gold Mine is also constructing several modern buildings that include laboratories, classrooms, teachers' houses and administration blocks being set up by the Mine at Ingwe Community Ward Secondary School.

According to the headmaster of Ingwe secondary school, the construction of Ingwe secondary school into the modern school it is now began in October 2012 and is now in its final phases of construction with the school's playgrounds for football, netball and basketball sports being the last construction activities to be undertaken by the Mine. In addition to construction of classrooms and 8 teachers' houses, the headmaster says, ABG has contributed 240 school desks, 11 office tables and 21 office chairs. According to official figures given by the school administration, the school has a total of 301 students, with 140 students among them being girls.

According to the headmaster, the modernization of Ingwe secondary school done by ABG involved rehabilitation of existing buildings, construction of four classrooms and four laboratories for Physics, Biology, Chemistry and Geography subjects, construction

of eight new and modern teachers' houses, renovation of two teachers' houses and the administration block, construction of the conference hall, library and provision of school desks, chairs and tables for both teachers and students.

The Researcher also witnessed a very large water reservoir tank that has been built by the Mine to serve the needs of students and teachers with productive water well built for use of the general local community in the area.



Figure 4.10: Ingwe Secondary School



Figure 4.11: Nyangoto Primary School

4.5.1.3 Education Sponsorship to needy students

In contributing towards education development for residents living around its North Mara Mine, ABG allocates one percent of its Mine royalties to local villages for sponsoring the education of students with financial needs. By 2009, the program had resulted in the creation of more than 4000 scholarships for youth hailing from communities near the North Mara Mine. In total, by May 2011, over 5000 students in the Mara Region had attended school through this one percent village royalty program at North Mara Mine since 2004.

One such student, Ghati Juma Mwita, was sponsored by North Mara Gold Mine from primary school education until she graduated with the Bachelor of Laws from the University of Dar es Salaam in 2008. Ghati, spotted from the group of fellow artisanal miners by the Mine's Chief Executive Officer who had visited her village was 11 years at the time. She received full sponsorship for her studies from ABG under the North

Mara Education Program which paid for her school fees, clothing, transportation and medical expenses.

4.5.1.4 Kemambo Secondary School

This is new ward built by ABG and is located at Kerende Village within Kemambo Ward in Tarime District. According to the second master of the school, the construction of the school by ABG began in March 2010 whereby ABG have until now built four modern teachers' houses, classrooms, two students' toilets with 4 holes for each gender, staff toilets, and an administration block. Moreover, ABG established a pig farming project at the school by constructing a modern pig's hut and donating 8 pigs who have now multiplied to 60. The pig project is owned by the school but ABG has been financing treatment costs and other related costs.

Also, the second master went on to say that ABG donated 25 chairs and 10 tables for staff and 100 plastic chairs for students, while, at the same time, providing full educational sponsorship for 43 students at the school. This sponsorship include donation of shoes, school uniforms, pens, school bags, exercise books and mathematical sets for all the 43 students who come from very needy families in the Ward.



Figure 4.12: Kemambo Secondary School

4.5.2 Health Services Support

According to ABG officials, the company has committed over US \$550,000 towards the rehabilitation of the Sungu Sungu Health Center which was a small hospital located near the North Mara Gold Mine. The amount committed covers upgrading of wards, toilets, power installation, together with provision of hospital equipments as plans for water supply are still underway.

Commenting on ABG's contribution to the hospital, the doctor –in- charge of the hospital said that ABG has installed many water tanks (Simtanks) at the hospital which are by filled with water by the Mine itself. Also, the doctor – in – charge said that ABG has installed a standby power generator at the hospital which in addition to re-fuelling is being serviced and maintained by the Mine itself.

ABG records show that about \$350,000 has been earmarked for, among other things, upgrading water supply and electricity - generating capacity at the hospital. The remaining US \$ 250,000 will be spent on upgrading medical equipments and improvement to health service delivery at the hospital. In further improving the standard of health services delivery in Tarime District where it operates, ABG donated an X-ray machine to Tarime District Hospital.

Moreover, according to recent reports published on ABG's website, ABG and USAID jointly committed to funding a three-year, \$ 700,000 program to deliver health care services to communities living in areas around the North Mara Gold Mine. Both ABG and USAID are going to collaborate under Project Cure to make provision for medical equipments supply in the area.



Figure 4.13: Sungu Sungu Health Center

4.5.3 Water and Sanitation

In ensuring that communities living around North Mara area have access to clean and safe water, ABG has worked tirelessly to ensure that water is not only available to people living in the area but is also reliable. According to ABG officials, the company's goal is to ensure that people and particularly women and children save time wasted walking long distances in fetching water which is often delivered in unhygienic conditions. In making this aim a success, the company has invested hundreds of thousands of dollars in borehole and dam drilling programs.

4.5.3.1 Borehole Drilling Project

According to the ABG's Community Relations Manager, ABG has supported the construction of water bores in the seven villages near North Mara Gold Mine. Until middle June 2012, up to 16 water bores had been drilled and pumps fitted to them in

this project expected to cost up to \$ 800,000. To date, more than 14 boreholes are operational within Tarime District with a further drilling of 17 boreholes expected to be completed by the end of this year.

The funding committed for drilling water wells in the area is expected to provide communities living near the Mine with vital access to clean and safe water drinking water. This North Mara water project is one of the major projects that have been undertaken by ABG under its Maendeleo Fund in the North Mara area since its inception in September, 2011.

In further addressing the water shortage problems in the area, ABG has been delivering 90,000 liters of free portable water via tanker trucks every day to villages surrounding the North Mara Mine while continued with its efforts in conducting studies that will identify locations for the drilling of new water wells in order to improve access to clean and safe drinking water more cheaply. The Mine has also been delivery free water for use by the schools and health centers in the area, according to the headmistress of Nyamongo Primary school.

4.5.3.2 Kewanja Dam

This project aims at refurbishing a community dam that holds water for domestic use and cattle. It was financed through the ABG's Maendeleo Fund which committed \$94,000 in order to complete the work before it was commissioned. The Dam is another step forward by the Mine towards provision of reliable source of clean and safe water for use by the communities living in areas around North Mara Gold Mine.

4.5.4 Nyamongo Court House and Staff Quarters

ABG has committed a total of \$ 174,000 towards the construction of the court house and staff quarters at Nyamongo area in Tarime District. This follows a Memorandum of Understanding which has been signed between ABG and the District Registrar of the

High Court at Mwanza. The court house building and staff quarters are still under construction, the research observed.



Figure 4.14: Nyamongo Primary Court (under construction)

4.5.5 Road Maintenance

Through its Maendeleo Fund, ABG has also been financing road maintenance in the four villages of Nyamwaga, Kewanja, Kerende and Genkuru surrounding the North Mara Mine. This is a periodic maintenance undertaken more than once a year depending on the needs of the villagers. Accordingly, the Mine has in recent years been providing funds to Tarime District Council for repairing roads leading to nearby villages such as Kewanja, Nyangoto and Matongo.

These roads are being maintained using local contractors hailing from villages surrounding North Mara such as Kiribo Construction Limited and PMK. Kiribo Construction Limited employs hundreds of employees from within the Mine vicinity. Reports indicate that ABG has provided more than \$ 300,000 for the repair work as part

of the Council's infrastructure budget. Mr. Kevin D 'Souza, former ABG's Director for Community Relations, was quoted saying that the road rehabilitation has created a lot of good will in the community as it has helped with general commuting for the villagers and while improving access to markets. There are numerous roads in the seven villages surrounding the Mine that are being regularly maintained and leveled to make them passable by people and cargo throughout the year.

4.5.6 Employment Opportunities

According to recent statistics, it is estimated that ABG has around 1073 workers at North Mara Gold Mine with a further 2500 more workers employed by local contractors working within the Mine area. It is one of the largest gold mines operated by ABG in the country. In promoting employment opportunities for people living in villages surrounding the Mine, AGB signed an agreement with a local environmental contractor to provide garbage collection and street – cleaning services in three nearby villages on the understanding that the contractor will give preferential hiring to local women. Until 2012, more than 60 local women from the neighbouring villages had been signed for the work by the contractor.

4.5.6.1 Nyakigema Vijana Yatosha SACCOS

This, SACCOS, famously known as Nyakigema SACCOS, was established in May 2013 with the objective of providing alternative means of living to the youth in the seven villages who heavily depend on mining intrusion activities for their living. According to its Projects Manager, this SACCOS has about 8 projects so far which are allocated in each of the seven districts and the SACCOS has a branch office in each of these seven villages surrounding the Mine: Nyangoto, Nyakunguru, Nyamwaga, Kewanja, Kerende, Genkuru and Matongo.

These projects include the green house project, hydro – form machine project, posho mills project, bakery project, fish project, cattle project, bee-keeping project and local

police project popularly called “Sungusungu”. All these 8 projects are entirely funded by ABG. Membership is open to all residents of any of the seven villages surrounding the North Mara Gold Mine between the age group of 18 – 40 years old.

It is this SACCOS that seems to be leading the way in the North Mara area in youth and women employment among local contractors. For example, Nyakigema SACCOS won the tender from ABG Gold Mine for cleanliness and garbage collection in the seven villages and currently employs about 60 people, mostly women, for the job. According to most residents in the area who were interviewed, Nyakigema SACCOS has been doing a very commendable job of keeping the roads and streets tidy and clean throughout the day, just like it is the case in any major city in the country. The SACCOS provides its workers with all the safety gears and working tools required when working. According to Miss Raphael, Nyakigema SACCOS has been very helpful in the local community in job creation and women empowerment.



Figure 4.15: Nyakegema SACCOS

4.5.7 Promotion of Local Farming

According to reports published on ABG website, in the village of Motongo about nine villagers joined forces in a local farming project to supply fresh produce to the North Mara Mine. The Mine played a crucial part in this process by supplying seeds and training in modern farming techniques to the respective farmers. Through Sodexo's expertise, which is ABG's catering service provider, farmers are being closely guided on how to increase output by expanding farmland and improving the quality and quantity of produce. The farmers currently own a 60 hectares land and produce lettuce, tomatoes, potatoes and other fresh farm produce.

Thus, the Mine provides a stable and reliable market for their produce feeding roughly more than 17000 employees and contractors working at the Mine. one of the participants in the had the following to say: "I can't understand why some residents have to risk their lives invading the Mine to try to steal gold ore while there are large tracts of arable land right here that they can use to earn a decent living".

4.5.8 North Mara Co - Existence Plan

Because of the challenging nature of law and order and securities issues in the North Mara areas, ABG partnered with Search for Common Ground, an internationally recognized NGO in the field of conflict resolution, to facilitate conflict resolution and help reinforce company's efforts to improve relations between the North Mara Mine and the villages surrounding the Mine.

Search for Common Ground uses multi – faceted approach to resolve conflict in non – violent and culturally appropriate ways by providing human rights and conflict resolution training to police and residents who live and work near the Mine, among other means. During the year 2012, Search for Common Ground held 95 training sessions with communities surrounding the North Mara Mine, an equivalent of 1428

community members in total, in order to progress understanding of the Voluntary Principles on Security and Human Rights.

Search for Common Ground also uses theatre productions in order to highlight conflict scenarios in context and sporting activities, such as football tournaments involving players from local communities, the authorities and members of the ABG workforce, which aim to build relations and teamwork. As part of the North Mara Co-Existence Plan, ABG executed the Village Benefit Agreements and Village Benefit Implementation Agreements with all the seven villages surrounding the Mine during the first half of the year 2012. These Agreements aim at identifying and agreeing with the local community on key social issues within the community that require attention.

The form and kind of investments change depending on the needs of each village but the Agreements addresses issues concerning school infrastructure, improvements in access to water supply, the upgrading of the Sungu – Sungu Clinic so that it may qualify for governmental funding, rehabilitation of village offices and improvements on road and electricity supply infrastructure.

Thus, according to ABG Half Annual Report for 2013 published on its website, US \$ 1.8 million has been spent during the first half of the year on Village Benefit Implementation Agreements out of the total US \$ 6.9 million which have been spent on Corporate Social Responsibility in the whole country during the same period. It is worth noting here that about US \$ 2.6 million was spent on ABG Maendeleo Fund projects during the same time. So, these Agreements represent a substantial part of ABG's investments on Corporate Social Responsibility.

4.5.9 Environmental Protection and Preservation

At North Mara, due to continued environmental pollution and other harmful emission from the Mine, ABG was issued with the Environmental Protection Order from NEMC in order to be able to discharge water. NEMC has been visiting the North Mara operations to review the work done and recently did a final review, so, the Mine is still

awaiting NEMC's approval. Thus, completion of the commissioning of the North Mara Water Treatment Plant for the lifting of the Environmental Protection Order from NEMC and obtaining a discharge permit for the site ranks among the key 2013 environmental priorities for ABG.

4.5.9.1 Environmental Rehabilitation: Case Study

As a case in point the Gonzara area located within the vicinity of North Mara Mine in Tarime District is basically a natural wetland area which was adversely affected by soil contamination in 2009 resulting from seepage containment ponds which occurred after trespassers entered the Mine premises, vandalized it while some stole the plastic pond liners designed to prevent such seepage occurring.

In order to rehabilitate the area, ABG excavated and replaced the contaminated soils; lime closed the wetland area, installed defensive trenches and sumps to cut off any further acid drainage or seepage and concluded with a re - vegetation exercise of the affected areas. From the monitored results of this exercise conducted from 2009 to 2012, the area shows ongoing restoration of vegetation, the return of native wildlife to the area and, most importantly, a functioning ecosystem returning.

4.5.10 Other Community Investments Projects

According to ABG officials the company has been constantly involved in a variety of community investments programs. For example, ABG has increased North Mara's annual community relations budget to US \$ 2 million, with over US \$ 1 million dedicated to community investment annually. The company has also invested up to US \$ 40 million to connect North Mara to the Tanzanian power grid, thereby linking the Mara Region to the national electricity network.

4.6 Extent of ABG’s CSR Investments in Mining Areas

The figure below (Figure 4.16) shows that 84 percent of respondents from the local communities who were interviewed did not think ABG was spending enough on CSR activities for communities living in mining areas compared to only 16 percent who responded in the affirmative.

Similarly, as the figure below shows, when asked if they think ABG is spending enough on CSR activities in their areas, 84 percent of research respondents who were interviewed didn’t agree compared to only 16 percent who said they think ABG was spending enough on CSR activities. This means many local residents in mining areas where ABG is operating are not satisfied with the company’s contribution on CSR in their areas and want to see the company spending more than it is doing at the moment.

ABG Investment on CSR in Mining Areas: Is it Enough?

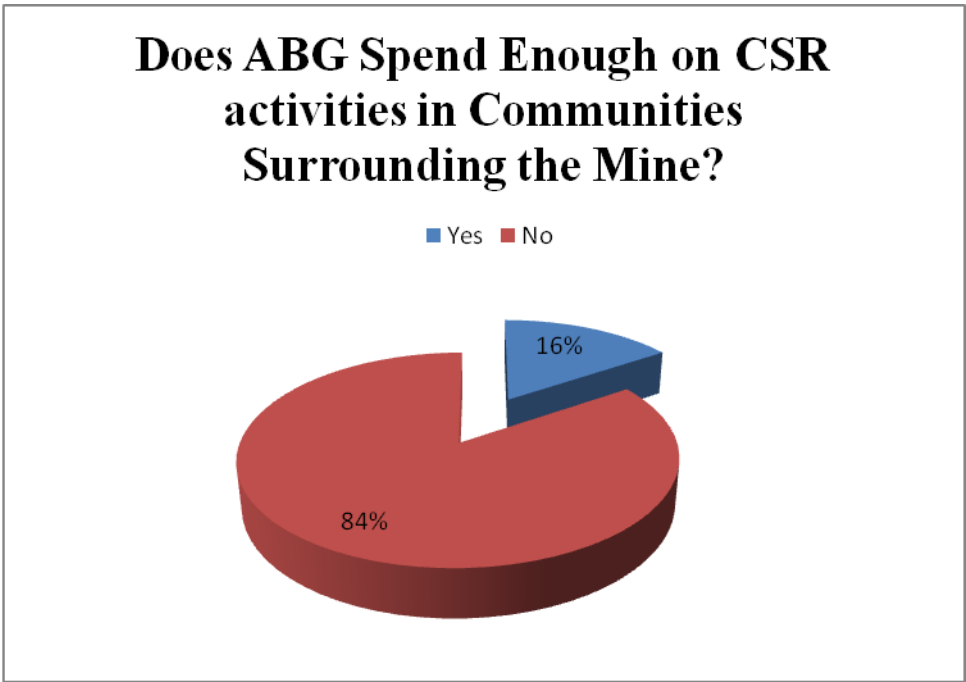


Figure 4.16: Extent of ABG's CSR Investments in Mining Communities

4.7 Impact of ABG's CSR activities on poverty alleviation

From the Research work done it is without a doubt that ABG has invested a lot in the mining areas where it operates. Most of these programmes have been instrumental in shaping the fortunes of the communities in the mining areas tremendously. While these CSR activities are specific to a mining area concerned, ABG invests a lot in the following CSR activities, among others: roads, health and sanitation, education, road infrastructure, water and sanitation, electricity, local employment and even local procurement as analyzed here below.

From figure 4.17 below, it was established during the research that 76 percent of respondents responded in the negative when asked if they think CSR activities undertaken by ABG have made impact on the lives of communities living in mining areas. Only 24 percent of respondents answered this question in the affirmative which means many people in mining communities are still not convinced by ABG's efforts towards improving their living standards.

Most local residents pointed out that unemployment for most of them is still a big problem and given that their farms were taken to pave mine activities they have been left landless therefore they are unable to engage themselves in productive activities.

Not only that but also, there are many jobless young and old people whose lives have depended on mining activities since they were young but now say they cannot afford daily basic necessities because of high inflation of essential commodities and services in mining areas caused by the presence of the mine. According to them, the presence of the Mine has caused them grief and sorrow instead of improving their living conditions.

CSR Impact on the Living Conditions of Local Communities

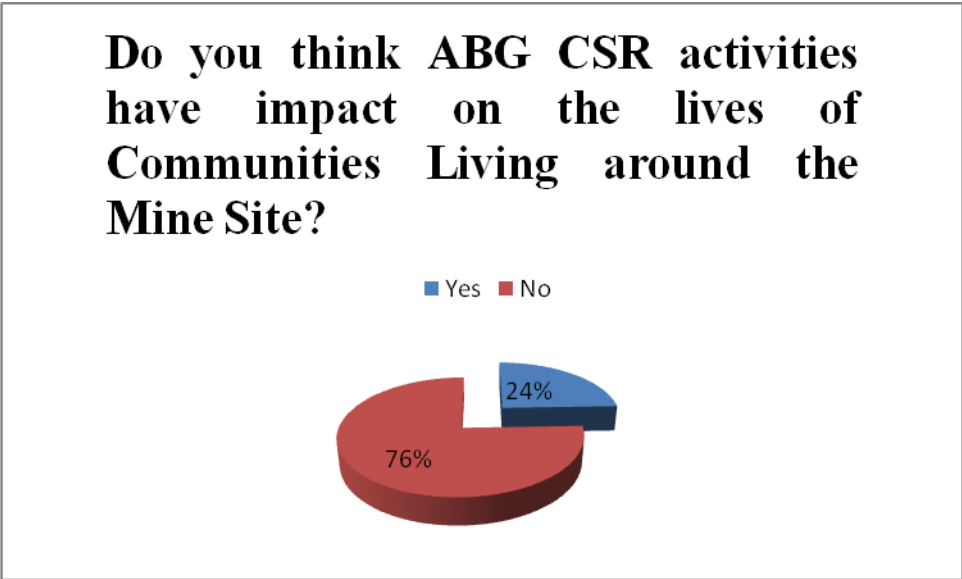


Figure 4.17: Impact of ABG's CSR on the Lives of Local Communities

4.7.1 Education

It is clear from the research that, ABG has contributed immensely to the education development in all the mining areas its operations are located. As the Researcher found out, ABG has built schools from scratch, renovated school buildings, sponsored needy students and eradicated the problem of school desks in almost all the schools surrounding the mining areas. Not only that but also, ABG has been promoting vocational training skills in the mining areas it operates so that local people in the areas can acquire skills needed to enable them to get employed in the mining sector. The special nature of all these ABG programmes is that it has enabled more girls to have access to secondary education and increased their employability.

Thus, educational development has been crucial in imparting people in the area with the skills needed to fight poverty and raise their living standards. From the education

received a number of youth in the area have been educated and employed by the Mine or other companies working in the mining areas. Yet, many others have self-employed themselves in other entrepreneurial ventures because of the education they received.

Despite its apparent success in education, ABG's Corporate Social Responsibility is still lacking in its efforts because of the fact that more people in the mining areas still have no access to secondary education and cannot study further than primary schools. Since, so far, ABG has been focusing on students who have passed their primary school examinations, the majority of students are left out by ABG's sponsorship programme and end up jobless and poor. The overall effect is that the majority of young people are unemployable in the mining areas for lack of the skills needed. To eliminate this problem, ABG needs to focus more on helping more those students that have the potential but otherwise could not pass the exam because studying opportunities at secondary schools are limited due to few numbers of secondary schools in the area.

Another area where research respondents pointed out was the fact ABG's educational support seems to focus more on the areas that are in close proximity to the areas where it operates leaving out those areas within the same districts that are far away from the Mine. According to some research respondents, ABG should find ways to include all the schools in the districts it operates in its education support programmes.

Not only that but also, as it was suggested by some respondents, ABG's support to girls' education would bear more fruits if it were to involve building of hostels at every school to accommodate female students. As most research respondents seem to suggest, a number of female students drop out of school each year due to pregnancy while others fail to regularly attend school because they in villages that are sometimes more than 20 kilometers away. As a result, many female students drop out of school because of pregnancy and some cannot properly concentrate on studies because of the distance they have to travel every day to and from school.

It is because of these shortcomings observed, this study highly recommend to ABG management to find ways to prioritize financing of hostel building to accommodate students who hail from villages that are located far away from its mining areas. The building of these hostels will help to reduce the problem of pregnancy among female students while, at the same time, enabling students who live in distant villages an opportunity to concentrate on their studies.

Moreover, the building of students' hostels will help increase girls enrollment in secondary schools translating into more female students graduating from secondary education to become more useful members of the society. It is the observation of this Research that if ABG can improve on these issues to give educational opportunities to more young people, the company and the local communities will benefit much since education will increase employment opportunities for the local population while, at the same time, ensuring that every primary school leaver is given an opportunity to continue schools and probably be self – employed or employed by the mining companies or other companies working in the area and elsewhere.

4.7.2 Health Services

ABG contribution in the health sector is another area which shows how the company has committed itself to improving the health services provided to the people living in the mining areas where it operates. The renovation of primary health centers and district hospitals coupled with provision of hospital facilities has helped more people in the mining areas to have access to better and modern health services than ever before. As a result, this has saved them the burden of having to travel to far away districts and regions in order to find health services that should have otherwise been made available in their own locality.

Likewise, efforts made by ABG constructing new health facilities like the Mwendakulima Health Center in Kahama town will greatly support the government's efforts towards providing affordable health care to more people. Since the health center

will principally serve residents of the three villages that are surrounding the Mine, it expected that access to modern and better health services will likely enable more people to fight diseases and concentrate more on engaging themselves in gainful employment rather than wasting much time looking for health services from distant districts and regions.

Not only that but also, according to research respondents these health services support initiatives by ABG have had the effect of reducing child mortality rate in the mining areas while, at the same time, helping to reduce the spread of communicable diseases like cholera, diarrhea and other killer diseases like malaria, tuberculosis and HIV/AIDS. According to local village leaders, the campaign conducted by ABG to spray the villages surrounding its mining operation free from mosquitoes have been commended for saving the lives of both children and adult populations from certain deaths that have plagued the villagers for many years before ABG started the operation.

For example, according to ABG officials, the company has been supporting malaria intervention in the Lake Zone through two initiatives – Zinduka! Malaria Haikubaliki and Night Watch Programme with a commitment of US\$ 96,600 and US\$ 100,000 respectively. Thus, up to 2012, Zinduka outreach campaign had visited 23 schools in the Lake Zone districts in collaboration with THT and Malaria No More.

Likewise, ABG's donations to improving health services at Bugando Medical Center have been hailed as an important reminder of how companies can use their Corporate Social Responsibility programmes to benefit communities in the areas where they operate. At Bugando Medical Center, ABG has spent more than US\$ 290,000 in total towards the construction of two operating theatres and purchase of an endoscopy machine. Thus, ABG has done a lot in the health service delivery in almost all the areas where its mining operations are located.

The above notwithstanding, the state of health services delivery in most mining areas is still very much underdeveloped. Very few people have access to modern health services

and majority still resort to traditional healing means, as the Research has established. As one Research respondent pointed out, access to health services in mining areas is still severely limited and very costly. It was also established from this Research that there are very few health centers in mining areas which are known to harbor large populations of people therefore, severely limiting the ability of available health facilities to meet the needs of the whole population.

Worse enough, the presence of mining companies in the mining areas, including areas where ABG operates, has greatly compounded the problems relating to the spread of HIV/AIDS due to migration of thousands of people from nearby and distant areas into mining areas. As a result of all these interactions, health experts warned that the spread of HIV/AIDS has emerged as the leading threat to peoples' lives in all of the ABG's mining areas. According to some village leaders interviewed, the spread of HIV/AIDS is threatening to wipe out some families in the villages surrounding the gold mines.

The most serious effect of the spread of HIV/AIDS in the mining areas is that even school - going children have not been spared by this deadly disease. According to the Bugarama Ward Education Coordinator the spread of HIV/AIDS among students and young people in the area has been compounded by beliefs by some sections of adult population that view school girls and young people as being safe and cheaper to obtain for their sexual pleasures. These practices have put lives of many people in the area, both young and old, at the risk of early deaths resulting from the spread of HIV/AIDS.

It was the view of most research respondents that ABG should focus more of its efforts in vigorously fighting the spread of HIV/AIDS since the company's presence in the mining areas has been cited by many respondents to be the leading cause for the sharp rise in the spread of this deadly disease. In order for the campaign to be more effective, ABG should seek to involve local leaders and health practitioners both in the planning stage and intervention programmes.

4.7.3 Water and Sanitation

The efforts that have been put in place by ABG on water provision is worth recommending. In areas surrounding mining areas in Bulyanhulu, Buzwagi and North Mara ABG has invested heavily in provision of water for people living in the areas. The construction of more than 17 water bores at North Mara Gold Mine is a case in point. One village who was interviewed had the following to say: “we really thank ABG for providing us with this important commodity for our life. In the past we used to walk very long distances looking for clean and safe water in neighbouring villages or areas but now we can relax because ABG has solved this problem for us. With a nearby source of water within our own village our life is now better than ever before”.

Another research respondent commended ABG for making water provision available to as many people as possible through drilling of deep water wells that have the potential to change the fortunes of people living in the area. He says this will save peoples’ time that was being spent on searching for water rather than concentrating on economic activities. He believes that villagers stand a good chance of benefiting from this multi – million shilling project worth of investment from ABG.

Despite its best efforts, the Researcher was able to witness countless number of people in the area who are still lacking this basic service. One villager interviewed had the following to say: “it is true that ABG have dug water wells for us but they are still not enough to satisfy our needs. Some of us still walk more than a kilometer to access water even if we live in the same village where the water bore is located. While it has served us countless hours of walking to far away villages or areas to look for sources of water, we do still have to endure many hours of waiting in long queues waiting for our turn to fetch water to come and then walk another 1 kilometer tow where we live. Thus, to me water is still both unreliable and uneasy to find.”

Thus, as some villagers have pointed out, while it is true that ABG has done a commendable job on water provision especially at North Mara and Bulyanhulu Gold

Mine by building water wells and reservoir of water, its efforts have not reached villagers residing in distant villages as they still have to walk long distances in search for water. While it is true that people living in areas such as Kakola and Bugarama Villages have benefited a lot from ABG water investment programs this represents a very small percentage of people in the whole District who are desperately in need of a reliable source of clean and safe water.

4.7.4 Road Infrastructure

During the course of this study, the Researcher witnessed a number of well – paved roads in almost all the mining areas. Most of these roads are still rough ones but ABG has been nicely paving them from time to time, thereby improving transportation of goods and people in the mining areas all the time of the year.

For example, the building of the five kilometers stretch of land to the level of tarmac road is an important step ahead towards the modernization of Kahama Town which has been rapidly growing and expanding as a result of having a gold mine within its vicinity. Apart from that, ABG has been regularly paving all the roads leading to its mines, therefore, making them passable throughout the year.

In their responses, some respondents lauded ABG continually improving transportation in their areas and keeping the roads regularly maintained. Some even suggested that road infrastructure projects have not only made it possible for them to transport goods from one area to another but also many people have been employed as a result of periodic road maintenance done by ABG from time to time. One respondent living close to Bulyanhulu Gold Mine further added the following: “in the past it used to take us many hours or the whole day to travel from our village to Kahama Town or distant villages which are only less than 100 kilometers away.

The respondent further says that it used to get worse during the rainy season as most roads became impassable and transportation of people and goods became difficult as roads became too wet. Thus, economic stagnation resulted as crops and goods perished

on their way to the market while still in the farms. But, nowadays, they spend less than 90 minutes to travel the same distant that used to cost us half a day travelling. He goes on to say that “we can harvest our crops and sell them the same day or the following day. This is a very welcome development that we have been expecting from the Mine. ABG has made our lives much simple.”

Again, road infrastructure is another area where ABG has been doing a good job of connecting people and villages. ABG’s road projects seem to have stirred up many economic activities in all the mining areas where it operates as people can now move their goods and services to distant market far too easily unlike it was the case in the past. There are many businesses that are mushrooming in the areas because of road improvement projects. During the study, the Researcher observed that a number of people are engaging in transportation business that is a result of good network of roads in the mining areas where ABG works.

Moreover, road infrastructure has connected communities living close to ABG’s mines to all the town center of Kahama and Tarime as people can now travel to access banking and local government services and be able to return to their homes within the same day throughout the year. This was unthinkable in the past. The infrastructure development projects seem to benefit the ABG since it can easily transport goods and people to and from its Gold Mines of Bulyanhulu, North Mara and Buzwagi.

Yet, these infrastructure development projects have not benefited all the villages especially those that are not within close proximity to ABG mines. Some of these villages are less than 10 kilometers away from ABG’s gold mines but are very difficult to reach during the rainy season as the roads become wet and almost impassable for some hours during the day or worse still some days during the week. Despite living in mining areas, villagers in these areas still find it difficult to transport goods and services and have to endure the nightmares of getting stuck while on their way to market areas in Kahama or Tarime.

Likewise, some research respondents demanded that ABG needs to do more in rehabilitating the road network in the area because, many the times, the roads built are damaged by heavy trucks and vehicles carrying bulk cargo belonging to ABG's gold mine. For example, during this study, the Researcher witnessed many heavy duty trucks carrying bulk oil and fuel for mining use. These long vehicles and trucks have been blamed by many respondents for damaging roads quicker than it would have been the case if these trucks were not passing through these roads on their daily trips to and from ABG's gold mines.

4.7.5 Reliable Source of Power

Provision of electricity to people living in mining areas is still a major challenge facing ABG in almost all its mines. However, the study found that ABG has been contributing tremendously to power provision for people living in mining areas. For example, ABG has invested more than US \$ 500,000 on electrification of villages such as Kakola and Bugarama at its Bulyanhulu Gold Mine. Kakola village alone, it is estimated to harbor about 17,000 residents and is a mixture of natives from the area and mainly immigrants from neighbouring and other areas of Tanzania who have moved to the village in seeking for employment and other economic activities available in the area.

Availability of electricity has been a crucial factor in improving the economic well being of people living in these areas because a number of people have been able to engage themselves in gainful economic activities that were not possible in the past such as welding, videoing, selling of electrical appliances, salooning, selling of cold drinks etc. Numerous economic activities were witnessed during the study in the areas of Kakola and Bugarama because of the difference electricity availability has made to people living in the area.

One research respondent who was interviewed is on record for attributing the improvement in his life standard to the advantages brought about by electricity. He says because of electricity he can now freeze cold drinks and sell later something which was

not possible in the past as he only sold hot drinks. Other respondent pride themselves in the fact that it even possible to sell electrical appliances in Kakola and Kahama where the market size is as big as any urban center.

Like it is the case with many other ABG's CSR investments, electricity supply has so far not benefited many people living in distant villages from the vicinity of its Mines. In fact, there are still a lot of villages even within the vicinity of its gold mines where people have never used electricity. As a result, they cannot engage themselves in economic activities as those available to people living in areas such as Kakola and Kahama. A lot needs to be done here.

4.7.6 Local employment

Employment of people living in mining areas is one of the most challenging issues facing ABG until now. Although more than 90% of ABG workers are Tanzanians, a significantly small percentage of them come from mining areas. As such very few people living in mining areas are employed in skilled jobs in the Mine because they lack essential skills required by the Mine. This sad situation has forced mining companies in the country to employ people from other areas of Tanzania, leaving thousands of youth from mining areas jobless creating unwelcome tension between mining companies and the local communities in their areas.

Since many people from mining areas do not qualify for skilled jobs or semi skilled jobs offered by mining companies in their areas, this has largely contributed to economic retardation of these people. Most people in these areas are jobless and are not engaged in any meaningful economic activities causing untold economic sufferings and misery for themselves and their families. For as long as these people remain unemployed or without being imparted with entrepreneurial skills people's poor perception of mining companies contribution will not change in the near future.

4.7.7 Local Procurement

Through its emphasis on buying locally, ABG has in many ways been able to contribute to rapid development of mining areas. At Bulyanhulu, for example, Ibuka cooperative society has played an important role in acting as important local supplier for the Mine. There are many people in the area who have benefited either directly or indirectly from this local procurement done by ABG.

Even at North Mara Gold Mine there are several local contractors who have played an important role in the economic development of the North Mara area. ABG has been awarding numerous tenders for road and building construction projects worth millions of dollars to local companies such as Kiribo Construction Limited. This policy of buying locally is one of the most important initiatives pursued by ABG because in addition to employing local people from the area, these local contractors are likely to re – invest the money earned in the mining areas, thereby promoting rapid development of the mining areas.

Big George & Sons Co. is another local contractor in the North Mara registered as safety and environmental contractors. Big George & Sons Co. has on several occasions been contracted by the Mine for safety and environmental works which have employed hundreds of people in the area in the past. Its activities include dealing in safety protective gears, garbage collection and other safety and environmental related businesses.

Since Big George & Sons is a local company, it means most of the income it earns from its contracts with the ABG North Mara Gold Mine has been re-invested in the area thus creating several employment opportunities for residents of the area that would have otherwise been awarded to contractors from other far areas of the country like Dar es Salaam and Arusha or Mwanza. The head office of the company is located at the Nyamongo area which is within the vicinity of the North Mara Gold Mine.

Moreover, Nyamongo Contractors and Mining Co. Limited is yet another contracting company that is originally from the North Mara area with its head office located at the Nyamongo area. As its name suggests, this company specializes in construction and mining activities for which it is registered for. Through this company local residents have been benefiting tremendously through direct and indirect job opportunities offered by the company thus raising the economy and living standards of people living within the vicinity of the area as ABG cannot employ all the people.

Among the projects that have recently been awarded to the company by the ABG North Mara Gold Mine is the construction of Kemambo Secondary school found in Kerende Village within Tarime District, Mara Region. This project funded by ABG included the construction of classrooms, administration block, teachers' houses, students and teachers toilets and a pig farming house in the background.

Other important local contractors include the Gimunta, Nangai and Chibango Joint Venture which has been engaged by ABG North Mara Gold Mine for the proposed construction of the new Nyangoto and Matare Primary Schools. The two schools are going to be relocated from their current areas to these new modern buildings that are currently under construction to pave way for mining activities because they are within the mining area.

Poverty Alleviation Initiatives

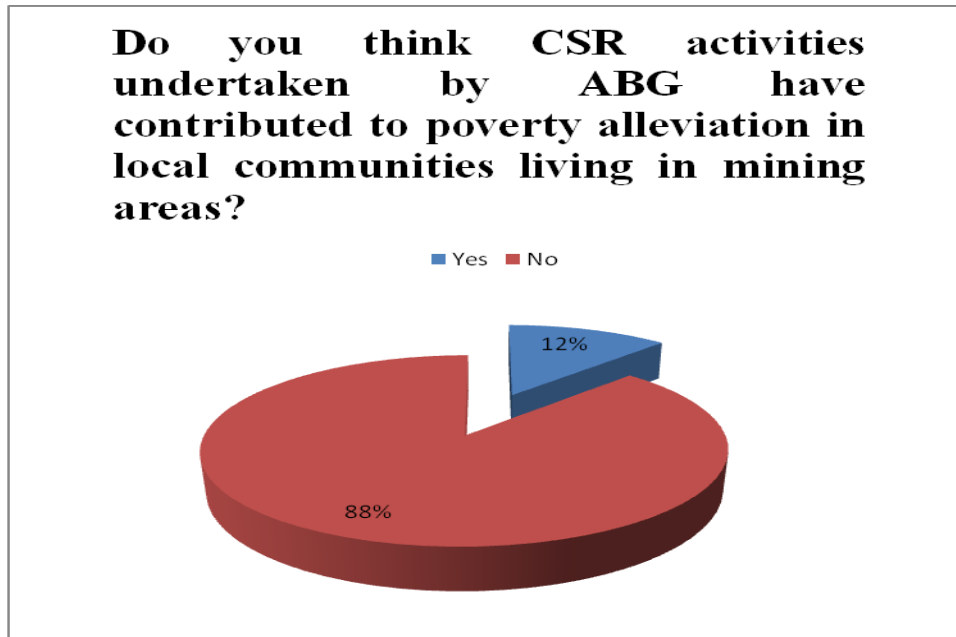


Figure 4.18: Contribution of ABG's CSR on Poverty Alleviation in Mining Areas

The figure above shows that 88 percent of the local residents interviewed said no when asked if they thought CSR activities undertaken by ABG have contributed to poverty alleviation in mining areas. Only 12 percent were of the view that CSR activities undertaken by ABG have contributed to poverty alleviation for communities living in mining areas. This means most local residents in mining areas do not think that ABG has contributed to poverty alleviation in their areas. To the contrary, most of them were of the view that the presence of the Mine has made their lives even harder because of high inflation and loss of their fertile farmlands that were taken to pave way for mining activities in return for very small compensations that were paid to them.

Thus, while many local government officials and ABG employees who were interviewed were of the view that the company's CSR activities have contributed to poverty alleviation in mining areas, most local residents interviewed did not think that was the case as many of them lamented about the poor state of living conditions for most residents in their areas.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

In the course of this Research one thing that became clear was the fact that ABG has been doing a lot through its CSR programs in the areas where its mining operations are located. The involvement of the community and government leaders is another area which makes these community investments programs by ABG all the more impressive. Their investments have greatly impacted on the lives of people in many ways.

The launching of the ABG Maendeleo Fund seems to have spearheaded ABG's community initiatives investments to unparalleled levels. The vast amounts of money that have been spent in only the first two years since its inception have caught the attention of many in the sector. Considering that ABG is planning to spend up to US \$ 10 million is a very serious commitment and statement of its intent towards Corporate Social Responsibility. In fact, the ABG Maendeleo Fund has been lauded in many quarters as being the single largest community investment program of its kind in the whole country.

If the money from the Fund will be wisely spent as intended, signs are that communities living in mining areas where ABG operates are going to benefit tremendously. What is more interesting about ABG Maendeleo Fund is the fact that the company involves local government leaders and communities living in mining areas in determining which community investment programmes to invest into every year.

This involvement of the community in the planning and decision making is the reason why CSR activities done by ABG under its Maendeleo Fund are likely to be sustainable. This represents a major change of CSR approach in the country as many companies still decide on their own which CSR activities to engage into without the involvement of local communities.

Despite all this, as a result of the Mine, sexually transmitted diseases such as HIV/AIDS have increased are said to be on the rise in mining areas and inflation is constantly on the rise affecting the prices of essential commodities in the mining areas. Thus, with the exception of a very few bunch of people who have been lucky to secure permanent employment in ABG's gold mines, life for most ordinary people has become even harder as most of them cannot earn an income to support their lives and that of their families.

Since CSR is not mandatory in the country until now, the efforts that ABG have been putting in community investments through its CSR activities under ABG Maendeleo Fund and other initiatives need commending. In fact, contrary to public perception and opinion, this study has learnt that ABG has done a lot in collaborating government's poverty alleviation efforts. The company's CSR programs have been focusing on strategic areas that impact on the large section of the community such as road infrastructure, health services, water and sanitation, education and promotion of local employment and procurement.

For instance, ABG's decision in 2011 to set aside US \$ 10 million annually under its Maendeleo Fund for its CSR programs in the country was a very big statement of intent from ABG on its commitment to Corporate Social Responsibility. An expenditure of this magnitude goes a long way towards showing the commitment of the company in the area of Corporate Social Responsibility. If the money is spent wisely and as planned it has the potential to turn the economic fortunes of people living in the mining areas tremendously.

However, despite ABG best efforts, many ordinary people in all the mining areas that were visited still live in abject poverty and do not think ABG's presence in their areas has done much to reduce poverty. When asked what has been the impact of ABG's CSR programs in their areas many research respondents did not agree that ABG programs have had much impact on poverty alleviation in their areas. Instead, they cited many problems that have been caused by the presence of the Mine in their areas such as water

and environmental pollution, high unemployment levels, the spread of HIV/AIDS, the increase in students and pupils dropping out of schools, the increase in crime related incidents, food shortage and high price inflation levels.

5.2 Conclusion

Although this Research has witnessed countless community investment programs being undertaken in mining areas, many research respondents who were interviewed said there is still widespread poverty as many people are still unemployed in any economic activity and many households still live in grass – thatched houses while others cannot afford two meals a day despite living within the Mine vicinity. Thus, while most local government officials and ABG employees think the Mine has contributed much towards poverty alleviation in their areas, many local residents do not think that was the case.

5.3 Recommendations

While it is true that ABG has done a lot as far as its Corporate Social Responsibility is concerned, a lot more could still be done and needs to be done for its CSR activities to have the effect it is intended to have on the large section of the people living in the mining areas where it operates. The following are some of the recommendations that can be used to address the shortcomings observed during the research:

5.3.1 For ABG's CSR activities to have better impact on poverty alleviation in the mining areas where it operates the company needs to invest more in income generating activities for people living in the mining areas. As the study has found out, many people have been unable to make use of advantages brought about by ABG's investments in water and sanitation, road and electricity programmes because they still struggle to even feed themselves properly.

As a result, most of them still live in abject poverty in the midst of abundance. Activities that address capacity building in economic activities could be very useful to people in the mining areas to enable them to run their lives independently of the mine. If the company is not going to properly address this problem of poverty, in

collaboration with the government, many people will remain poor and the CSR activities will not have a bigger impact to ordinary people living in these areas.

5.3.2 The other recommendation is that ABG needs to involve even distant villages in its development programmes in future. While the study sees the rationale in concentrating most of its CSR activities in areas within the vicinity of its gold mines, it is still important that people living in distant villages from the mines are being included in the community investment programmes that are being offered by ABG under its Maendeleo Fund. If this will be done, then most villages in the two districts of Kahama and Tarime will be benefiting thereby reducing the constant clashes and complaints by the local people against ABG. The company needs to do more in improving roads in all the villages surrounding the gold mines as well as improving access to water, education, health and other essential services.

5.3.3 In addition to constructing schools and supporting the construction of classrooms, it is the recommendation of this Research that the company includes the building of students' hostels in the schools it builds so as to afford more students and pupils uninterrupted attention and concentration to their studies. The problem of school drops – out is more prevalent in mining areas than in most areas of Tanzania because of the presence of the migration of many people into the areas who are seeking life opportunities presented by mining activities. As a result, in many primary and secondary schools, many children drop out of school to engage in mining activities, while others, especially girls drop out of school due to pregnancy – related problem. The construction of students' hostels could go a long way towards addressing this problem.

5.3.4 Similarly, in addressing the problem of income and employment for local people who live in its mines of Buzwagi, North Mara and Bulyanhulu it is recommended that ABG makes it a policy of employing semi – skilled and unskilled labourers only from neighbouring villages on permanent contracts.

The current practice of offering short – term contracts on rotation basis of three months only does not effectively address the unemployment problem and leave many people in worse situation than they were before they got employed in its mines. The three months duration is too short and seems to serve no useful economic purpose for local residents as it can take one more than two years to be employed again if he/she is lucky enough.

If the company feels owing to the nature of the employment itself cannot offer permanent contracts in those areas, then it is better that such employment are offered on a longer duration of, at least, twelve months. This will enable people who are employed to save more money which they can use to invest in other useful economic activities once their employment engagement with the mine ends.

5.3.5 Moreover, it is highly recommended that ABG focuses more on improving farming activities in the mining areas where it operates especially in Kahama District where a good number of people are rice farmers. Since most people in the area still depend on farming, ABG's CSR programmes can have much effect and more positive impact on poverty alleviation if they also make farming improvement in the areas it operates a priority.

5.3.6 The other way ABG can support local communities in the eradication of poverty in the mining areas it operates is by supporting small scale miners through provision of financial and technical support. The rationale for this recommendation is that there are thousands of people in both Kahama and Tarime districts whose livelihoods still heavily depends on mining activities. But lack of finance, technology and modern mining tools have been hampering their development and productivity.

ABG, being such a giant mining company and one of the five largest mining companies in Africa can play a crucial role here of imparting mining skills and finance the development programmes of artisan miners in the areas where it operates. This will also be useful in reducing unnecessary conflicts between the company and local artisan miners while contributing to poverty reduction.

5.3.7 It is highly recommended that ABG should negotiate with the district councils in which it operates and seek ways to address the problems of crimes and banditry in mining areas that have been brought about by its presence in these areas. Therefore, it is a recommendation of this Research that the company should find ways to involve both the communities, local police force and even district local government leaders to address the ever – rising problems of insecurity in the mining areas that put peoples' lives at risk.

5.3.8 Lastly, but not least, this Research recommends to the government to find ways of regulating responsible mining by making it mandatory for all companies working in Tanzania to fund development activities in their areas where they have invested. If CSR will not be made mandatory through regulations, the complaints by many people living in the mining areas and the country at large that mining are not doing anything or rather are not doing enough will never end. If by regulation, every company investing in the mining areas is mandated to develop the people in the area there will be very rapid economic development in very few years.

5.3.9 Alternatively, it is a recommendation of this Research that the government should seek ways to enact a law that will require a certain percentage of corporate tax or royalty paid by mining companies to be remitted back to the local government for promoting economic development in the mining areas. To ensure there is accountability in the use of this money, local development fund committees can be formed to supervise the disbursement of the money.

A. REFERENCES

Burke, R.J. and Cary, L.C., (2008), *Building More Effective Organizations: HR Management and Performance in Practice*, 1st Edition, Cambridge University Press, Cambridge.

Campbell, J.L., (2004) Institution Change and Globalization, Princeton University Press, Princeton, New Jersey.

Carroll, A. (1999), The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, Business Horizons, 34, pp.39-58.

Daft, R.L. (2000), Management, 5th Edition, The Dryden Press, USA.

Daft, R.L., (2006) Organization Theory and Design, 9th Edition, Cengage South-Western.

Elkington, J. (1997), Cannibals with Forks: the Triple Bottom Line of 21st Century Business, Capstone, Oxford.

Fisher, C.M. & Lovell, A. (2006) Business Ethics and Values: Individual, Corporate and International Perspective, Prentice Hall, / Financial Times, New York.

Freeman, R.E. (1984), Strategic Management: A Stakeholder Perspective, Prentice Hall, Englewood Cliffs, New Jersey.

Friedman, M. (1970), The social responsibility of business is to Increase its profits, New York Times Magazine, September, p.13.

Holbeche, L. (2009), Aligning Human Resources and Business Strategy, 2nd Edition, Elsevier Ltd, UK.

Keinert, C., (2008) Corporate Social Responsibility as an International Strategy, Physica-Verlage A Springer Company, Leipzig.

Kinicki, A. and Brian, K. Williams (2008) *Management: A Practical Introduction*, 3rd Edition, McGraw-Hill/Irwin, New York.

Kothari, C.R. (2004) *Research Methodology: Methods and Techniques*, 2nd Revised Edition, New Age International Ltd Publishers, New Delhi.

Kotler, P. and Lee, N. (2005) *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, Hoboken, NJ: Wiley.

Lucey, T. (1997) *Management Information Systems*, 8th Edition, Letts Educational, London.

Moran P. and Ghoshal, S., (1996) *Value Creation by Firms*, *Best Paper Proceedings*, Academy of Management Annual Meeting, Cincinnati, Ohio.

Pride, W. & O.C. Ferrell (1997), *Marketing*, Boston, MA: Houghton Mifflin Company.

Pride et al (2011),¹ *Business*, 11th Edition, Cengage Learning, South –Western, Ohio.

Rao, V.S.P. and V.H. Krishna, (2003), *Strategic Management; Text and Cases*, Anurag Jain, New Delhi.

Yin R. (2003) *Case Study Research: Design & Methods*, Third Ed. Applied Social Research Methods Series, Volume 5. SAGE Pub., Thousand Oaks: CA.

Roy R. (2008) *Entrepreneurship*, 1st Edition, Oxford University Press, New Delhi.

Vogel, D. (2005) *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, Bookings Institution Press, Washington, D.C

Wheelan, T.L. and Hunger D.J., (2008) *Strategic Management and Business Policy: Concepts*, 11th Edition, Pearson/Prentice Hall.

B. ARTICLES AND JOURNALS

Activists want Barrick taxed on gains (2012, August 22) *Daily News*

Archie B. Carroll, 'The Four Faces of Corporate Citizenship', *Business and Society Review*, Volume 100, No.1, 1989, pp.1-7.

Condie, S. (2004, December 4) How a Dream Turned into a Nightmare. *BBC News*

Davis, K. (1973), The Case for and Against Business Assumption of Social Responsibilities, *The Academy of Management Journal*, Vol. 16, No.2, pp. 312-322.

Hillman A. and Keim, G. (2001), Shareholder Value, Stakeholder Management and Social Issues: What's the Bottom Line? *Strategic Management Journal*, Vol. 22, No. 2, pp. 125 -139.

Husted, B.W. and Salazar J. (2006) Taking Friedman Seriously: Maximizing Profits and Social Performance, *Journal of Management Studies*, 43 (1), pp. 75-91.

Lee, P. (2008), A Review of the Theories of Corporate Social Responsibility: Its evolutionary path and the road ahead, *International Journal of Management Reviews*, Volume 10, No. 1, pp. 53-73

Matsushita, A., (2000) Common Sense Talk, *Asian Productivity Organization News*, Vol. 30, No. 8, p.4.

McWilliams, A. et al (2006) Corporate Social Responsibility: Strategic Implications, *Journal of Management Studies*, 43 (1), pp 1 – 12.

Nyakeke, B. (2013, January 26) NEMC's Order to Barrick: Shut down the Toxic Tailings Pond. *The Citizen*

Porter, M.E. and Kramer M.R. (2006) Strategy and Society: the link between Competitive Advantage and Corporate Social Responsibility, *Harvard Business Review*, December, pp 78 – 92.

Russo, M.V. and Fouts, P.A. (1997), A Resource - Based Perspective on Corporate Environmental Performance and Profitability, *Academy Management Review*, Vol. 40, No.3, pp. 534-559.

C. WORLD WIDE WEBSITES

www.africanbarrickgold.com

www.tcme.org.tz.

<http://www.hp.com/hpinfo/globalcitizenship/csr/>

Leader to Leader website, June, 2003, <http://www.pfdf.org/about/index.html>.

<http://www.csrinternational.org>

www.tanzania.go.tz/mining.html.

<http://www.hp.com/hpinfo/globalcitizenship/csr/>

<http://www.africanbarrickgold.com>

<http://www.africanbarrickgold.com/corporate-responsibility/maendeleo>

www.habarileo.co.tz/index.php/habari-za-kitaifa.

D. REPORTS

ABG: Annual Reports and Accounts 2012.

Africa Barrick Gold's Maendeleo Fund Report for 2011/2012.

Barrick's Half Year Report (ending 30th June, 2013).

Barrick's Final Year 2012 Report

Grant T. (2008) *International Business Report*

Lugoe F. (2011) the Land Factor in Mining Reserves in Tanzania: *ESRF Policy Brief Paper* No. 1/2011

APPENDICES

Appendix 1: ABG Officials

A QUESTIONNAIRE ON THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON POVERTY ALLEVIATION IN MINING AREAS IN TANZANIA: THE CASE STUDY OF ABG

1. INTRODUCTION

The following is a questionnaire with a topic titled: **The Impact of Corporate Social Responsibility on Poverty Alleviation in Tanzania: The Case Study of ABG**. This questionnaire is being done in partial fulfillment of the requirements for a compulsory dissertation for the award of Masters Degree in Business Administration (MBA - Corporate Management) at Mzumbe University. Your co-operation is highly desired in making this Research a success. The Research Report will be made available to all the research respondents.

2. PERSONAL PARTICULARS

Name (optional): _____ Sex: Male Female
(Please Circle)

Occupation: _____ Age: _____

Address:

District/Region (Residence): _____

3. INSTRUCTIONS

Please circle if your answer is YES or NO (where needed) and explain where it is required or needed.

1. How long have you worked in the management team at ABG?

Below 3 years []

3 – 5 years []

Above 5 years []

2. How do you best describe your position in the management team at ABG?

Low cadre management level []

Middle cadre management level []

Senior management cadre []

3. What do you understand about Corporate Social Responsibility (CSR)? Please explain here below:

4. Does your company have a Corporate Social Responsibility policy? (Please circle)
YES NO

If your answer above is in the affirmative, please explain briefly what the policy says:

5. Which Corporate Social Responsibility activities does your company undertake on regular basis?

6. Which CSR projects has your organization undertaken in the last five years? Please number them below

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.[illegible]

9. What are your main sources of funding for CSR activities?

10. What are the challenges your organization face in implementing CSR policy and activities?

11. In your own opinion, do you think ABG's CSR activities have impacts on the lives of communities living around the Mine site? YES NO (please circle). If your answer above is YES please explain:

12. In your own words, do you think ABG's Corporate Social Responsibility has contributed to poverty alleviation in the mining areas? YES NO (please circle) Explain your answer here below:

103

Appendix 2: Local Residents

A QUESTIONNAIRE ON THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON POVERTY ALLEVIATION IN MINING AREAS IN TANZANIA: THE CASE STUDY OF ABG

1. INTRODUCTION

The following is a questionnaire with a topic titled: **The Impact of Corporate Social Responsibility on Poverty Alleviation in Tanzania: The Case Study of ABG**. This questionnaire is being done in partial fulfillment of the requirements for a compulsory dissertation for the award of Masters Degree in Business Administration (MBA - Corporate Management) at Mzumbe University. Your co-operation is highly desired in making this Research a success. The Research Report will be made available to all the research respondents.

2. PERSONAL PARTICULARS

Name (optional): _____ Sex: Male Female
(Please Circle)

Occupation: _____ Age: _____

Address:

District/Region (Residence): _____

3. INSTRUCTIONS

Please circle if your answer is YES or NO (where needed) and explain where it is required or needed.

1. How long have you been living in Kahama district?

- | | |
|----------------|-------|
| Below 3 years | [] |
| 3 – 5 years | [] |
| 6 – 10 | [] |
| 11 – 15 years | [] |
| Above 15 years | [] |

2. What do you understand about Corporate Social Responsibility (CSR)? Please explain here below:

3. Does ABG involve itself in local CSR activities in Kahama District? YES NO
(please circle) If you answer above is in the affirmative please provide an explanation:

4. Which CSR projects has ABG undertaken in the last five years? Please number them below

This image shows a blank sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

5. Do you think ABG use fair criteria in selecting projects for CSR? Please explain your answer:

6. In your opinion, is ABG spending enough on CSR activities in the local communities surrounding the Mine? YES NO (please circle your answer) Can you explain more about your response:

7. What are your main sponsors of poverty alleviation initiatives in the local community?

8. What shortcomings do you see in the CSR projects funded or organized by ABG?_____

9. In your own opinion, do you think ABG's CSR activities have impacts on the lives of communities living around the Mine site? YES NO (please circle). If your answer above is YES please explain:

10. In your own opinion, do you think CSR activities undertaken by ABG have contributed to poverty alleviation in local communities living in mining areas? YES NO (please circle) Explain your answer here:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

11. What do you think ABG can do to improve its CSR programs?

For comments or suggestion you can contact the Researcher at the following address:

Steven Mugisha Hauli,

MBA-CM Student,

Mzumbe University School of Business,

P.O. Box 6,

Morogoro.

Mobile Tel: 0754 915 863

E-mail: mugishastephen@yahoo.com

Appendix 3: Local Government Officials

A QUESTIONNAIRE ON THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON POVERTY ALLEVIATION IN MINING AREAS IN TANZANIA: THE CASE STUDY OF ABG

1. INTRODUCTION

The following is a questionnaire with a topic titled: **The Impact of Corporate Social Responsibility on Poverty Alleviation in Tanzania: The Case Study of ABG**. This questionnaire is being done in partial fulfillment of the requirements for a compulsory dissertation for the award of Masters Degree in Business Administration (MBA - Corporate Management) at Mzumbe University. Your co-operation is highly desired in making this Research a success. The Research Report will be made available to all the research respondents.

2. PERSONAL PARTICULARS

Name (optional): _____ Sex: Male Female
(Please Circle)

Occupation: _____ Age: _____

Address:

District/Region (Residence): _____

3. INSTRUCTIONS

Please circle if your answer is YES or NO (where needed) and explain where it is required or needed.

1. How long have you been working with Kahama District Council?

Below 2 years []

3 – 5 years []

6 – 8 []

8 – 10 []

Above 10 years []

2. How do you best describe your position in the administration of Kahama District Council?

Low level official []

Middle level official []

Senior level official []

3. What do you understand about Corporate Social Responsibility (CSR)? Please explain here below:

4. Does ABG involve itself in local CSR activities in Kahama District? YES NO (please circle) If you answer above is in the affirmative please provide an explanation:

[illegible]

5. Which CSR activities have been undertaken by ABG in Kahama District in the last five years? Please number them:

[illegible]

6. Do you think ABG use fair criteria in selecting projects for CSR? Please explain your answer:

7. In your opinion, is ABG spending enough on CSR activities in the local communities surrounding the Mine? YES NO (please circle your answer) Can you explain more about your response:

8. What are your main sponsors of poverty alleviation initiatives in the local community within Kahama District?

9. What shortcomings do you see in the CSR projects funded or organized by ABG?

10. In your own opinion, do you think ABG's CSR activities have impacts on the lives of communities living around the Mine site? YES NO (please circle). If your answer above is YES please explain:

[illegible]

11. In your own opinion, has CSR activities undertaken by ABG contributed to poverty alleviation for local communities living in mining areas? YES NO (please circle).
Explain your answer here: _____

[illegible]

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Steven, Mugisha Hauli,
MBA-CM Student,
Mzumbe University School of Business,
P.O. Box 6,
Morogoro.
Mobile Tel: 0754 915 863
E-mail: mugishastephen@yahoo.com

Appendix 4: ABG Employees

A QUESTIONNAIRE ON THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON POVERTY ALLEVIATION IN MINING AREAS IN TANZANIA: THE CASE STUDY OF ABG

1. INTRODUCTION

The following is a questionnaire with a topic titled: **The Impact of Corporate Social Responsibility on Poverty Alleviation in Tanzania: The Case Study of ABG**. This questionnaire is being done in partial fulfillment of the requirements for a compulsory dissertation for the award of Masters Degree in Business Administration (MBA - Corporate Management) at Mzumbe University. Your co-operation is highly desired in making this Research a success. The Research Report will be made available to all the research respondents.

2. PERSONAL PARTICULARS

Name (optional): _____ Sex: Male Female (Please circle)

Occupation: _____ Age: _____.

Address: _____.

District/Region (Residence): _____.

3. INSTRUCTIONS

PART A: This Part contains questions that will be used for classification purposes only. Please tick [] the most appropriate alternative which best describes you.

1. Which of the following categories suitably describe your sex?

Male []

Female []

2. What is your current age?

Below 25 years []

Aged 26 – 40 years []

41 – 55 years []

Above 55 years []

3. Which of the following best describe your position in the company?

Senior management level employee []

Middle cadre level employee []

Lower cadre level employee []

4. What is your highest level of education?

Primary school level []

Secondary school (O – Level) []

High School (A – Level) []

Not attended school []

5. What kind of training did you obtain after your secondary school education?

Certificate course []

Diploma course []

Advanced Diploma/ Bachelor Degree []

Postgraduate diploma	[]
Masters degree	[]
PHD	[]
Other (specify) _____	

6. How long have you worked with your current employer?

Less than 3 years	[]
3 – 5 years	[]
6 – 10 years	[]
11 – 14 years	[]
Above 15 years	[]

PART B: APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY

Please rank each of the following items indicating your view of the impact of Corporate Social Responsibility by your organization. Use [] to indicate your view on the position in the columns provided.

Key:

1 = Very Strongly Agree

2 = Strongly Agree

3 = Neither Agree nor Disagree

4 = Strongly Disagree

5 = Very Strongly Disagree

Human Resource Policies and Practices on Corporate Social Responsibility	1	2	3	4	5
I understand well the organization corporate social responsibility policy.					
Human Resource policies and practices at ABG regard employees as most valued asset.					
Promotion policy is not based on ethnicity, sex, social origin, religion, skin colour or cultural background.					
Compensation policy (remuneration) is not based on ethnicity, social origin, religion, culture or skin colour.					
Training and Development Policy is provided regularly based on merits.					
Job Security at ABG is very high.					
Opportunities for career development are high and accessible to all employees regardless of colour, race, ethnicity, age or sex.					
Management encourages career development through internal recruitment.					
Employees are consulted on equal basis regarding matters affecting the organization and staff welfare.					
There is constant flow of information at all levels.					
The organization maintains effective communication at all levels of management.					
ABG has the best terminal benefits such as retirement benefits, repatriation allowances, retrenchment package etc.					
The organization assist employees in personal and family problems (medical, burial, or paid leave)					

The organization encourages social programmes like family day and community volunteering programmes.					
Individual Job Satisfaction	1	2	3	4	5
I am satisfied with the salary and other benefits I receive from the organization.					
I am satisfied with the working environment at my workplace.					
The organization cares for my personal and family problems.					
The management treats all employees equally regardless of skin colour, social origin or religion.					
At ABG I have the opportunity to take part in social activities like sports and charity work.					
I am proud that my work and personal accomplishments are recognized and appreciated.					
The organization enables me to use my talents effectively and efficiently.					
I am glad that I have a say in matters affecting the organization.					
Often I find it difficult to agree with organization's policies and policies and practices on matters relating to employees.					
Deciding to work for ABG was not a mistake on my part.					
At ABG I feel like 'part of the family'.					
I intend to spend the rest of my career with this organization.					
To me, ABG is the best employer I have ever known.					

The Impact of Corporate Social Responsibility on Poverty Alleviation in Mining Areas	1	2	3	4	5
ABG contributes to education development in the local community.					
ABG helps in local roads maintenance and construction.					
ABG assists in crime prevention.					
African Barrick Gold contributes to health sector development in the mining areas.					
ABG assists in making clean and safe both available and accessible for water for communities living nearby mining areas.					
ABG assists in electrification or power generation and distribution efforts of the local communities.					
ABG helps in disaster response and management.					
ABG promotes local culture, arts and sports.					
ABG offers job opportunities to people from neighbouring areas surrounding the Mine.					
ABG assists in fighting poverty by funding income generating activities of the local communities.					

For comments or suggestion you can contact the Researcher
at the following address:

Steven Mugisha Hauli,

MBA-CM Student,

Mzumbe University School of Business,

P.O. Box 6,

Morogoro.

Mobile Tel: 0754 915 863

E-mail: mugishastephen@yahoo.com