

Mining investments and CSR: a path to sustainable development?



Picture: Traditional dress cloth made representing life in Tete exposed in Moatize Community Center



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Abstract

Mining is an industry pursued by many developing countries as a strategy for development through economic growth and supposed consequent poverty reduction. However, mining has also been associated with numerous damages to communities at the local level mostly emanating from loss of land and displacement. With globalization's decrease in economic and political barriers, more and more TNCs are making mining acquisitions in developing countries. As a result, Corporate Social Responsibility has come to the center of the mining debate as a way to mitigate and compensate damages, and benefit and contribute to local development including the stakeholder communities impacted the most. While many academics are weary of the beneficial potential from mining, optimists see TNCs as a new player of governmentally and plausible development agents. But how useful is CSR in reality in the context of mining as an agent and contributor of local sustainable development?

This research focuses on the case of Tete, Mozambique; one of the largest coal reserves in the world, untouched until recently, where large-scale foreign mining investments are booming. Two multinational mining giants, Rio Tinto and Vale, have developed open-pit mines and have already begun extracting and exporting coal to foreign countries. Both companies count with self-made CSR frameworks and claim to be deeply committed to sustainable development. This research seeks to find out what these companies are doing for local communities in terms of CSR, including compensation, mitigation, shared value creation, stakeholder inclusion and sustainability, and whether the results corroborate with corporations' CSR discourse and the academic debate regarding the potential of Corporate Social Responsibility for local sustainable development.

Findings show that the companies did not properly compensate the resettled communities that previously occupied the land, the damages were not mitigated, and there is very little shared value created. In reality and at the local level, companies have a different conceptualization of what CSR entails in contrast to their CSR discourse. Companies do not adhere to their own CSR frameworks, and even when they do, the benefits that communities would accrue are not sustainable or significant for the long-term. Companies are faced with multiple challenges including limited sovereignty to deliberately have a direct influence in local socioeconomic development.

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1. General Introduction

Despite its associated environmental and local social damages, mining is a booming extractive industry in many regions of the world. This is especially the case in mineral-rich developing countries in Africa and Latin America. Governments are pursuing the exploitation of natural resources through mining as a strategy towards national development. Often, these mining developments are carried out by foreign multinational mining companies that act as investors in regions where there are a small number of national investors capable of investing vast amounts of capital in mining megaprojects.

In order to attract foreign companies, governments must make an investor-friendly economic and political environment providing foreign investors with special incentives (such as tax breaks); *“The increased mobility of capital enabled TNCs to exploit regulatory differences between states by (re)locating their production facilities in countries with more favourable regimes, a phenomenon that has been referred to as ‘regulatory arbitrage’”* (Jenkins, 2005, p. 527). In practice, this sometimes means that local communities and their well-being are not placed as a top priority. This often comes with the justification that the development of the mining industry will lead to poverty reduction at local and national levels (Pegg, 2006). This is also the case for the discourse surrounding mining investments in Tete, Mozambique- the location that this investigation is centered around. However, research during the last decades has now proven that unfortunately, the development of the mining industry in developing countries as encouraged by international institutions such as the World Bank, has not led or contributed to the reduction of national poverty rates; *“per capita gross domestic product (GDP) growth was negative for all three categories of mining countries...Beyond this, growth rates were inversely associated with the level of dependence on mineral exports”* (Pegg, 2006, p. 3). According to empirical studies, mining revenue doesn't only fail to significantly contribute to national economic growth, but it is also highly unequal and fails to reach the poorer sectors of society, which is important for poverty reduction; *“the more that states rely on mineral exports, the smaller the share of income that accrues to the poorest twenty percent of the population”* (Pegg, 2006, p. 5)”

One of the remaining justifications for the development of coal mining- an industry associated with heavy environmental damage is its potential for poverty reduction at a *local* level and

stimulation of local economies. However, this point is highly debated. This is because local communities in mining locations are often damaged through displacement. Displacement impinges on local communities' livelihoods by impeding the access to heavily depended on natural resources, loss of valuable patrimony and assets, decreased access to basic services, undermining of social cohesion and organization, and marginalization due to isolation after displacement. On the other hand, it is argued that mining development can have benefits for local communities through employment opportunities directly or indirectly related to the mine, expansion of services as a result of the presence of mining corporations, 'trickle down effects' and through Corporate Social Responsibility frameworks that encourage the sustainable development of local communities through corporate-community investments and investments geared at creating shared value (Esteves & Vanclay, 2009). It is also argued that mining corporations have the capability to mitigate possible local damages (social and environmental) and to properly compensate local communities in a way that losses are not experienced and only the possibility of benefits remains.

As a result, Corporate Social Responsibility has become a key concern in relation to mining investments, especially in developing countries. As governments roll back and allow for large scale (foreign) private investments to take place, corporate behavior and its impact on its immediate society has come to the spotlight as the well-being of entire communities increasingly depends on it. Does corporate social responsibility hold promises for sustainable development? This is a question that deserves the search of an answer given that foreign investments in the mining sector are drastically increasing despite damages to local communities still taking place; *"the mining industry contribution to Mozambique's GDP is expected to increase to 3.0% of GDP in 2010 to 7.0% of GDP in 2015. (Tawii, 2011)"*

This study looks at the case of coal mining in North-Western Mozambique in the region of Tete; one of the world's largest coal reserves. Despite coal mining's negative reputation regarding its environmental and social impacts, it seems that the Mozambican government is pursuing private investments in the mining sector as part of the national development strategy (including poverty reduction) by encouraging and facilitating large-scale land investments in Tete from multinational mining companies. According to national legislation, communities are protected against the negative impacts of land loss through a series of legal guidelines that promote agreements between communities, government, and investors and

assure proper compensation for local communities (Lei de Terras (Land Law), 1997). This land legislation, together with corporations' policies on CSR should ensure the well being of local communities. Currently, only two multinational companies have begun the large-scale extraction of coal in Tete; Vale and Rio Tinto. However, the Mozambican government has already granted hundreds of mining licenses to additional foreign corporations that will arrive in Tete throughout the following years and will most likely follow Rio Tinto's and Vale's steps; *"The government granted during the last two years more than 112 licenses to 45 companies linked to coal extraction in the province of Tete. (Selemane, 2011)"*

Therefore it is important to find out what is happening to displaced local communities as a result of the mining investments and whether they are benefiting from Corporate Social Responsibility frameworks implemented by mining companies and supported by the state. Its relevance is not restricted to Mozambique, but lessons can be learned that can be useful for other mining developments in developing countries. This study aims to explore the potential of CSR for contributions to sustainable development particularly taking into account local communities in the context of large-scale investments in the mining sector in Tete.

1.1 Corporate Social Responsibility

Corporate Social Responsibility is an issue that has gained a great deal of attention lately as the private sector gains influence as a development actor in the global south. Foreign investments in the private sector have increased during the last decades as a result of liberalization policies in which economic and political barriers for commerce have been removed in an effort to make it easier for private companies to cross borders). As a result, many foreign companies have established themselves in developing countries by leasing large plots of land, setting up processing plants, and exploiting natural resources. “*FDI projects grew by 27% in 2011, pushing Africa's share of the world's investment to almost a quarter* (BCC, 2012) and the extractive industry makes up for 66% of FDI in Mozambique (Tawii, 2011).

This is a controversial topic due to potential for both benefits and harm. Unless closely regulated, these activities can lead to negative impacts. Studies by academics in mining contexts in developing countries have highlighted several damages for local communities. Studies by Szablowski for example determine the displacement of communities from their original land as one of the top damages (Szablowski, 2002). This involves the lack of access to previously used land and resources and an unbalanced gain of profits at the stake of local communities who do not gain profits from mining activities. Other reported damages include environmental pollution, exploitative working conditions, and undermining social ties and cohesion in local communities (Szablowski, 2002). Therefore, Corporate Social Responsibility has emerged as an important issue as international and foreign companies are pressured to invest in communities affected by their activity and to carry out investments that mitigate negative social, environmental and economic impacts.

With effective Corporate Social Responsibility in mind, the private sector is seen as a potential development agent that can bring along positive impacts for communities together with its search for profit, in this way contributing to the socio-economic development of poorer regions. Optimists of CSR such as the DFID¹ and the IDB² have even gone so far as viewing it as an alternative for development in regions in which governments are weak and/or corrupt; “*By following socially responsible practices, the private sector will be more inclusive, equitable and poverty reducing...CSR, by its very nature, is development done by the private sector* (Jenkins R. , 2005, p. 529)”. However, it has also been argued by scholars that CSR merely serves the

¹ UK's Department for International Development (DFID)

² Inter-American Development Bank (IDB)

function of justifying liberalization policies that encourage foreign investments by placing them as a sort of alternative for true development work; *“The concern is that the CSR agendas of TNCs do not only serve to help local communities (and reduce TNC costs), but also function to justify liberalization policies. By taking over functions that have traditionally been seen as the role of the state, CSR programs may operate to legitimate government cutbacks and the privatization of social programs. This in turn, it is feared, is resulting in decreased social spending, inappropriate priorities and the creation of “islands of development” (centered around corporate sites) in a larger sea of underdevelopment”* (Kapelus, 2002, p. 292)

Corporate Social Responsibility is often defined as follows:

“the responsibility of enterprises for their impacts on society” . Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;*
- identifying, preventing and mitigating their possible adverse impacts* (European-Comission, 2011, p. 6)

Conceptualizations of CSR have typically involved compensation for damages incurred as a result of the presence and activities of corporations (European-Comission, 2011). This often is in the form of financial indemnification for economic damages or the physical replacement of lost property. Mitigation of damages emerged as a deeper dimension in the responsibility framework by avoiding the experience of damages by stakeholders in the first place, which is usually preferred to financial indemnification. This usually involves corporations carrying out social and environmental impact assessments to determine the possible impacts and damages before they occur, and in this way devise measures to prevent them (Esteves & Vanclay, 2009).

Increasingly, definitions of Corporate Social Responsibility have been extended beyond the compensation and mitigation of damages with the addition of the Creating Shared Value dimension. Initially proposed by Mark Kramer and Michael Porter, Creating Shared Value is a strategy in which companies consider the creation of value for *all* of its stakeholders (e.g. local communities) as a priority rather than solely focusing on creating value (profit) for the company itself; *“The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Kramer & Porter, 2011)”*. This conceptualization of Corporate Social Responsibility highlights the need of true mutual benefit in cases of foreign investments by TNCs in developing countries where local communities are often placed in a disadvantaged position in terms of power relations, despite originally having rights to the land employed by the TNCs. This dimension in the responsibility framework is also different from the compensation and mitigation counterparts in that it counts with a more positive outlook by focusing on possible benefits for stakeholders rather than limiting corporation’s views towards the realm of damages.

In this thesis, Corporate Social Responsibility is conceptualized as corporation’s responsibility of their impacts on society, prioritizing those stakeholders that are impacted the most (in this case the communities which previously occupied the land leased by the mining companies). In this definition the concept of Responsibility is composed by three main components; mitigation of damages, compensation for damages, and the balanced creation of shared value, which should be carried out in a sustainable and participatory fashion by including all relevant stakeholders into the decision making process.

Although the participatory criterion of CSR practices is often dismissed, companies can only treat local communities as fellow stakeholders if they are indeed included in decision-making processes regarding their stake. For companies to be considered socially responsible, they should involve local communities when making decisions that will directly affect their future through the impact of the corporation’s activities.

Sustainability is another key dimension in CSR and shared value creation; CSR practices are only significant if their benefits can be sustained. This is especially true for the mining industry, where investments tend to have a limited time frame during the limited extraction period and mine-life after which corporations close the mines and leave the region.

1.2 CSR in the Mining Sector

CSR in the mining industry is especially important due to its associated social and environmental damages and claimed potential for poverty reduction. Much research has been done regarding the potential benefits and damages of mining investments in developing countries. In general there exists potential for benefits to local communities such as the creation of employment opportunities, the expansion of service delivery networks, investments in physical infrastructure, and social development community projects through CSR schemes; *“a mine can contribute to sustainable development by maintaining or enhancing the well being of human beings — more specifically, those of the community in which it operates. A mine can provide a number of economic benefits to a community, including providing employment to residents, making use of local services, and contributing funds to regional developmental projects...Mines can also finance major community infrastructure projects such as road and rail development, hospital and school construction, and housing development. (Hilson & Murck, 2000, p. 230).”*

However, it has also been documented how local communities often suffer great damages at the expense of mine development.

Many problems stem from the forced sale of land for mining due to its many implications. Some of these negative impacts are pollution that can lead to health problems in the community, displacement or resettlement of communities, lack of access to resources and services emanating from the displacement/resettlement process, migration and introduction of diseases and exploitative working conditions among others; *“mines can also cause a number of adverse impacts in communities. Basic examples include, inter alia, the following: a loss of ability to hunt, fish and gather, a loss of freedom of movement, locals being forced to resettle or relocate, a fundamental disrespect for traditions (Hilson G. , 2002, p. 66).”* These changes often undermine the stability of whole communities and decrease their standard of living if not properly mitigated. Lack of access to natural resources impinges on community livelihoods as they are no longer able to carry out usual activities such as cultivation to earn a living and produce food. The relocation and loss of freedom of movement make it difficult for communities to find employment and to access markets where they can sell produce. The lack of access to services such as healthcare, education, water and electricity can worsen health conditions for community members as well as limit the future opportunities of children, and also limit

possible activities in the community.

Some mining corporations have taken responsibility to mitigate negative impacts. They have done this by investing in community social development projects, involvement in public service delivery projects, the creation of job opportunities, building of physical infrastructure, and capacity building. An example of this is a gold mining company in Ghana that has created a Foundation Fund; *“The Fund is generated entirely by the company; for every ounce of gold produced \$1 is allocated to the fund, as well as 0.5% of the company’s annual profit before tax. This fund has financed a variety of community development activities, and projects such as social investment support, assistance for the construction and repair of local infrastructure (roads, sanitation, water supply, education facilities), and establishing sustainable livelihood programs (Jenkins & Obara, 2008, p. 13)”*. Another example has been reported by Esteves & Barclay in which a mining company in Australia carried out community projects for the indigenous local communities involving midwifery scholarships, apprenticeship training (engineering, electrical, business and IT, leadership training, small business development focusing on gender inclusion, and local conservation programs for the environment (Esteves & Barclay, *New Approaches to Evaluating the Performance of Corporate-Community Partnerships: A Case Study from the Minerals Sector, 2011*).

Many mining companies working in developing countries or in areas previously occupied by indigenous populations are now following suit and implementing community projects in an effort to mitigate their negative impacts on local stakeholders. However, little research has been done on the issue of whether these investments are effective, and whether they are truly sustainable. Jenkins & Obara argue that CSR investments in communities create a huge dependency that in the long-term outweighs accrued benefits, and corporations have claimed that their projects are often not effective due to lack of community inclusion during the planning of the projects; *two significant flaws in the company’s previous community development work: firstly to concentrate on the sustainability of projects...a further weakness was a failure to include and consult those who are the actual focus of community development programs (Jenkins & Obara, 2008, pp. 15-16).”*

Mining corporations have increasingly drifted towards CSR policies in their working sites; *While corporations have always been involved with CSR programs to some degree in one form or*

another, the last couple of decades have seen an explosion in terms of the effort and resources that corporations have been expending on CSR” (Kapelus, 2002, p. 278). There are different reasons and drives for this, mostly related to minimizing risks for the company and complying with external pressure. Mining is an especially vulnerable industry to invest in due to its immobile nature and irresponsible mining can lead to environmental liability and legal conflicts, local communities blocking work in the mines, sanctions, or affect a company’s reputation making it difficult to obtain or maintain a mining concession. These are some of the reasons why investors and lenders want risks in the industry minimized as much as possible and have therefore drifted towards ‘social responsibility’ (Szablowski, 2002). Another reason for the drift to CSR is that mining companies are often criticized/pressured by NGOs, advocacy groups, international treaties and the international community to invest in the local stakeholder communities and hold responsible practices (Kapelus, 2002). This scrutinizing would leave them in a vulnerable position if they did not comply with implementing CSR measures as part of their strategy. “Social investment is acceptable...by the mining industry as a strategy for risk mitigation and in response to a desire to deliver-and be seen to deliver- a ‘net benefit’ to communities that are affected by their operations (Esteves A. , Evaluating community investments in the mining sector using multi-criteria decision analysis to integrate SIA with business planning, 2008, p. 338).”

However, research has showed that mining corporations find several dilemmas that act as obstacles to effective corporate-community investments. Often, it is not that mining corporations are not willing to invest in the corresponding communities but rather, they do not know how to make effective corporate-community investments; *“it is generally accepted, nonetheless, that companies are ill equipped to address social problems”*. (Esteves A. , Evaluating community investments in the mining sector using multi-criteria decision analysis to integrate SIA with business planning, 2008, p. 340) Difficulties also stem from the intrinsically different aims of corporation’s activities and responsible investments as the aims of corporations are rooted in economic principles of maximum profit whereas responsible business aims are rooted in principles of justice and ethics and it is not always easy to reconcile the two in practice. Foreign corporations face questions such as how much should they spend and on what? To what extent is a company responsible? What is a reasonable investment in reputation (Esteves A. , 2008)? These questions can be extremely challenging to mining corporations, especially to those in countries characterized by weak governance and corruption, where standard CSR theories and frameworks created for the developed world are difficult to apply.

Mining companies also face dilemmas concerning how to make corporate-community investments without creating a dependency of the community on the mining industry. Often, in an effort to contribute to local communities in mining regions where there are few or no other economic activities, mining corporations create a dependency for communities on the mine's activities (Jenkins & Obara, 2008). After the closure of the mine, communities suffer unemployment and lack of economic activity due to the reliance that they had on the mine. Kapelus and Esteves have highlighted the causes of lack of motivation for mining corporations to adopt CSR schemes such as the antagonism between the creation of stakeholder value vs shareholder value, difficulties understanding concepts of community, the lack of significant benefit for corporations from CSR other than benefits in the public relations sphere, and the fear of creating high expectations for communities on roles that they see as responsibility of the state (Kapelus, 2002), (Esteves A. , Evaluating community investments in the mining sector using multi-criteria decision analysis to integrate SIA with business planning, 2008).

Case studies of academic literature in the mining CSR sector recognize TNCs as key players in new systems of governmentality. It is argued that these new players should pursue constructive engagement with local governments and 'lead from behind' with already existing development frameworks and strategies (Esteves A. , Mining and social development: Refocusing community investment using multi-criteria decision analysis). Changes that could possibly steer mining into contributing to sustainable development have been pin pointed as the improvement in planning, improvement in environmental, economic and social management, the implementation of cleaner technology, a stronger involvement of stakeholders, the formation of partnerships and improved training, and finding projects in which both communities and corporations benefit (Hilson & Murck, 2000) (Kramer & Porter, 2011). In theory, these changes appear as a perfect solution for the negative associations of mining. Several mining companies, including those studied in this research, have in fact constructed CSR schemes despite the already mentioned challenges to adopt them and claim to be genuinely interested in the well being of all stakeholders, primarily the local communities affected the most. But do CSR schemes in the mining industry in developing countries contribute to local sustainable development or accrue other sustainable benefits in reality?

1.3 Research Questions & Objective

The objective of this research is to find out what is actually happening on the ground in terms of Corporate Social Responsibility and stakeholder communities in Tete, Mozambique, as an example of a location where foreign mining investments by large corporations are being undertaken in developing countries, and to find out whether the results corroborate with corporations' CSR discourse and the academic debate regarding the potential of Corporate Social Responsibility for local sustainable development.

This thesis seeks to answer the following questions:

Main Question:

- **Does corporate social responsibility in the mining sector in Tete contribute to local sustainable development?**
- **Subquestions:**
 - How socially responsible are the mining companies Vale and Rio Tinto in Tete?
 - What are the damages caused to local communities by the presence and activities of mining companies in Tete?
 - What have the companies done in order to mitigate and compensate damages and how is shared value created for local communities?
 - Do the companies include participation, sustainability and capacity building in their CSR schemes?
 - Were the communities that previously occupied the land included in the planning and decision making process?
 - How were communities consulted and how did the companies use their feedback?
 - How have the communities benefited from mitigation, compensation and creation of shared value?
- What are the challenges to Corporate Social Responsibility in the case of Tete?
 - How can these challenges be bridged in order to achieve sustainability?

1.4 Methodology

This chapter outlines how this research was carried out including the setting, timeframes, data gathering methods, and variables.

Timeframe & Location:

The research was carried out in a total time frame of three months. The first three weeks consisted of secondary source research in Maputo with the national NGO Centro Terra Viva and of preparation of the fieldwork such as logistics and contact building.

The primary research was done through seven-week long fieldwork in the Moatize region, including Tete city, Moatize village, the resettled communities of Mwaladzi, Cateme, and 25 Setembro, and the community of Benga, which is refusing to be resettled.

The last two weeks were used for the purpose of requesting additional information from governmental offices and mining corporations' offices in Maputo.

Sample & Data gathering method:

Data was gathered mostly from three sectors; the public sector by interviewing key government officials, the private sector by interviewing and requesting documents from the mining companies Rio Tinto and Vale themselves, and finally by interviewing, surveying and conducting focus group discussions in the affected communities aforementioned.

Public Sector

Key government officials in the Moatize region were interviewed in order to gather information regarding the government's role in corporate-community investments, especially those in the resettled communities. The officials interviewed were:

- Moatize District Administrator
- Provincial director of Mineral Resources
- Director of MICOA (Ministry of Coordination of Environmental Affairs) in Tete

In order to make the exchange of information easier, the interviews were conducted in a semi-structured manner. During the interviews, notes were taken which were then transcribed into

the interview transcript. Interview transcripts can be seen in the appendix. Interviews were conducted in Portuguese, Spanish and English depending on the availability of translators and the command of these languages by the interviewees and the interviewer.

Private Sector

Key informants of Vale and Rio Tinto (and their subcontracted companies) were interviewed in order to gather information on corporate-community investments and how these were carried out. Furthermore, company documents detailing the planning and procedure were requested and obtained in order to gather more profound data. Field trips to visit the company's social projects were also carried out. Interviews conducted with Vale and Rio Tinto personnel were semi-structured and both formal and informal. Notes were taken during formal interviews and informal interviews were partially audio-recorded. The key people interviewed were:

- Social Development Analyst, Vale
- Main Diagonal Representative (Diagonal is a social development research company contracted by Vale for Social Impact Assessments and resettlement planning)
- Rio Tinto employees working in the development of the Mwaladzi Resettlement Complex
- Senior level employee of Eqstra (Eqstra is a South-African coal-extracting company working for both Vale and Rio Tinto in coal extraction).
- Junior Professional Engineer at WBHO (WBHO is a South-African civil construction company working for both Vale and Rio Tinto constructing roads, bridges, water systems and so on).
- Tete Manager of Bertling Logistics (Bertling Logistics is a South-African company working in the transport of materials for the Vale Mine) & former employee of UTI Logistics (Also a South-African company working in the transport of materials, but working for the Rio Tinto mine).

Interviews were requested from Rio Tinto representatives in Tete, but Rio Tinto never answered the requests or granted the interviews.

Communities

Data collection from the communities was done through interviews with key community members, focus group discussions, and individual surveys across the resettled communities.

Due to time constraints, this research focuses only the resettled communities that previously occupied the land leased by Rio Tinto and Vale rather than including ALL local communities in the stretch in between Tete city and Moatize town. These communities have been selected since they are considered as holding the greatest stake in comparison to other local communities due to the fact that they were displaced from their land.

The communities of 25 Setembro, Benga, Cateme and Mwaladzi were selected for this research. Cateme, 25 Setembro and Mwaladzi were selected because these are the communities that Rio Tinto and Vale created by resettling all the communities that occupied mining land into. Therefore these communities are considered extremely relevant for the research. The community of Benga was chosen because it is the community that Rio Tinto is planning to relocate to Mwaladzi even though the resettlement has not fully taken place yet. This provides an opportunity to see what a pre-resettlement community is like. Furthermore, the Queen of the Benga community is refusing to relocate her community into Mwaladzi due to the perceived damages and is therefore interesting for the research.

Key community members were interviewed in all four communities; 25 Setembro, Benga, Cateme and Mwaladzi. Notes were taken during these semi-structured interviews and some were also recorded. The key community people interviewed were:

- Community leader & neighborhood secretary of 25 Setembro
- Queen of Benga settlement
- Neighborhood secretary in Cateme
- Original inhabitant of Mwaladzi village, Mwaladzi community member working for Rio Tinto

Focus groups discussions were also conducted in the communities of 25 Setembro, Cateme and Mwaladzi. The method of focus group discussions was chosen since it allows for issues related to the resettlement to emerge without preconceived ideas from the researcher.

Furthermore, it is a practical manner to identify general concerns of the community. In 25 Setembro the discussion was divided into two sessions due to cultural norms; one aimed at the men (in Portuguese) and a second one aimed at the women of the community (in Nhungue, with assistance from a translator). Notes were taken during the discussion and it was also recorded. The focus group discussion began with six people per group, but soon many other community members joined.

In Cateme, the focus group discussion consisted of five people and was conducted with the help of a Portuguese-Nhungue translator.

In Mwaladzi, a focus group discussion was carried out consisting of 5 community members. This discussion was also carried out with the help of a translator.

Furthermore, individuals in the communities of Cateme and Mwaladzi were surveyed with the help of a translator. Due to time and financial constraints, only twenty individuals were surveyed in each resettled community. The questions used for the survey can be seen in the appendix.

The focus group discussions were analyzed through a labeling technique, whereas surveys were analyzed using frequencies and percentages for closed answer items and labeling for open answer items, which were then categorized into themes.

Variables

Corporate Social Responsibility is the main variable that is being measured and it is measured through the following components:

- Compensation:
 - Activities and investments carried out by the mining companies in order to make up for damages experienced by the resettled communities including the provision of physical infrastructure, monetary indemnification sums, etc.
 - Compensation can be carried out by:
 - Replacement of already existing physical infrastructure to which community members had immediate access to such as health posts,

primary and secondary schools, housing. The provision of monetary sums and cultivation plots.

- Providing additional physical infrastructure and public services in the resettlement complexes with the purpose of the improvement of living conditions in the communities.
- Mitigation:
 - Activities and investments undertaken by the mining companies in order to prevent or decrease intensity of damages. This includes social projects, location of resettlement, employment opportunities and training.
 - Companies undertake measures to ensure that communities are able to continue their economic and livelihood activities successfully.
 - Communities are consulted in order to understand their concerns regarding resettlement. The concerns expressed by community members are taken into consideration by the companies and are properly addressed.
 - Creating Shared Value
 - Companies undertake activities, investments, and/or schemes to stimulate the creation of benefits in resettled communities.
 - The resettled communities are actively engaged in creating shared value.
 - Benefits accrued through collaboration with mining companies are able to be maintained in the long-term, including after the closure of the mines.

1.5 Structure

Now that the theoretical framework and methodology has been put forward, this thesis continues as follows:

Firstly the regional and thematic context relevant for the research questions is explained. This includes brief contextual information about the country, its relevant laws, the research location, and the relationship between the Mozambican government and mining investments.

This is then followed by information on the mining companies Rio Tinto and Vale and what is known about their CSR frameworks.

Then, a chapter is devoted to the topic of resettlement. This includes the topics of: the background of the communities and the living conditions before the arrival of the mining companies, the resettlement process and compensation agreements, the characteristics of the population occupying the resettlement complexes, the characteristics of the resettlement complexes and the investments carried out by the mining companies in the resettled communities. This section is closed by describing the damages felt by the resettled communities and the local economic impacts.

The following chapter compares the two mining companies in Tete in terms of Corporate Social Responsibility practices along the axis of compensation, mitigation, creation of shared value, sustainability and participatory inclusion of local communities. It also evaluates the companies according to the IFCs 'best practice' guidelines for corporations.

Chapter seven deals with the issue of consultation, and the oppression and fear taking place in the resettled communities.

Chapter eight then describes the challenges to Corporate Social Responsibility for mining investments in Tete, after which the thesis is closed with the conclusion.

2. Regional and Thematic Context

2.1 Mozambique



Mozambique is a developing country in South East Africa bordering with Malawi, South Africa, Tanzania, Zimbabwe and Zambia. It was a colony of Portugal until 1975 when it gained Independence after 475 years of Portuguese occupation. Unfortunately, the country was plagued with a long civil war as different rebel groups

fought for control over its territories from 1975 until 1992. During this time, a communist regime was implemented in most cities, while the opposition rebel group held control of the countryside. Civil war made it difficult for social and economic development to take place due to the violence and instability. In 1992, right after the civil war had ended, Mozambique ranked as the world's poorest country. Since then, social and economic conditions in Mozambique have greatly improved as the country now forms part of the top ten fastest growing GDPs in the world with a growth rate of 8% in 2011 (Tawii, 2011). However, Mozambique is still a very poor country where living conditions have yet to improve as it can be seen by looking at its development indicators; "Mozambique's HDI value for 2011 is 0.322—in the low human development category—positioning the country at 184 out of 187 countries and territories. (UNDP, 2011)". Sixty percent of Mozambique's population lives in severe poverty according to UN indicators; however, its HDI has increased by 68% since 1985 (UNDP, 2011). Mozambique is characterized by a mostly rural population, and therefore heavily depends on agriculture, although it is also rich in resources such as gold, coal, and oil. As such, its mining industry makes up 3.0% of the country's GDP and 66% of its FDI flows (Tawii, 2011). The percentage of Mozambique's GDP that relies on the mining industry is

expected to grow to 7.0% by 2015, a very large increase for a span of four years (Tawii, 2011). Therefore, not only does the mining sector already play an important role in the country's economy and activities but this will likely increase during the coming years, with the country's government devoting special care to this sector.

2.2 Land Law

Mozambique is a country that receives a lot of attention in the land grab debate due to its progressive land legislation. In 1997, land legislature was introduced in Mozambique to set the institutional underpinnings of land acquisition. The 1997 Land Law is quite progressive in comparison to land legislation in other parts of Sub-Saharan Africa (Thete & Brekke, 2010). It protects land-use rights that are acquired through customary land-use by the occupation of local communities (Lei de Terras (Land Law), 1997). Additionally, it is also attractive for investors, striking a good balance between formal tenure and respecting customary land rights in theory (Thete & Brekke, 2010).

The district government must carry out a community consultation in junction with the local community before a land title is issued (Lei de Terras (Land Law), 1997). During this consultation, it must be ensured that the area is free of occupants/occupants agree with resettlement terms and compensation (Lei de Terras (Land Law), 1997). Local communities who originally occupy the land are required by law to participate in the decision making process if it is the case that their land is acquired by foreign investors or is used for alternative purposes (Lei de Terras (Land Law), 1997). Local communities have the right to veto land acquisition by investors, except in the case of mining; *“while the law seemingly gives communities veto power over land Access by investors, mining licences are clear exception. Here, the right to eminent domain is invoked, involving compensation but no community consultation.* (CIFOR, 2011)”.

In comparison to other African countries where LSLA is increasingly taking place, Mozambique counts with the most progressive legislation in the sense that it involves local communities to participate in the decision making process, the guidelines to protect customary tenure are very detailed, and the legislation focuses on avoiding that LSCA would hamper local socio-economic development (Lei de Terras (Land Law), 1997). The *Iniciativa de Terras Comunitarias* (Community Lands Initiative) provides mechanisms to support

partnerships between local communities and investors for mutual benefit (CIFOR, 2011). Unfortunately, it seems that the land legislation and Iniciativa de Terras Comunitarias is not always properly implemented; *“...the majority of irregularities are connected to the consultation process. Despite the elaborate process envisioned in the 1998 Land Law Regulations, evidence suggests that community consultations are often a token gesture...”* (CIFOR, 2011).

2.3 Tete & the Moatize Basin

Tete is a province in North-West Mozambique. The capital, Tete city, is located in the Moatize basin and has been a strategic point for trade due to its natural resources since before colonial times. The region had always been recognized for its natural resources (mostly gold) and was an important river port during Portuguese colonization. Despite this, most local communities rely on subsistence agriculture for their livelihoods and the region is not very economically developed. More recently, geological tests have discovered that the Moatize basin is one of the world's largest coal reserves. As a result, several foreign companies are making large-scale land leases with the Mozambican government in order to develop mines in the basin to extract coal. Approximately one hundred mining licenses and concessions have already been given including land rights for the use of this land by foreign investors (Selemane, 2011).

The case of mining in Tete is one among a relatively recent trend of large-scale land acquisition deals for mining by foreign investors in Mozambique but also in many countries in Africa and Latin America. In Tete, there are currently two major foreign companies that have already begun using the licensed land for mining. These companies are Vale, a Brazilian corporation known to be one of the world's mining giants, and Rio Tinto, an Australian mining corporation with multinational presence. The development of these mines implies the displacement and resettlement of thousands of people into new communities in the region. Mozambique is renowned for progressive land legislation that protects local communities who inhabit the land while at the same time keeping a good balance in attracting investors. Therefore, according to government legislation and the companies' corporate social responsibility philosophy, the communities affected by mining activities should not be harmed due to the arrival of the mining companies or the loss of their land.

2.3.1 Location



The Tete-Moatize region lies in the South of the Tete province in the North-West of Mozambique by the Zambezi River. The region is composed by Tete city, Moatize town, and the area located in the stretch in between these two settlements. The area is quite decentralized; it is divided by

the Zambezi River, where a 1km suspension bridge has been built in order to link Tete city to Moatize village, and to the corresponding settlements in between these two. Tete city is the largest urban center in the region. Most government offices are located in Tete city, and it is a city to which many people travel to in order to obtain services and employment. Even though the city is quite old, (it was first founded by the Portuguese in 1531) it has remained relatively small (155,000 inhabitants) until recently despite its current exponential growth rate due to the mining boom (Diagonal, 2006). The city was traditionally (and still is) a pass through point due to the province's borders with Malawi, Zimbabwe, and Zambia.

Moatize is a small town (1,000-2,000 inhabitants) located on the highway towards Malawi (approximately 10 km from Tete city), consisting of two main roads, a governmental office and a train station (no longer functioning as a form of public transport) (Diagonal, 2006).

The stretch in between Moatize and Tete city is where the resettled communities previously lived, near the Zambezi and Robvué rivers. It is a rural area with little infrastructure apart from the airport, a couple of schools and basic health posts. A few new constructions emerging as a result of the mining boom, such as company's housing complexes, supermarkets, restaurants, expat housing, and offices of mining related companies are being built in this stretch in between Tete city and Moatize town.



The Vale mine territory is located approximately 5km from Moatize town, and the actual mine is 40km from the gate. The Rio Tinto mine is smaller and located approximately 7km from Tete city, past the Zambezi river.

2.4 Government and its relation to Mining investments

Land in Mozambique is officially owned by the state, even when local communities hold land use rights due to customary occupation. As a result, all negotiation regarding land use rights and mineral rights in order to acquire the necessary land for mining activities takes place between the investors and the Mozambican government.

Even though Mozambique possesses decentralized governance, investments higher than 100 million USD are handled between the investors and the central government; this is the case for the acquisitions of Vale and Rio Tinto (Selemane, 2011). Mozambique is supposed to benefit from these investments through FDI, taxes, and also through corporate shares as the government holds a share of 5% of mining profits. However, according to a report by SARW, the money paid by Vale and Rio Tinto for mining concessions has not been officially registered (Nhancale, 2012).

According to interviews with the Provincial Director of Mineral Resources of Tete, and the Administrator of Moatize, Mozambique has not yet developed detailed legislation including guidelines concerning the treatment, mitigation, compensation and so on of communities that

inhabit the land in question; *“There is a lack of legislation in Mozambique in order to guide and press corporations to invest properly in communities....I only know they follow the World Bank Guidelines for Resettlement, other than that they can improvise on the framework, for example Vale says that they also focus on sport and culture.”* (Interview with Moatize Administrator). As a result, the Mozambican government’s only request for the mining investors is to follow the World Bank’s guidelines on involuntary resettlement which stipulate that communities must be provided with the same (or better) living conditions in which they previously lived. This leaves the companies with no strict guidelines and with freedom to improvise compensation, mitigation, and shared value frameworks.

During interviews, government officials attributed the lack of damage mitigation for the resettled communities to poor corporate social responsibility practices by Vale and Rio Tinto; *“The companies Rio Tinto and Vale do not do much in terms of social responsibility...We tell them that we need universities, roads, but they don’t listen... It’s the companies’ fault that the situation is how it is. They also mishandled things with the communities. The government is too busy, and now it’s too late.* (Interview with Moatize Administrator).” However according to the companies’ documents, during the planning module of the resettlement, the companies created a working team that included district, municipal and provincial government representatives and jointly elaborated a detailed Resettlement Plan which was read and approved by the central government (DiagonalUrbana).

It was explained by government officials that due to the high number of foreign land investments in Mozambique, new legislation regarding land investments and the treatment of local communities is currently being drafted to prevent issues that have occurred in Tete from occurring in other provinces where large-scale-land-acquisition is taking place *“...that legislation is being drafted at the table in Maputo. Today it was Tete, but tomorrow it will be investments in Nampula and Cabo Delgado, Mozambique needs to be prepared”* (during interview with the Provincial Director of Mineral Resources). Unfortunately, this was not available at the time of Vale’s and Rio Tinto’s land acquisition.

3.0 Mining Companies

There are currently two mining companies in Tete that have already developed a coal mine and have already started extracting coal; these are Rio Tinto and Vale.

Vale is a Brazilian-owned mining multinational corporation that has gradually expanded and now has projects in 33 countries across all five continents ranging from Finland to Mongolia and all the way to South Africa (Vale, 2010). The corporation was originally founded in Brazil in 1942 but expanded into different countries through joint acquisitions abroad. It is the second largest mining company in the world, and one of the largest producers/extractors of coal, iron, copper, and aluminum among other metals and minerals (Vale, 2010). Vale holds revenue of 60 billion US dollars per year, and its assets hold a total value of 120 billion US dollars (Vale, Vale Annual Report: A Year of Extraordinary Performance, 2011).

Vale was the first company to begin developing a mine in Tete in 2007 (Vale, VALE, 2010). The company arrived in Mozambique in 2004, where it consequently won a competition put forward by the Mozambican government to gain a concession for exploration and coal extraction in the Moatize basin (Selemane, 2011). In January 2007, the Mozambican government granted Vale a concession for the exploration and exploitation of coal (DiagonalUrbana) (Selemane, 2011). The land acquired by Vale through a renewable 35-year lease consists of 127,900 hectares (Selemane, 2011). This land represents a conflict of land use since local communities previously inhabited large parts of the land (DiagonalUrbana). Vale in conjunction with the local government negotiated the resettlement of these communities into resettlement complexes built by the company itself (DiagonalUrbana). These communities were relocated to the resettlement complexes in 2009. The relocation implies the loss of original land for local communities, and the relocation to a completely different location in Tete with possibly different circumstances such as livelihood opportunities. By January 2011 the Vale mine entered its second phase; the construction stage of the mine finished and it started successfully extracting coal for export (Vale, VALE, 2010).

The Tete megaproject is worth 1,535 million US dollars with the mine alone holding a value of 1.7 million US dollars (Selemane, 2011) (Vale, VALE, 2010). 85% of shares belong to Vale, while 5% belongs to the Mozambican government and 10% to national investors (Selemane,

2011) (Vale, Vale Annual Report: A Year of Extraordinary Performance, 2011). There is no disclosed official data on who these national investors are, though it is widely speculated that they form part of the national political elite due to the lack of investors in Mozambique capable of making such a large-capital investment. The megaproject is primarily financed by IFC, a private sub-branch of the World Bank, and Brazil's National Bank for Economic and Social Development (BNDES) (Selemane, 2011). It is projected that once the mine has been developed to its full capacity it will be exporting 11 million tons of metallurgical and thermal coal per year (Vale, VALE, 2010). The coal extracted is destined for export mainly to India and China (Selemane, 2011).

Even though Vale holds a negative reputation derived from its mining developments in Latin America, it claims to hold rigorous commitment and high standards in terms of corporate social responsibility in all of its projects (Vale, VALE, 2010). Vale was awarded the Public Eye People's award during the year 2000; a satirical award given to corporations and companies known for socially irresponsible practices. Vale was voted into first place after irresponsible practices (including environmental damages and damages to relocated populations) were reported in its working sites in Latin America (Eye, 2012). The company has retained the Public Eye People's award for social irresponsibility ever since 2000 (Eye, 2012). Still, the company asserts that they follow rigorous self-made CSR guidelines in their working sites (Vale, VALE, 2010). According to CSR documents available through their website, these guidelines are framed around the concept of sustainable development, which includes subtopics such as proper environmental management, good relations with governments, good relations with communities, and the promotion of human rights (Vale, Sustainable Development Policy)(the full version can be seen in the appendix). Vale acts on these issues through its Global Sustainable Development Policy, which the company claims to implement in all of the company's working sites across the globe. Vale's Sustainable Development Policy is made up by three components:

- Sustainable Operator
 - This dimension of CSR concerns creating shared value for all stakeholders³ (including contributing to the prosperity of the communities), to anticipate

³ Stakeholders are defined by Vale as: a person, group or organization who affect or can be affected by an organization's actions; shareholders, employees, contractors, host communities, indigenous peoples, local, regional and national governments, NGOs, public

and prevent environmental, health, safety and social negative impacts, to act in compliance with applicable legislations, to uphold organization and discipline, and to adopt and promote international sustainable practices (Vale, Sustainable Development Policy).

- Local Sustainable Development Catalyst
 - This dimension of CSR seeks to go beyond the management of impacts emanating from Vale's operations, but to also voluntarily contribute to and act as a catalyst of sustainable development within the working site's direct influence area. This is done through seeking prior acknowledgement, consultation and involvement of stakeholders, contributing to existing sustainable development plans in the area of Vale's work sites or the creation of these, maintaining good communication with all local stakeholders and by taking into account their interests into management decisions, implementing alliances with stakeholders from different sectors for the pursuit of local development goals, and by building a positive legacy through maximizing socioeconomic development, diversifying the local economy, and conserving and restoring the environment (Vale, Sustainable Development Policy).
- Global Sustainability Agent
 - This last dimension is aimed at the company acting as a global sustainability agent by adopting the latest international best practices, monitoring CSR trends at the global level while also implementing these at the local level, and by promoting sustainability practices internationally (Vale, Sustainable Development Policy).

Even though Vale's Sustainable Development policy touches all the important points of CSR, it does not provide any details of specific activities or projects that should be undertaken in order to achieve these goals. Therefore it is not clear what the company intends to do in its sites to act socially responsibly.

According to interviews with the Social Development department at the Vale offices in Moatize, the CSR framework for local communities is also rather vague; *"we carry out CSR*

institutions, scientific community, clients and society in general (Vale, Sustainable Development Policy)

work for local communities through our Vale Foundation framework. It is divided in five sections; culture, sport, health, youth, and knowledge. We promote cultural activities in the resettled communities by holding traditional dances, we also do a sport day for the local communities, we are going to build a knowledge center, and we built a health post in Cateme and expanded the one in Moatize. (Interview with Vale Social Development Analyst)”

Rio Tinto is a UK-Australian owned mining company that also counts with multinational presence, although smaller than Vale. Similarly to Vale, Rio Tinto claims to be an organization that places sustainability at the heart of all its operations (RioTinto, 2012). As a result, the company has developed its own responsible practices frameworks for economic, environmental, and social realms, which are applied globally across Rio Tinto’s different working sites (RioTinto, 2012). The company has been awarded numerous awards for their social responsibility in their projects around the world (RioTinto, 2012). Rio Tinto has been present in Mozambique since 2006 and first received a mining license for the Benga project in 2009 (Selemane, 2011) (RioTinto, 2012). It started the development of the mine in in 2010 and their mine is significantly smaller than Vale’s as it only counts with 24,000 hectares in comparison to Vale’s 127,000 (Selemane, 2011). Coal extraction is expected begin by the end of 2012 (RioTinto, 2012). Rio Tinto’s Benga mine is currently the second largest coal mining project in Tete (Selemane, 2011). Even though Rio Tinto’s mine is smaller than Vale’s, the company holds 18 mining titles and is currently doing research regarding a second project which will be located in the area now occupied by Tete’s airport (all this infrastructure will be resettled by Rio Tinto) (Selemane, 2011) (RioTinto, 2012). Rio Tinto’s second project is called the ‘Zambezi’ Project. The company is investing 850 million USD in its Benga project and is planning to invest 2 billion USD in the Zambezi project (Selemane, 2011). The company holds 65% of its shares (Selemane, 2011). Rio Tinto’s projects are fully financed with the company’s own capital and the land acquired by the company for mining development has been leased for 25 renewable years (Selemane, 2011).



Picture: Rio Tinto Benga Mine, Anonymous

The mining companies benefit from the investment of the megaproject in Mozambique by receiving a 15% discount on taxes during the first ten years that the mine operates, 50% discount on asset acquisition taxes during the first five years of operation, and the company is allowed to distribute its profit freely as it deems suitable (Selemane, 2011).

According to the company's website, Rio Tinto's strategy for sustainable development is composed by baseline investigations into social and environmental impacts, after which compensation schemes and resettlement plans are drafted tailored to local needs (RioTinto, 2012). The company has developed a methodology for investing in local communities in which baseline assessments and SIA's are carried out in order to produce a knowledge base. In the second step, relationships and partnerships are built with the local community including local government, NGOs, academics and corporations in order to determine how the community can profit from Rio Tinto's presence while at the same time benefiting the company. Local development programs are carried out with a focus on health, local employment, capacity building and knowledge building (RioTinto, 2012). Communities displaced by Rio Tinto's activities must be offered secure options that adequately restore their previous living conditions, in accordance to IFC's involuntarily resettlement (RioTinto, 2012). Displaced community members must be compensated for their lost land and additionally compensated for any other lost material property.

Although also rather vague, Rio Tinto states a commitment to sustainable development in communities that must be relocated due to the companies mining acquisitions and activities:

“We explore all viable alternative project designs in order to minimise the need to resettle individuals and communities and we only resettle people where our business requirements make it unavoidable.

We do not view resettlement as a short-term relocation activity. We apply a development approach with the long-term goal of improving the livelihoods of those resettled and their future generations. Our intention is that resettled people will be better off as a result of resettlement – according to their own assessment and external expert review.

Maintaining and rebuilding social capital is an important aspect of resettlement planning and implementation. We recognise the importance of social and family networks, and the cultural and religious fabric of society. Major social changes such as resettlement can impact women and children disproportionately so we aim to involve women in the resettlement decision-making, planning and implementation.

We carry out early and ongoing consultation with those affected, and provide opportunities for the community to participate in planning and implementing resettlement programmes. We work with community representatives to establish a mutually agreed format for communication, consultation and engagement. Wherever possible we aim to resettle communities as groups in order to minimise cultural and social impacts. A complaints, disputes and grievance procedure is set up and complaints are resolved in a timely manner.

We provide compensation for economic displacement in a transparent, fair and publicly declared manner. We provide compensation that is equal to or above what is required by law and we aim to reach agreement with host communities on the methodology for calculating compensation. Although compensating the loss of social capital can be challenging, we consider it a key aspect of compensation. Where possible we provide compensation in forms other than cash so that long-term goals and livelihood improvements can be achieved. (RioTinto, 2012)”

Despite its claim of transparency, when more detailed plans for CSR activities at the local level in the resettled communities were requested, Rio Tinto refused to answer or give any information.

4.0 Communities and Resettlement

4.1 Background of Communities

Four communities previously inhabited the land acquired by Vale; Chipanga (2,762 inhabitants), Mthete, Bagamoyo (11,392 inhabitants) and Mwalabwe (Diagonal, 2006). They make up a total of 1,000 families (Diagonal, 2006). Despite the fact that these communities lived relatively close to Tete city and Moatize village (between 10-15 km of the city) they are classified as rural or periurban communities that rely mostly on agriculture as their livelihood (Diagonal, 2006).

The community resettled by Rio Tinto is the community of Benga, located in between the city of Tete (approximately 4 kilometers away) and the village of Moatize, and is also considered a rural community with the same typology and means of livelihoods as Vale's communities.

Pre-Mining Educational Level & Facilities

Currently, in the urban area of Tete, there is a primary school attendance rate of 80% (Diagonal, 2006). However, in areas classified as rural the figure is lower though it is increasing. Out of all the people surveyed during community fieldwork, only 1% stated to have attended school and even that 1% did not accomplish to finish primary school (all community survey respondents were over age 17). As a result, there is a high degree of illiteracy, especially prevalent among women, and a difficulty in obtaining jobs where skills other than manual labor are required (Diagonal, 2006).

According to documents obtained from social impact firms working in Tete for Vale, despite mediocre quality levels, all children were able to attend public schools in the area (Diagonal, 2006). This evidence was also supported during focus group discussions; *"We are not better now than we were before, we had school and hospital, and now everything is too far. (focus group discussion 25 Setembro community)"* All communities counted with a primary school (though not always complete; grades 1-7) and all communities could access Moatize's secondary school by walking half an hour, cycling for a few minutes, or a short drive in public transport costing 10 MZ, the equivalent of approximately USD \$0.35 (Diagonal, 2006).

Pre- Mining Health Status & Facilities

The Moatize region counts with a total of twelve health posts, which are accessible to the local communities (Diagonal, 2006). However, only two of these health posts count with maternity facilities and in-patient option (Diagonal, 2006). As a result, the treatment of many diseases is sometimes limited or delayed despite the fact that most people have access to very basic health care. Though slow and sometimes inefficient, all of Moatize's residents-including the mine communities before resettlement- have access to public health care through the health posts and hospitals distributed around the Moatize region (Diagonal, 2006); *"...we had a health post in the village, and we were close to the health posts in Moatize and Tete"* (from focus group discussion in Cateme). The healthcare is subsidized by the Mozambican government and

patients must pay only USD \$1 for consultations and treatment (Diagonal, 2006). In order to get to the health posts, patients usually take a short public transport trip that costs approximately USD \$0.30 or walk for approximately half an hour depending which community they reside in (Diagonal, 2006). Most communities counted with their own health post for basic illnesses and travel to the hospitals in Moatize and Tete for more complicated health issues (Diagonal, 2006). The illnesses that inhabitants of the region mostly suffer from, as in many rural areas of developing countries, are malaria, TB, diarrhea from lack of potable water, and malnutrition. HIV/AIDS prevalence is increasing in the region and has become the number one cause for patients being interned in the hospital (Diagonal, 2006). The increase of HIV/AIDS is likely related to Tete's geographical position as a connecting point for Malawi and Zimbabwe through which travellers often go through. According to social impact assessment carried out by Diagonal, it is likely that the mining boom and its consequential migration boom will lead the HIV prevalence to further increase through the mobility of migrants and an increased demand for sex workers (Diagonal, 2006).

Livelihoods

Most families in the communities form their livelihoods through subsistence agriculture and livestock. The land in the Moatize region is mostly semi-arid which makes production of food crops a challenge (Diagonal, 2006). According to FAO, 40% of the province's inhabitants face chronic malnutrition, this is mostly the case for families which rely on subsistence agriculture (FAO, 2010). Most of the land that is fertile enough for agricultural production is already overpopulated (Diagonal, 2006). However, the area counts with good potential for livestock productivity (Diagonal, 2006). Agricultural production in the area is mostly done through manual labor (including manual ploughing) with little help from technology such as fertilizers or advanced techniques. Recently, (last 4 years) peasants have begun to implement the use of livestock for plowing soil after learning the technique from Malawian peasants (Diagonal, 2006).

The traditional livelihood activities of the region depend on the farming of a *machamba* (Diagonal, 2006). A *machamba* is a plot of land, measuring between 1-2 hectares, which is usually owned by each family. These plots of land are destined for subsistence agriculture, and different basic crops are grown on it such as onion, tomato, and cucumber etc. The

machambas are more often located in a different location than the family's house and it is usually outside the village (Diagonal, 2006). Families depend on the produce of the machambas for everyday food (Diagonal, 2006); *"we used to have land, every family had land, and we grew food and sold what was leftover..."*(Interview with neighborhood secretary 25 Setembro) Additionally, they sell extra produce along the roads or in the markets as a form to earn a cash income to be able to pay for expenses such as school, healthcare, and so on (Diagonal, 2006). As such, it is an essential part of their economic activities.

Communities rely on natural resources as part of their livelihoods, not only for food and the sale of surplus produce but also for other necessities such as fuel and water (Diagonal, 2006). 90% of families rely on firewood as a form of fuel, followed by coal as the second most used form of fuel (Diagonal, 2006).

Since most families depend on the machambas, very few community members were formally employed before the arrival of the mining corporations (Diagonal, 2006). Young people relied on informal employment by making bricks and selling them on the side of the roads leading to Tete and Moatize.

Water & Electricity

Out of the four communities, only one of them, Chipanga, had access to electricity (Diagonal, 2006). All communities had access to water, either through nearby rivers, through free water tanks provided by NGO's such as World Vision, or through water taps installed and managed by the local government (Diagonal, 2006).

4.2 Resettlement & Investments:

4.2.1 Resettlement Process

According to the mining company Resettlement Action Plan and to focus group discussions in the different communities, the resettlement process took place as follows:

In 2006, both companies Rio Tinto and Vale were granted a license to explore the Moatize area where the mines would be located (Seleman, 2011). This is known as the exploration period, where companies carry out feasibility studies, Social Impact Assessments, and Environmental Impact Assessments (DiagonalUrbana). This stage lasted from 2006 to 2008 for Vale, and until 2010 for Rio Tinto.

During the exploratory stage, mining companies hired impact assessment firms to visit the communities occupying the land; *“first they came to see us and to see how we lived, we didn’t know what they were here for”* (interview with neighborhood Secretary, 25 Setembro community). This is when all the Social Research reports were drafted by the company Diagonal Urbana, and the environmental impacts by Impacto.

Due to the fact that the land needed by Vale and Rio Tinto was occupied by local communities, the development of the mines signified the resettlement of these populations to a different location. According to an interview with the Main Representative of Diagonal in Tete, the government gave them few options for resettlement locations since all the remaining land in the district had already been leased; *“if you look at the map, all the land left in the district had already been granted...to other mining companies...Inhangoma was the nearest location, it wasn’t our choice”* (Interview with Diagonal)”

This meant that in order to extract the coal from under the ground, communities that had occupied the land for generations would have to move to a different location leaving their original land forever. This involved establishing life somewhere new, the mixing of communities, different livelihood opportunities, and depending on the mining companies for compensation and the setting up of the new location for communities.

The mining companies together with the government formed a Resettlement Team. According to data in the Resettlement Action Plan, this team was composed by company representatives and by municipal, district, and provincial level government officials (DiagonalUrbana). The resettlement team drafted the Resettlement Action Plan; a 200 page document produced for Vale detailing the characteristics of the area to be resettled, the characteristics of the population and their livelihoods, how the Resettlement Plan would be carried out, the investments to be made in the Resettlement Complex in terms of infrastructure and

community projects, and other compensation forms (though rather vague) (see 4.2.2). It is not clear whether Vale received the official mining concession before the Resettlement Action Plan was ready or before it was drafted, however, as stated in the Resettlement Action Plan, the plan was approved by the Mozambican government (DiagonalUrbana).



After the Plan was approved and ready, the companies approached the local communities and presented them the plan during the consultation meeting. Communities were allowed to raise their concerns, which are documented in the Resettlement Action Plan (also Consultation section of this document) (DiagonalUrbana). Communities were approached again, and it was explained to them how they would be resettled. Their houses were marked with a specific number according to size and value, and they were assigned new houses in the Resettlement Complex. Several rituals were carried out before the communities could leave the land abiding to their traditions (DiagonalUrbana). The mining company then arrived at the communities with trucks, and resettled parts of the community in groups transferring their belongings and possessions; *“they came here and things had already been planned. For example the houses. They came here and they told us that the government had already accepted the conditions... they*

helped us to carry and move all of our belongings and possessions like animals,.. They helped us with that process... (focus group discussion 25 Setembro)”

Since families were not all resettled at once, it took months for the original communities to be emptied. Eventually, all families were resettled and whatever was left in the communities was demolished and clear, after which the construction of the mine began (DiagonalUrbana).

4.2.2 Compensation Agreements

Even though according to interviewed community leaders and mining company representatives there appears to be no signed agreement between the communities and the companies regarding what would be given to them as compensation, compensation agreements between the different parties can be gathered through focus group discussions and reviewing the mining companies' Resettlement Action Plans that were approved by the government.

According to this data, there is a consensus that the following elements were part of the compensation agreement (DiagonalUrbana):

- Replacement of cultivation plot, same size or larger averaging in 1-2 hectares
- Replacement of housing with a same sized house, however made of concrete.
- Technical assistance for agriculture, poultry, and livestock production
- A 'business kit' consisting of tools for small trades such as carpentry, training on how to carry these out, and a small amount of money (approximately 100-200 dollars) to kick start the businesses.
- Replacement of all lost public infrastructure
- Food aid
 - According to communities it was agreed on for five years starting resettlement (Interview community leader 25 Setembro)
 - According to Vale it was agreed on for one year starting resettlement (DiagonalUrbana)
- Financial indemnification for lost livelihood opportunities ranging from \$100 USD up to \$1,000 USD (according to survey respondents).
- Provision of potable water free of charge

- Relocation of cemetery
- Market to compensate for a decreased access to markets
- Access to a training center

“They never wrote it down on paper but we were promised food aid, proper housing, a football field, machambas (2-3 hectares), employment, schools, cemetery, kits in order to start small businesses, monetary sum as compensation for having to start from zero in a new location, (350,000 meticais per family[\$12,500 USD]) (Interview community leader, 25 Setembro).”

4.2.3 Resettlement Location & Type

➤ Vale:

- During the planning phase, Vale divided all the families to be resettled into two subgroups; rural and semi-urban (Diagonal Urbana). Rural families were characterized by making a living purely from agricultural activities. Families that had one family member formally employed and lived closer to Tete city (but still on the Moatize side) were classified as semi-urban despite the fact that these families still heavily depended on subsistence agriculture from their *machambas* for their livelihoods;

“The settlements present in peri-urban areas are characterized by the adoption of a pattern of mixed occupation of territory; following, in part, the physical structure of urban areas, but keeping rural activities (family farming and animal husbandry) in areas bordering the settlement, much of the population consists of people who have their main source of income in the agricultural activities (Diagonal Urbana, p. 18)”.

- Semi-urban families were given the choice to resettle to Barrio 25 Setembro (the semi urban resettlement) which would be located approximately five kilometers from Moatize village but receive no compensation for their lost plots of agricultural land, or to receive a plot of 1-2 hectares for cultivation but resettle to far-away Cateme (the rural resettlement) which is located 46 kilometers from Tete city near the border with Malawi (Diagonal Urbana).
- Vale resettled 985 families in total; 300 families in 25 Setembro and 685 families in Cateme (Diagonal Urbana). The division created a great deal of

problems as communities were divided. Additionally, the families living in Cateme consider it unjust that they do not have the opportunity to live close to Moatize town, and the families in 25 Setembro are upset that they did not receive a *machamba* for cultivation; *we used to live off the land but now we don't have any, and we don't have facilities either. The other communities got both and now we have nothing to eat (during interview with community leader of 25 Setembro)*".

- Vale stated during semi-structured interviews that they did not wish to resettle the families so far away from the previous areas, but that all the remaining land in the district of Moatize has already been leased by the government as mining concessions. Therefore, Cateme was the closest location where the government approved for the families to be resettled.

➤ Rio Tinto:

- Rio Tinto took a different approach and has decided to resettle all of the communities to the same place; Mwaladzi. Mwaladzi is also a rural resettlement complex similar to Cateme, and it is located 56 kilometers from Tete city, 46 kilometers from Moatize town, and 5 kilometers away from Vale's resettlement- Cateme.
- By May 2012, only 80 of the 550 families had been resettled; *"right now there are 80 families, but 470 are coming still"* (from interview with Rio Tinto employee).

4.2.4 Resettlement Layout:

The Resettlement complexes built by Vale and Rio Tinto are located approximately 45 and 50 km from Moatize respectively close to the highway on the direction towards Malawi. Forty kilometers after Moatize, there is a turn off on the highway leading to Cateme and Mwaladzi. The roads leading to the resettlement complex are still dirt roads (despite the fact that families have been living there as long as three years) and a 4x4 vehicle is needed for access. Cateme is located five kilometers after the high way turn off. Mwaladzi is located five kilometers after passing Cateme, and is also only accessible through rough dirt roads.

The layout of the complexes is very similar. The health center, school, and other buildings are located in the center of the complex both in Mwaladzi and Cateme, and individual houses are built away from the communities' buildings. In Cateme there are a total of 685 houses and in Mwaladzi 550 (even though 1,500 more families will be relocated) (DiagonalUrbana). Dirt roads connect the different neighborhoods in the resettlement complex. Each neighborhood counts with a public water tank or tap where community members can collect water for free (subsidized by the mining companies).

In Cateme, since families from different communities were combined into the same resettlement complex, it was planned that even though all four communities would be resettled to Cateme, they would retain different zones as 'blocks' (DiagonalUrbana). Thus, there is the Capanga block, Mthete block, Bagamoyo and Mwalabwe. These different zones are connected to each other and anyone can access the different zones, it is only divided for residential purposes.

Cell phone signal in the rural communities is not very strong and depends per provider.

The layout of the semi-urban Resettlement Complex 25 Setembro is somewhat different as no public buildings were constructed. As a result, it is made up of 300 scattered houses and dirt roads connecting these. The resettlement is located approximately 2 km from the highway linking Tete City and Moatize Village.

All the information in this section of the document was gathered through observations during field visits.

4.2.5 Demographic Composition:

The community of Cateme has a total population of approximately 5,000 people, while the Mwaladzi community counts with approximately 10,000 inhabitants (DiagonalUrbana). The peri-urban community of 25 Setembro is smaller with 1,500 inhabitants (DiagonalUrbana). The population of the communities is characterized by high birth rates and high death rates (Diagonal, 2006).

According to SIA's from Vale and Diagonal, forty-five percent of the population is in between the ages of 0-14 years old, followed by 13% between the ages of 15-21, 10% between the ages of 22-29, another 10% between the ages of 30-49, and 4% being 50 years old and over (DiagonalUrbana, Vol. 2).

Heads of household were selected as survey respondents in the communities due to their older age experience and consequent better ability to contrast current and prior living conditions. The average age of the individuals surveyed was 50 years old, though it was highly variable. 60% of respondents were between the ages of 40-50 years of age. 15% were younger than 40, and 25% were older than 50.

The resettled communities, as most rural areas in Tete, are characterized by a higher percentage of females in contrast to men. A female was the head of household in 95% of the families surveyed in Cateme and Mwaladzi. According to SIA's carried out by Diagonal, the percentage of households headed by females in rural areas is 17% (DiagonalUrbana, vol. 2). The marked scarcity of men in the communities can be attributed to migration due to seasonal agricultural work in far away regions, migration to neighboring countries or provinces in search for better economic opportunities, and a higher mortality rate for men due to associated higher risks arising from a more economically active and migratory lifestyle such as HIV/AIDS and risks of accidents (DiagonalUrbana, Vol. 2).

Composition of household is made up by the parents (age ranging from mid-20's to 50 years old), and their offspring's nuclear families (Diagonal, 2006). Therefore it is common for three different generations to be living in the same household, and even up to three nuclear families (all related as extended family) (Diagonal, 2006).

Communities count with a low educational level; 85% of surveyed individuals (mostly women) had not completed or attended primary school. According to Environmental & Social Impact Assessments, the literacy rate in the resettled rural communities was 14% for women and 45% for men (DiagonalUrbana, Vol. 2).

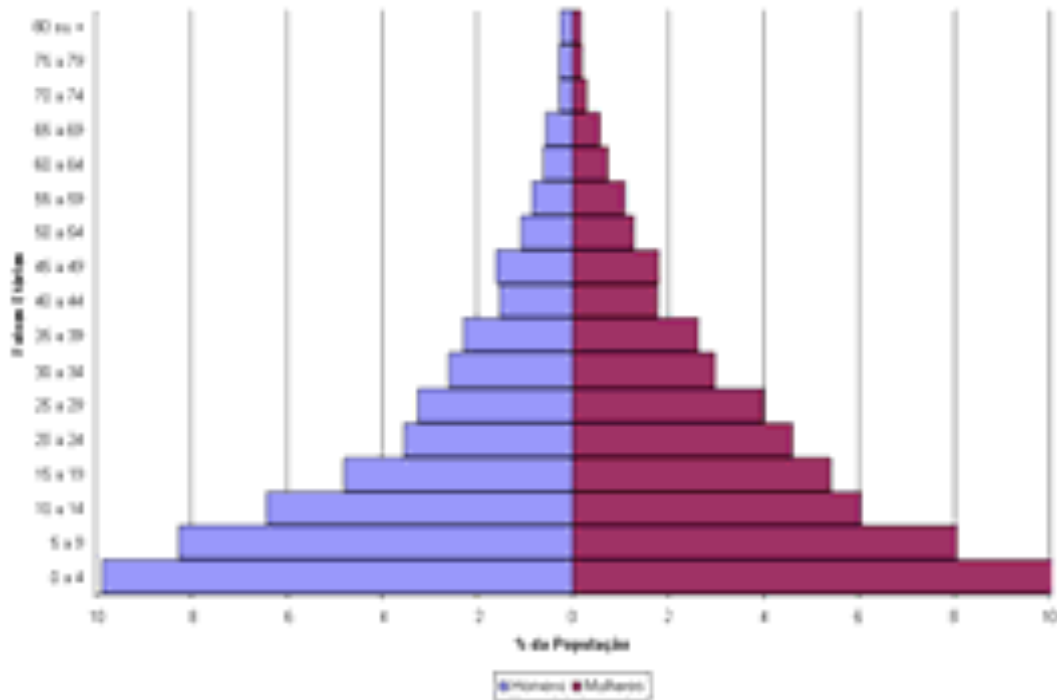


Image 1: Typical population pyramid for rural communities in Tete. Females=red bars, Males=blue bars (Diagonal Urbana).

Characteristics of Resettled Community Survey Respondents (total of 40 respondents)

Age Group Percentage		Sex %		Employment %		Educational Level	Number of years in Community
<40	15%	Male	5%	Formal Employment	0%	None: 80%	3 years or more= 50%
40-50	60%	Female	95%	Cultivation Only	10%	Some Primary School: 20%	One year or less= 50
> 50	25%			Cultivation & Domestic work	90%	Secondary School: 0%	

4.2.6 Activities:

Families work mostly in the cultivation of their *machamba* plots. Many families live off food aid granted by the mining companies. Young kids and teenagers attend primary or secondary school, while the adults work either in cultivation (men and women), searching for

employment outside of the resettlement complex (mostly men), or domestic tasks such as cooking, washing, and fetching fuel and other necessities (mostly women). All of the surveyed respondents worked either in agriculture or domestic work.

In the Vale resettlements, 99% of survey respondents and community members present during focus group discussions were unemployed and have never worked for any of the mining companies except temporarily for the construction of buildings in the resettlement area;

“During the construction phase some people were hired as mechanics, painters, and electricians. But this was only temporary, they were only hired for a few months. When there was no more construction to do, they were laid off. Now most people in the village are unemployed (Interview community leader 25 Setembro)”, “They said it would be people from the community who would be hired. They hire a lot of workers that come from other provinces. Then, the work that we got was only for some time. Many men here don’t have jobs anymore. They said that the people that would be able to work would be us, but that didn’t happen. They said there would be jobs for a time frame of five years, but the people that got hired were only employed for one year.(community member during focus group discussion)”

In Mwaladzi, 99% of the men in the community are employed in the construction phase of the resettlement, although these jobs are temporary as was also the case in Vale’s complexes; *“the company has given everyone work in the settlement. They can build, they can paint, if they don’t work it is because they don’t want to”(community member Mwaladzi).*

4.2.7 Social Organization:

Communities are traditionally organized in a social hierarchy; there are two main leaders at the top of the pyramid fulfilling different functions. There is the community leader who is mostly concerned with resolving and leading social issues such as land conflicts, marriage negotiations, and ceremonies. The community leader is highly revered and is an important traditional figure in the life of the community with a high degree of moral and spiritual authority (Informal Interview with community leader).

The alternative main leader is the community secretary, who fulfills a political function. The community secretary is in charge of public relations with the local government and near by

communities, and leading and organizing the community for political purposes (informal interview with community leader).

Men are traditionally the primary authorities in families and communities as a whole despite the fact that women carry out most of the household, cultivation and market work. Children and adolescents remain at the bottom of the communities' hierarchy, mostly helping out with family chores (Diagonal, 2006).

4.3 Investments

(Note: most of the information gathered for this sub-chapter concerning physical investments was gathered through observations during the visits to the resettlement sites)

Information regarding the amount of money invested by Vale in the local communities, especially those that were resettled was requested from the Tete Vale and Rio Tinto offices. The information on monetary sums was provided by both companies in a manner in which it is difficult to tell how much money was allocated for local communities specifically; Vale claimed to have spent a total of 20 million dollars for the resettlement of people, including the impact assessments, planning and construction (DiagonalUrbana). However, it is impossible to know what quantities went into the different resettlement stages and into community investments apart from baseline assessments. Similarly, information was given by Vale and Rio Tinto explaining the total costs of the initial stages of their activities, including but not limited to some activities related to corporate-community investments, but it was not detailed how much money was allocated specifically for communities. Information on these issues is not transparent with neither of the companies or the local government.

Rio Tinto claims that the total cost for the construction of the resettlement complex cost 26 million USD, averaging at 50,000 USD per house (Selemane, 2011).

When asked during interviews with government representatives how much money companies were investing in local communities and what was done with the money that the government earns from the mining investments, answers were also obscured;

***Interviewer:** Do you know how much money Vale and Rio Tinto are investing into local communities?*

***Administrator:** No, I don't have that type of information in my office. Maybe in Maputo you can find that. None of that is here, you need the Central government for that.*

Interviewer: *Maybe you can give a rough estimate, just an idea? Maybe you know how much they invest in your district? Do Vale and Rio Tinto give money to the local government for community investments? Or do they decide on the investments independently?*

Administrator: *No sorry, I have no idea. "*



Image 2: Houses in Rio Tinto's Mwaladzi Resettlement Complex

Rio Tinto and Vale invested in the communities that previously occupied the land that is now used for mining by constructing a resettlement complex where lost physical infrastructure such as schools, houses, and health centers were replaced. Furthermore, Rio Tinto is implementing social development projects for the resettled families. These social development community projects are now being copied and beginning to be implemented by Vale. The resettlement complexes from both companies are very similar.

Resettlement Investments Comparison (Data gathered through field visits and surveys)

Investments	Community		
	<u>Cateme (Vale)</u>	<u>25 Setembro (Vale)</u>	<u>Mwaladzi (RioTinto)</u>

<u>Physical Infrastructure</u>			
Primary School	X		X
Secondary School	X		
Health Post	X (2)		X
Morgue			X
Orphanage			X
House for school & medical staff	X		X
Housing	X	X	X
Electricity System for houses	X	X	X
Water system for houses			
Water system based on tanks for village			X
Water system based on wells for village	X	X	
Paved Roads linking to highway/nearby settlements			
Dirt Roads linking to highway/nearby Settlements ⁴	X	X	X
<u>Community Projects</u>			
Livestock technical assistance workshops ⁵			X

⁴ The roads are currently being constructed (including the ones leading to the 3 year old resettlement) and will most likely be paved roads when they are finished.

⁵ Vale is now preparing social projects regarding agricultural and livestock technical assistance to help community members produce more, however, these projects have not been implemented yet even though they were planned for 2010.

Vocational training e.g. carpentry, tailoring			X
Agriculture technical assistance			X

4.3.2 Physical Infrastructure

Replacement of physical infrastructure is the main component present in the resettlement complexes built by Vale and Rio Tinto. Ceding the communities' land to the mining companies involved leaving behind all the facilities that the community was used to accessing and depend on for its day-to-day life. According to the interviews with municipal and district level government officials, it was the company's obligation to comply with the IFC's involuntary resettlement guidelines that stipulate that companies must ensure that communities have at least the same living standard and conditions as they did in their original location, and that all lost physical infrastructure must be compensated for; *"companies are obliged to comply with the involuntary resettlement guidelines of the World Bank (interview Moatize administrator)"*. As a result, Rio Tinto and Vale had to provide the resettled communities with the physical facilities such as school buildings, health centers, and housing that they previously depended on as a form of replacement.

Public facilities

Both Rio Tinto and Vale constructed primary school buildings and a health center capable of delivering the same services as the communities' previous closest health centers. The capacity of the health center and school are comparable to the medical and education services that community members previously had access to in their village.

The companies were also responsible for the construction of paved roads connecting the resettlements to other settlements and urban centers (Diagonal Urbana). Unfortunately, according to data gathered during field visits, these roads have not been completed yet by any of the companies after some families have already been living in these complexes for three years. Rio Tinto somewhat surpassed Vale's investments in physical infrastructure by carrying out additional investments that were not directly related to the replacement of physical infrastructure. These investments include an orphanage for children who have lost

their parents to HIV/AIDS (very common in the region due to the high infection rate), a cemetery (still missing in Vale's resettlements), and a market place, which is also still missing in Vale's resettlement complexes, and a community administration building. In both settlements, the companies relocated the families were to the settlements before all necessary physical infrastructure was terminated. At this moment, Rio Tinto provides community members with free transportation into Cateme (Vale's resettlement) and into Moatize village where members of the Mwaladzi community make use of services that are not available yet in the resettlement. For example, the community relies on the hospitals and schools in Cateme built by Vale. Therefore, there is a special bus that transports Mwaladzi students to Cateme daily. There is also a bus transporting community members into Moatize as regularly as



needed. Mwaladzi residents are very happy with this transport service. Unfortunately, this transport will only be temporary until the construction phase is over.

The local government and the mining companies agreed that it would be most convenient if the companies did not directly get involved in daily life in the

resettled communities. Companies are only responsible for the construction of the public buildings, after which the government takes responsibility of service delivery. Therefore, the companies are not tied or related to service delivery at all.

According to Vale, the 'urban' community of 25 Setembro should be able to use the Moatize's already existing health and education facilities (Diagonal Urbana); *"There was a hospital being built but in June 2010 the construction stopped and it was never finished. Now, in order to access health services, community members must travel very long distances into the city. (Interview Community leader)"*. These facilities were expanded/renovated by Vale but are situated in Moatize village which is about 7km from the 25 Setembro community. This is a very far walk for children, especially younger ones and for sick people when they need to get to a hospital.

Since the 25 Setembro community is classified as urban, they were not given small plots of land for cultivation as compensation but the community was rather relocated closer to the city of Tete compared to the rural community.

Housing

Another focus point of infrastructure compensation apart from public facilities is that of housing. Housing was the main attractive element for relocation in the eyes' of the local communities.



Image 3: School development in Mwaladzi

The houses are classified into different types depending on their size, type of roof, and number of rooms. Vale and Rio Tinto both used the same system in order to assign house types to different families. Families were given a house type depending on the number of rooms that their original house counted with. Rio Tinto and Vale attempted to provide families with an equally sized house as they originally

possessed. However, some individuals who were surveyed in Mwaladzi and Cateme claimed that they lived in more crowded conditions at the resettlement site, sometimes up to eight people living in the same one-bedroom house.

According to data gathered through surveys, the average number of people living per house is 5.9; 5.8 for Cateme and 6 people per house for Mwaladzi (Community Survey). Roughly fifty percent of the community members surveyed had a one-bedroom house, while the other half had a two-bedroom house. According to correlation tests there seems to be no correlation between the type of house provided by Vale and Rio Tinto, and the number of people living per house; with correlation coefficient of 0.03. Compensation for lost residential land was just enough considering the size of the house that the family originally owned. However, it cannot

be seen as 'best practice' seeing that the cost of building an extra bedroom in a resettlement house is completely unbalanced (drastically lower) than the benefit that the mining companies are profiting from the mineral resources from this residential land, when it would not have cost them so much to provide an adequate sized house for each family.

100% of all the people surveyed in Mwaladzi were content with the quality of the house construction grading it with an average score of 4.3 on a scale of 1=extremely dissatisfied to 5=extremely satisfied. They claimed that the new houses constructed by Rio Tinto were superior to their old houses due to the more durable materials from which the houses are made and especially noted the fact that the houses have good foundations. The majority of residents of Mwaladzi, as in most rural areas in Mozambique, previously lived in basic mud houses.



Image 4: Houses in Mwaladzi built by Rio Tinto

Nonetheless, apart from the housing, they do not feel that the resettlement is dramatically better than their previous village. Residents from Cateme and 25 Setembro are deeply unsatisfied with the housing as they consider it of lower quality than their original housing. According to the surveys and interviews with community members, the houses lack proper foundations and the materials used to build are low quality, resulting in continuous cracks on the walls and mites eating away the frames and doors in the house. Water also leaks into houses when it rains. Vale has sent workers to repair the houses as a result of continued pressure, however, the families living in the house say that more cracks keep appearing or even returning in the same place even after repair as a result of low quality original construction; *“And on the issue about the houses, the houses have many cracks. We don’t know if*

they will fix them or not. They say that the cracks won't come back, but they do. First some cracks appeared when they finished their work, and then after more and more cracks appeared. They fix the cracks but the cracks return again, in the same spot the crack comes back and more of them come back. (during focus group discussion)" The average score for housing satisfaction in Vale's resettlement was a 1 out of 5 with 1=extremely dissatisfied and 5=extremely satisfied.

Both Vale and Rio Tinto installed electricity systems for all houses, and free water tanks or taps of potable water subsidized by the companies. However, electricity is not free of charge for these families and since most of them are unemployed, they cannot afford to have electricity in their homes. The electricity system is prepaid; 'Credelac' credit is available in small shops. Only 30% of surveyed respondents in Vale settlements are able to periodically buy electricity credit for their house, and 0% of surveyed respondents in Rio Tinto's resettlement.

Percentage of respondents that have access to the following facilities:

Electricity inside house	Water inside house	Education Facilities	Healthcare Facilities
30%	0%	100%	100%
Average Score of Satisfaction 1= not at all, 5=completely satisfied	Average Score of Satisfaction 1= not at all, 5=completely satisfied	Average Score of Satisfaction 1= not at all, 5=completely satisfied	Average Score of Satisfaction 1= not at all, 5=completely satisfied
1.2	1	3.5	2.6

Vale and Rio Tinto are obliged to subsidize potable water (even though it is not clear how long this will be for) because the resettled communities previously had access to drinking water free of charge from near by rivers and from NGOs that donated community water tanks and taps in exchange for constructive community activities such as garbage clearing (Diagonal, 2006). Therefore, even though this investment is highly beneficial for the resettled communities (especially since the relocation area is very dry) it is mere compensation for what they already had access to before the arrival of the mining companies to the area. Water systems were not installed into the houses in neither resettlement complex, leaving houses still in a basic condition yet made with more durable materials.



House in 25 Setembro Resettlement Complex

The following table shows average scores of statements answered by individuals in the community regarding their opinion on the new settlement and its implications for living conditions (on a scale of 1= Completely disagree to 5=Completely agree):

Respondent Opinions on new Settlement and on Mining Companies

Statement	Total
I was happier in my previous community	4.2
I had more access to services in my previous community	2.4
Physical infrastructure has improved in the new community	2.7
There are more employment opportunities now	2.7
I am happier in the new community	3.4
The mining company is interested in the community's well being	2.6
Presence of the mining company has improved our well being	1.8

The Company takes into account the community for making decisions	2.1
The company is involved in community projects	2.4
The presence of the company has harmed the community	2.4
I have been properly compensated	1.8
I think that damages will continue after the mining company leaves	3.2
I think that benefits will continue after the mining company leaves	2.3

4.3.3 Livelihoods

According to community surveys and interviews with mining company representatives, all families relocated to the rural resettlements of Mwaladzi and Cateme received a plot of land ranging from one to two hectares. This plot of land is designated for cultivation purposes and is given by the mining companies in order to compensate for the loss of the machambas used in the original location. Food aid was also given as by both mining companies as a form of compensation since it takes a few months to kick-start agricultural production in the new cultivation plots after the arrival of families to the new location. Rio Tinto gives the arriving families in Mwaladzi three months of food aid as a form of food security. Vale provided food aid for longer (one year) but it has already stopped. Data gathered during focus group discussions shows that the Cateme resettled community was under the impression that Vale would provide food aid for five consecutive years as an incentive for communities to agree to resettle in the new location. However, when Vale was confronted about this issue during interviews, they claimed that they never agreed to such an unsustainable agreement and that there had to be a miscommunication problem between the communities, the local government, and the company. Many families in Cateme are now food insecure as 70% of surveyed community members expressed that of the main negative aspects of the resettlement was the fact that the land is not adequate for production because it is not fertile enough (see 'damages' section of document).

Plots of land provided by Rio Tinto also come with agricultural tools and seeds as a starter kit to help kick-start agricultural production. 2% of respondents in Rio Tinto's community also expressed the lack of fertile land as one of the heaviest damages. However, this figure is probably underestimating the damage as 90% of the resettled individuals in Mwaladzi have only resided there for the duration of one year or less, in contrast to Cateme's three years.

Some families were also promised financial compensation for their loss of property but they have still not received any monetary sums from the companies. Due to the limited number of community members surveyed it is difficult to estimate an average of financial indemnification promised to families that owned more property. The Resettlement Action Plans also do not mention any specific amounts or ranges.

Resettled families of 25 Setembro were never given the "business kits" promised to them on behalf of Vale for each family. These business kits were supposed to be kits containing an amount of money to start up a small business, e.g. carpentry, and the tools necessary for the trade.

In general, the infertility of compensation land, combined with the lack of employment opportunities in the area has led to an increase of poverty among the communities and lack of food.

4.3.4 Social Projects

According to the Resettlement Action Plans approved by the government, the mining companies were supposed to provide the resettled communities with projects aimed at improving their livelihoods and income as a manner in which to mitigate damages related to loss of access to natural resources and the isolation that these communities would experience in their new environments (Diagonal Urbana).

Vale was supposed to begin implementing these projects in January 2010, but unfortunately as of May 2012 the projects were not completely ready for implementation (Vale, *Proyectos Socias*, 2006). Rio Tinto on the other hand is already implementing the community projects with the few families that have already been resettled to their complex in Mwaladzi; 70% of Mwaladzi's respondents had already participated in community projects (Community survey).

The projects designed by both companies revolve around the themes of agriculture, livestock & cattle, and small business development.

Agriculture

According to informal interviews with Rio Tinto's employees, Rio Tinto's agricultural community projects are supposed to contribute to the fulfillment of the demand for food of the company and its subcontracted companies. This is done by first inviting community members to a workshop where they are taught technical knowledge on cultivation such as new techniques, the use of pesticides and so on. After they have completed the workshop which lasts a couple of days, they are given seeds and tools for cultivation. Once the communities have managed to produce food, Rio Tinto's subcontracted caterers will buy the produce off them and in this way integrate them into the wider economy. Communities are also allowed to sell cultivation produce independently in markets if they travel the long distance to reach them.

Vale's agricultural projects vary in that they are not directly linked to mining activities and companies. Communities will be also given technical assistance, knowledge and tools, from which they will benefit by having more surplus to sell to each other in the community, and possibly in a market if it is accessible. According to Vale's Social Development analyst, the



Image 5: Cultivation Community Project in Cateme

projects are designed this way to avoid dependence on the mine since it will eventually close and is not considered a way for sustainable development. However it can also be seen that since the company itself will not be benefiting from this project, there is less motivation to implement it on time and it is now two years behind schedule.

Cassava flour-processing machinery has also been installed in Cateme and communities will have access to it free of charge after taking part in a workshop that guides community members to create flour out of cassava, which is one of the easier crops in the region.

Poultry & Livestock

Another community project in both rural resettlement complexes revolves around poultry and livestock breeding. Each family receives two chickens from the mining company. After successfully breeding the chickens, the family sells them on the market (or in Mwaladzi's case to Rio Tinto's caterers). The family is allowed to keep the profit made from the sale of poultry, which they can use to buy more chickens from the poultry company hired by the mining company especially for this purpose. Families are given information on how to successfully take care of the chickens.

The livestock workshop is based more on teaching the community how to care for livestock by disseminating information on livestock diseases, vaccinations, and so on. Community members are also taught how to plow land with the help of livestock and are given a ploughing tool at the end of the workshop.

Small Scale Businesses

Rio Tinto finds clients for the small scale businesses in Mwaladzi by making their sub-contracted companies buy produce from the community. For example, the company in charge of catering for Rio Tinto's workers will buy its food ingredients from the Mwaladzi community. Similarly, Rio Tinto will try to employ small-scale businesses in Mwaladzi for all its needs such as construction, gardening, etcetera in this way integrating the isolated village of Mwaladzi into the economy.

4.3.5 Other general investments:

Vale has organized small workshops (for example free educational workshops about not drinking and driving for the city's taxi drivers), sports events and cultural events such as traditional dances in the communities. It also invests in the health posts and schools located in the communities who live nearby the mine and are therefore affected by it (due to the limited timeframe and scope of this research it was not possible to gather detailed information about these investments). Vale says that it is challenging to focus on investments in the resettled communities and the communities that live surrounding the mine simultaneously. The company states that the communities living in the mine's surroundings are their priority.



Image 6: Cassava flour workshop area

Rio Tinto has also invested in the surrounding communities by building a Training Center located on the road in between Tete city and Moatize village. In this training center, local people are trained skills related to jobs in the mines and for the company in general such as mechanics, carpentry, and mining. This center was constructed with the purpose of training local people in order to be able to employ them at the Rio Tinto mine. On one hand it benefits local communities as it increases their chances of employment, and on the other hand it benefits Rio Tinto company by providing a pool of cheap labor.

4.4 Employment

During focus group discussion, community members have claimed that Rio Tinto has offered jobs to all men in the community. Most jobs available for the community members are in the field of construction. Rio Tinto hires community members to build the resettlement complex. Therefore, at this point, there is a very low unemployment rate in the village (estimated at 3% by community leaders) in contrast to near by rural communities. However, these employment opportunities seem unsustainable and temporary; once the construction of the resettlement

complex is finished, most workers will most likely be laid off as it happened in the Vale community.

Several community members (especially men) were hired by Vale during the construction phase to help with construction, mechanics, painting and other low skilled jobs. However, once the construction phase was finished, Vale laid off its 25 Setembro workers and most of them are now unemployed. Out of all the men who attended the general community meeting, only one of them was employed (not by Vale). The distance between Cateme and the nearest village (Moatize) also makes it difficult for people in Cateme to find formal employment.

Levels of informal employment have also decreased in comparison to their previous communities according to focus group discussions. Previously, people worked selling surplus produce, charcoal, and firewood and young people fabricated bricks which they later sold in Moatize or on the road that leads to Tete. However, due to the lack of access to natural resources such as wood, and the distance to markets, this no longer represents a livelihood possibility for the community of Cateme. Therefore, the extra income that families could earn on the side to supplement their subsistence agriculture livelihood is no longer available.

Vale's social development department has claimed that they are unable to employ many local people due to the low level of skills they possess. They say that it is in both party's interest to establish a training center in which local people can be taught basic skills to be employed by the company; *"we told the government, we want to build a Knowledge Center, it's also useful for us because it's cheaper, but they are making the process so difficult"* (Vale Social Development Analyst). This would benefit the company in the form of cheap labor while at the same time benefitting the community in the form of employment. According to informal interviews with social development staff of Vale, this has not been possible yet due to the slow bureaucracy of the government. At the same time, government officials have complained during interviews that Vale has not kept its promise (included in the Resettlement Plan) of building a 'knowledge center' in which different types of training workshops would be given for future laborers and also for other community members.

Communities in the Moatize region have a strong desire to be formally employed. Large amounts of people stand daily outside Rio Tinto, Vale, and other companies' gates waiting for

vacancies that can be filled up; *“it is so easy to hire people here, if somebody doesn’t work properly and you fire him, you can get a new worker straight away, they are all waiting outside the company gate all day, everyday waiting for a job opening (WBHO employee)”*

Semi-informal interviews with other foreign companies working for Vale and Rio Tinto such as Eqstra (coal extraction), WBHO (civil construction), Bertling Ltd (logistics and transport) also showed a lot of frustration regarding hiring local workers. Most of the people working for these companies, especially in the higher skilled jobs even though not necessarily, usually come from countries such as Brazil and South Africa. These companies have guidelines in which they will try to replace the expats working in the mines with national workers in time frames of between five and ten years. Companies plan this in order to promote local employment and economic activity as well as to reduce costs as expats must be generally paid a higher salary as a compensation for moving to Tete, which is considered a hardship post. In order to do this, laborers and medium-skilled workers are continuously trained to eventually take over their jobs. Expatriate company staff working in this area reported that this is a lot more difficult than it was originally estimated by the companies and will therefore take a way longer time frame and higher costs. This is partly because of language barriers but also due the low skill levels of the laborers; most have not attended primary school or have previously held a job in their life; *“We were supposed to train locals in five years so that we can leave this place and they can run it, but at this pace I don’t see it happening. They are so slow, many of them have never had a job in their life, if the company wants to train locals it will take much longer (Eqstra employee)”* Training of local laborers consumes so much time and is so frustrating for companies that despite the higher costs of salaries they find it more economical and efficient to hire expatriates from the company’s country of origin, even for low skilled jobs such as construction; *“We spent hundreds of dollars in training and uniforms, then we find that they’re selling them wasting the company money and then they don’t show up to trainings (Eqstra employee)”*, *“We need more foreigners working because the locals can’t do the job, they never studied or had a job, and they don’t know how to work, they’re lazy they work for three hours and then they just want to nap all the time (WBHO employee)”*

In addition to the low level of skills of local people, another challenge for employing local people as laborers is the limited number of jobs available. Vale and other foreign companies working for both Vale and Rio Tinto have explained that the number of jobs available is

limited; *“Even if we hire mostly local people, we can’t employ them all, it is only a small fraction of the people in Tete” (Eqstra worker)*. Therefore, even if the companies manage to train and employ mostly local workers, the percentage of people employed would still be a small percentage of Moatize’s basin population, or even Tete’s city.

The workers who took part in focus group discussions feel that the working conditions are safe and appropriate and according to company employees interviewed informally, all companies take workers’ safety as a prime concern. All safety violations are taken quite seriously by companies resulting in harsh consequences for managers or employees that do not follow them and consequently possibly expose other staff to danger in the mine and other construction areas. According to company employees, salaries for local workers were initially set at a higher sum. However, government officials insisted that salaries by the mining companies for low skilled jobs cannot be higher than Mozambique’s minimum salary (USD \$94 per month in the extractive industry⁶) in order to avoid a huge influx of migration into the city of Tete; *“We wanted to give them a better salary, but the government only allows us to pay minimum wage, they don’t want a high influx of migrants (WBHO worker for Rio Tinto)”*. This was further confirmed during interviews with Moatize’s administrator. The government has also set a limit for medium skilled jobs in which salaries for Mozambican employees cannot be higher than salaries for public servants in order to avoid a vacuum in the public sector caused by employees leaving to work for the foreign companies. These regulations have led to salary disparities between Mozambican workers and foreigners, who sometimes get paid three times the salary of a national worker for the same job description *“The government doesn’t allow the companies to pay higher salaries than minimum wage, they fear that people will leave the public sector, but I say they just hire more people, there are so many people unemployed (Leader of Local Legal Assistance for Communities NGO)”*. This has caused discontent among Mozambican workers as they feel that the foreign companies unjustly treat them as inferior and foreigners benefit the most in their own land.

5. Local economic impacts and Foreign Enclave:

Mine developing and coal extraction creates a direct demand for materials and services such as long distance transport, short distance transport, catering, logistics, construction, and coal

extraction among others. Unfortunately this does not have such a large impact on the local economy since the companies that are hired for these services by Vale and Rio Tinto (they often use the same ones) are not local or national companies and are often companies from Brazil and South Africa that relocate some of their branches to Tete sub-contracted by the mining companies. Employees of these companies are also mostly expatriates. Therefore, the increased demand for materials and services unfortunately has very little positive effect on the lives of local populations.

A sector that is notably growing in Tete is the banking sector. The numbers of banks and ATM's have rapidly increased since the first mining company began establishing itself in Tete (Selemane, 2011). This is especially the case for foreign banks such as Standard Bank, Barclays, and FNB which have now installed ATMs in Tete city, Moatize town, and in the long stretch in between these two settlements (Selemane, 2011). This has created a small number of job opportunities for locals of Tete city (about four new bank offices have opened) (Selemane, 2011). It can be expected that bank ATMs will continue to increase as more mining companies arrive in the region. Despite the number of extra ATMs in the recent years, they are often saturated and it has become a hindrance to efficient work in the mining companies; *"we need money to pay the laborers but the ATMs are empty at the end of the month, you can stand in the line for hours, it's the same in every single one, and the money finishes and you have to wait until next week, how is anyone supposed to do anything?" (WBHO employee)*. Employees working at bank offices are locals residing in Tete city, therefore it has little impact on rural and peri-urban communities that occupied land that is now used for mining purposes. Individuals that benefit from the growth of the banking sector in terms of employment are people that reside in the urban area of Tete and have had significant amount of schooling in comparison to the general population of the Tete-Moatize area.

Even though the development of mines has sparked a demand for energy, banking, and water services for the mine itself, the delivery of these services has not increased in the local community in the Tete-Moatize area as a trickle down effect that was much hoped for. This is partly because the mines are such separate entities and relatively far from human settlements. Driving through the main roads it can be seen that settlements in between Tete City and Moatize village still lack electricity and potable water, despite being located on the way to the city and the mines.

Demand has also increased for housing (mostly for expats), supermarkets, cafés and restaurants. However, most of the housing that has been constructed, and the cafés and restaurants that have emerged are owned by foreigners and frequented mostly by expats (Selemane, 2011). Produce and food sold in supermarkets, cafés, and restaurants, is imported (mostly from South Africa) (Selemane, 2011). This is also the case for food served in mine cafeterias and the cafeterias of sub-contracted companies (Selemane, 2011).

The demand for products and services in Tete has in fact increased due to the presence of the mining companies and everything that it implies. However, it has become a predominantly foreign and expatriate enclave that fulfills its own demand and supply due to lack of a local supply that can satisfy the needs of mining companies and their personnel living in Tete. Local farmers struggle to produce enough for their own communities and therefore cannot satisfy the needs of the mining induced growing population. Consequently, mining companies do not wish to depend on these local farmers as it places the mine's efficiency at stake (Selemane, 2011). The same concept follows for the remaining services and products. In this way, Tete is becoming an enclave of Brazilian and South African companies and exported (even the most basic) products with little benefit for locals, especially those living in rural areas, which makes up the majority. If anything, it is increasing prices in the region, which are already expensive for expatriate standards (Selemane, 2011).

6. Damages for local Communities:

The possible damages identified by the Social Impact Assessments were mostly related to loss of access to natural resources on which the community heavily depended on, and the isolation that resettlement would have as a consequence, this can be seen in Diagonal's details of consultation meetings (DiagonalUrbana). Isolation from the main city of Tete, and the village of Moatize signified a loss of access to job opportunities; the area where the communities were to be resettled is characteristically rural, meaning little opportunities for formal employment but also for self-employment such as selling surplus produce in the market due to the inaccessibility to the markets in the Moatize town and Tete city all the way from the relocation site.

The following themes repeatedly came up during survey open questions, interviews, and focus group discussions with community members. They appear to be mostly the same as the concerns expressed during consultation meetings, which shows a lack of mitigation for damages on the part of the companies:

<u>Damage Theme</u>	<u>Description</u>
Isolation	
Access to services	<p>One of the consequences of the isolation experienced by the communities after relocating is the increased difficulty to access services such as ‘advanced’ medical care, telecommunications, media, and so on. Due to the long distance to the nearest urban areas or even to other populations, community members must spend extra money and time traveling there. Often, community members do not count with these resources and cannot afford to make the trip when they need to; <i>“the health center here should have the same quality as the one in Moatize, because I can’t go to that one anymore, only if I find someone with a car, when someone gets very sick at night there is nothing we can do (opinion of respondent during community survey)”</i></p>
Employment opportunities	<p>The isolated location of the resettled communities also means a disadvantaged position in order to obtain formal employment. Most formal employment opportunities are located in the vicinity of Tete city and Moatize region. However, living in Cateme and Mwaladzi means that communities must travel very long distances in order to find employment, which places them in a disadvantaged position in comparison to communities residing near the urban centers. Furthermore, even if community members managed to obtain formal employment in Tete city or Moatize, the distance to their home would generally be too long and expensive for daily commute. As a result, most community members are left with almost no possibilities to obtain an income in the form of cash. Unfortunately, this also means that they are not able to purchase everyday products or pay for services such as electricity, transport, healthcare and so on. Living in the rural communities has signified a</p>

	<p>change from a mixture from semi-urban and rural livelihoods to solely rural opportunities; <i>“We are not employed. We are all here living without working, we don’t have income. We used to sell crafts of tijol, vegetable coal, firewood, but we can’t do any of that here. Where, where can we cut firewood, nowhere here. We can’t cut firewood to cook at home, we have to buy it now, but how do we buy it if we don’t have work or income? (Community Member 25 Setembro)”</i></p>
Access to market	<p>The long distance to the main roads and to the city from the resettlement complex make it difficult for people living in the resettled communities to make a profit by selling the extra produce from their cultivation plots. This also applies for youth that traditionally worked making and selling bricks on the roads near Tete city and Moatize village. The lack of market access makes it difficult for people living in these communities to exchange agricultural products for daily-use manufactured goods (e.g. washing powder) and other foods that they are not able to grow on their own.</p> <p>Lack of access to market and lack of employment opportunities was stated as a negative impact by 90% of surveyed respondents.</p>
Land	
Loss of natural resources	<p>The resettlement of villages implies that the communities are no longer able to make use of resources that were naturally present in the land. Communities that previously depended on the river as a water source will have to purchase water (even though they receive free water tanks/taps from the mining corporations for now, this is not a sustainable solution to the lack of water in the area). Similarly, families that previously relied on firewood as a form of fuel must now buy some other sort of fuel (which as mentioned before is not an easy task due to isolation). In this way, living costs have increased for families, and the combination with a lack of employment opportunities has left them marginalized.</p> <p><i>“We are very angry because we don’t have land anymore. We can’t grow food. We can’t eat. They took our land, said they would give us food but they didn’t. (woman during focus group discussion)”</i></p>

Soil infertility	<p>Even though each family was compensated for their lost land with a new plot in the relocation area, 100% of surveyed community members described soil infertility as a problem. Families are not able to grow food as easily as in their previous location and this is affecting their livelihoods, as they don't have as much food. This coupled with the fact that they are not able to find formal employment aggravates issues of food security and generating cash incomes. <i>"I wouldn't mind the resettlement but the food doesn't grow here, the land is not good, they cheated us.(comment from respondent during community survey in Mwaladzi)"</i></p>
Social	
Broken up communities	<p>The relocation of different communities into two settlements has broken social and political community connections and structures. Community leaders and secretaries have suddenly changed; disrupting community life and the community cohesion is no longer as strong. This makes it difficult for the communities to resist undesired living conditions in the resettlement areas imposed by the local government and the mining corporations and makes it difficult for the communities to organize themselves. <i>"they use the technique of divide and conquer, when the communities are separated, they can't unite and demand their rights (Mr. Rui Vasconcelos, leader of Legal Assistance Association for local communities"</i></p>
Powerlessness & Oppression	<p>Resettled communities felt as if they had no agency throughout the resettlement process, including living in the new resettlement complex. This is because they were not able to choose what they wanted to receive as a form of compensation for leaving their land, and had no option left but to choose what was provided to them by the mining companies. Furthermore, conditions in the resettlement complex are not what communities agreed to during consultation meetings, and there is no clear mechanism to claim for missing compensation promises.</p> <p><i>"There is nothing we can do, we complain to the government and they shoot at us, we complain to the company and they don't care...they have not been back one single time since we resettled to see how we're doing, no one cares</i></p>

	<p><i>about us now that they stole our land”.</i></p> <p>Vale communities:</p> <p>Communities protested to show their discontent but their complaints were not only ignored but even violently oppressed.</p> <p>As a result they feel that there is nothing that they can do to change the status quo in which they live in. They feel that the way they have been treated by the mining companies and government is unfair.</p> <p>Many of the surveyed community members in the Vale community express to live in an atmosphere of fear and despair. They are afraid to speak for fear of retaliation from the Emergency Police Force that has ordinary looking community members working for it reporting the organization of community members and individuals that complain. At the same time, they struggle to get by in terms of food and they see a lack of future opportunities in the isolated resettlement.</p>
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7. Comparison of Corporate Social Responsibility Criteria

Capacity Building	
Vale	Rio Tinto
<p>Vale’s Resettlement Plan included a ‘Knowledge Center’ in which local communities would be trained different skills such as ICT and construction.</p> <p>However, even though the communities were resettled to Cateme and 25 Setembro three years ago, this knowledge center has not been built yet.</p> <p>According to the Moatize administrator, this</p>	<p>Rio Tinto has built a Training Center in between Tete City and Moatize and has already trained 2,450 workers in trades related to jobs at the mine such as construction, electrician, mechanists, geologists and so on (Tinto, 2012). It is also implementing partnerships with local institutions of higher education specialized in geology to teach special programs related to mining from which Rio Tinto can create a pool of labor (Rio Tinto, Official Opening of</p>

<p>is because Vale has not taken the initiative to do so and has not complied with the agreement. Vale’s social development stated during an interview however that they have been trying to develop this knowledge center since it is of mutual benefit for Vale and the communities but that the Moatize government is making it a very long and difficult process, which is why it has taken so long.</p>	<p>the Benga Mine).</p> <p>In contrast to Vale, Rio Tinto adhere’s to the IFC’s best-practice requirements; <i>“A local technical training center is established to deliver training for local employees and future employees. (IFC, 2011)”</i></p>
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Rio Tinto has done better than Vale in terms of Capacity building considering that it has already built its Training Center and has already started implementing training courses and workshops for local workers despite having arrived in Tete two years after Vale.

Participation of Local Communities	
Vale	Rio Tinto
<p>Vale designed its Resettlement Plan in conjunction with government representatives from all levels. However, local communities were not included during the planning stage.</p> <p>Communities were officially consulted, but it can be seen that their concerns were not taken into account and according with interviews, discussions, and surveys, it was more of a meeting where the community was informed about what would be happening rather than a real dialogue.</p> <p>Years after the resettlement took place, Vale has not returned to monitor their CSR practices and there is no collaboration</p>	<p>Similarly to Vale, Rio Tinto had already drafted a Resettlement Plan before consulting with the communities about compensation terms.</p> <p>However, according to community surveys at least Rio Tinto seems to have a somewhat better relationship with the resettled community as can be seen by the fact that 95% of surveyed individuals claim to be neither satisfied or dissatisfied with the consultation process and 70% believe that Rio Tinto is deeply interested in the well being of the community.</p>

<p>between the local communities and the corporation.</p> <p>100% of the community members surveyed express to be deeply dissatisfied with the consultation process and 100% also believe that Vale is not interested in the well being of the community.</p>	
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None of the companies meet IFC standards of best practices involved with participation;

- *Stakeholder engagement throughout the whole project cycle.*
- *Stakeholder engagement is integrated into core business activities (HR, procurement, security).*
- *There is a system in place that measures effectiveness of building constructive corporate–community relations and relationships with other relevant stakeholders.*
 - Affected people participated in jointly developing an acceptable strategy and plan for loss of land, assets and housing replacement
- *There is annual reporting against key performance indicators. (IFC, 2011)*

Compensation	
Vale	Rio Tinto
<p>Vale compensated the communities for all lost property such as housing and cultivation plots. Housing was upgraded from small mud houses to housing made from supposedly more durable materials. However, this benefit was not able to be enjoyed by the</p>	<p>Rio Tinto followed the exact same compensation scheme done by Vale except they also included some additional buildings that were not present in the original communities such as morgue and orphanage and the houses constructed are better</p>

<p>resettled families because the quality of the construction was so low that they frequently need to repair cracks and fissures and do not consider the houses to be higher quality.</p> <p>In terms of access to physical infrastructure, buildings were built in Cateme to replace the lost infrastructure but this did not take place in 25 Setembro community.</p> <p>Despite the fact that communities have been living in Cateme for three years, roads that link to the main highway are only being developed now.</p> <p>100% of surveyed people disagreed that they were properly compensated.</p>	<p>quality.</p> <p>However, most surveyed community members are either unsure if compensation was appropriate or believe they should have received more in exchange for their land.</p> <p>Many families in Mwaladzi complain that they have not received the financial indemnification fees promised by Rio Tinto and that food aid should be extended.</p>
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Mitigation	
Vale	Rio Tinto
<p>Even though Vale was supposed to implement projects in 2010 related agriculture, livestock, and small business, they are only now starting to develop the facilities for these projects.</p> <p>No measures were taken by Vale to address recommendations in the impact assessments of improving water supply, and roads before the communities were resettled. Similarly, no measures were taken by Vale so far to address damages outlined in the impact assessments and visible in the communities such as loss of natural resources and isolation from the urban areas.</p>	<p>Families being resettled before the construction of the resettlement complex is finished exacerbate damages to the community as this means that they can't access facilities and roads linking to the main highway and to Cateme are not ready.</p> <p>Apart from that, Rio Tinto's projects on agriculture, small business, and livestock and the manner and which these are linked to companies in Tete and Moatize through Rio Tinto's sub-contractors is a way to mitigate livelihood damages.</p>

Creating Shared Value	
Vale	Rio Tinto
<p>The fact that Vale has not started the agricultural, livestock, and business projects yet despite the fact that the mine is already extracting coal (and therefore producing value) does not seem as if the company is truly attempting to create shared value with the resettled communities included as the stakeholders that they are.</p> <p>Surveyed community members in Vale's resettlement do not feel that they have received any benefits from relocating.</p> <p>Vale put the creation of profit before the well being of local communities, as many basic facets of the Resettlement Plan are still not implemented such as the Knowledge Center and Community Projects even though the mine is already creating benefits for the company in terms of profit.</p>	<p>Rio Tinto has put more effort into planning projects and investments from which communities can benefit too such as their community projects and the training center.</p> <p>Unfortunately, benefits obtained through the community project workshops are heavily undermined by the infertility of the soil which is making it difficult for families in Mwaladzi to make a living.</p>

Sustainability	
Vale	Rio Tinto
<p>Vale claims that one of the reasons why it does not invest more in the local communities is because they do not want the communities to become dependent on the company and they should only 'help communities to help themselves'.</p>	<p>Rio Tinto has carried out more investments in local communities in comparison to Vale. Physical infrastructure investments and teaching local communities technical aspects of productivity seem sustainable options. However, linking community's economies to mine activities by buying off their produce and training the local work-force in mining</p>

	<p>related skills- though good short-term options, do not seem like options that will have sustainable benefits since eventually the mining companies will leave after all the coal has been extracted.</p>
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8. Consultation

Before the final consultation took place, Vale created a Resettlement Plan in which the resettlement conditions for the communities were carefully planned. In order to create this plan, Vale hired a Brazilian company specialized in Social Impact Assessments ‘Diagonal’. Diagonal was in charge of researching the communities living on the land in question and determine which damages could potentially impact them and how to mitigate and/or compensate them. Vale approached the communities on its own, through its subcontracted company Diagonal. Social science researchers repeatedly visited the villages to be resettled. After researching the day to day activities of the local communities including livelihoods, traditions, cultural practices and beliefs, a Social Impact Assessment was drafted for Vale in which all the possible damages were detailed out. These included damaged livelihoods from lack of access to natural resources such as water, firewood, and medicinal plants among other natural resources (Diagonal, 2006). According to Vale’s documents, a working team was formed in order to carry out the consultations and resettlement agreements. The team consisted of municipal, district, and provincial government representatives, Diagonal representatives subcontracted by Vale specialized in impact assessments and Vale representatives (Diagonal, 2006). However, both Vale and local government representatives have stated during interviews that they initially independently approached the communities and began negotiating the resettlement terms with them and especially promises regarding compensation for displacement of their land; *“First Vale approached them on their own, but that was not good, the company could say whatever they wanted and the government had no control (government official)”, “We went to the communities and tried to build a relationship with them, but then the government wouldn’t allow us to contact them anymore, then the government went and promised things we weren’t ready to give(Vale Social Development Department)”*

The team drafted a Resettlement Plan detailing the components of the resettlement complex and compensation scheme. Once ready, communities were visited by the Working Team and the resettlement concept was presented (Diagonal, 2006). According to Vale informants and community leaders, the communities were not actively taken into account during the planning phase of the Resettlement Plan; *“they came here and everything had already been decided, they said the government had approved the housing already (Community member 25 Setembro)”*, *“We did what we thought was best for them, but now it’s important to ask them what they want and need to be content, we keep giving but the community is never satisfied (Social Development Analyst)”* On the contrary, the company arrived with a pre-made compensation scheme which mostly consisted of cement houses, the replacement of all physical infrastructure available, food aid, financial indemnification and the provision of land plots. The communities were informed of the Resettlement Plan and had the opportunity to let Vale know if they were not content with parts of the Resettlement Plan agreement, however, they were not given enough information for community members to imagine the impact that this would have on their lives and consequently make informed decisions regarding resettlement.



Image 7: Consultation meeting with local community

The following table shows consistent themes that emerged during the consultation meetings with the communities, the themes are categorized based on information published in Resettlement Action Plan reports made by Vale and Diagonal (DiagonalUrbana).

Theme	Details
Land	<ul style="list-style-type: none"> • Community members doubted that the compensation land destined to subsistence agriculture would be just as fertile as the land on which they then depended on. • Community members wanted to receive food aid as part of the compensation since it would take time for the <i>machambas</i> to be able to produce food. Food aid was offered by the provincial government for one year. • Community members wanted financial compensation (additionally to the new land) for having to leave their <i>machambas</i> behind and having to start cultivating a new land plot all over again.
Services	<ul style="list-style-type: none"> • Despite the fact that not all communities counted with a secondary school in their village, their proximity to Moatize town ensured that children could attend secondary school relatively easily. They were worried that children would not be able to attend secondary school if far from the town and city. • Communities were not content with the lack of transport from the resettlement area to Moatize town and Tete city (or any other urban area where they can make use of services). • The distance in between the resettlement area and the urban area was considered too great to still be linked to media outlets of information, which worried the communities about isolation.
Employment	<ul style="list-style-type: none"> • Communities were concerned that the distance to the Moatize and Tete urban areas as well to the mines and company's offices would place them in a disadvantaged position to obtain formal employment.

	<ul style="list-style-type: none"> • Similarly, distance to Moatize town and Tete city also faces the consequence of becoming disconnected from markets in which community members sell produce and young people sell artisanal works as a form of income.
Valuing Criteria	<ul style="list-style-type: none"> • Community members were concerned about the criteria used by the mining company to value their property and worried that it might be given a lower value than what they consider it is worth. • Communities were also concerned about untitled land which even though not registered, is still used as a <i>machamba</i> for livelihood and should therefore also be compensated.
Control & Resistance	<ul style="list-style-type: none"> • Community members wanted the mining company to build a house for them in a plot of their choice, not in the resettlement complex. • Community members preferred for the mining company to provide them with some simple construction materials and for them to be able to build their own house in their own style in a different plot of land outside the resettlement area. • Community members preferred to receive financial compensation and then purchase or build housing somewhere else. • All communities expressed the desire of more control regarding their relocation. • Several people formally stated that they would not relocate and that they did not want to leave their land.
Links	<ul style="list-style-type: none"> • Communities were concerned over community division resulting from displacement and resettlement. They were concerned over family dislocation but also over administrative-political divisions as a result in their communities. • They were also concerned about losing their links to the land of their ancestors

There is no systematic pattern regarding the consultation visits to the communities; some communities were visited 11 times whereas others were just visited once. Additionally, many scheduled group meetings with the communities were skipped (Diagonal Urbana).



Image 8: Community leader comparing soil fertility from original and new location for resettlement

Vale continued to independently negotiate with the communities in question while at the same time presenting the Resettlement Plan to the government. After a few months of Vale meeting with the local communities, the local government decided that companies should no longer be allowed to independently approach communities without government representation.

According to local government administrators, this decision was taken as an effort to increase transparency in negotiations and to make sure that the government had detailed information and control on everything that was happening in the process. Miscommunication was a very important factor in the consultation process with local communities; according to Social Development informants from Vale, the government took this as an opportunity to approach the communities on its own without company representatives; *“they went there and promised things that we couldn’t do, it was not sustainable and it we never offered it, now the communities have very high expectations of things that we can’t do. Food aid for five years is not even sustainable, there is no way that we promised that. (Vale informant)”* During these meetings with the local communities, the local government promised the communities components of the Resettlement Plan that Vale was not aware about or willing to commit to (for example

extended periods of food aid for five consecutive years). The government emphasized these trade offs to the local communities in an attempt to get them to agree to the resettlement process faster, and begin the development of the Vale mine.

Despite the fact that Mozambique possesses quite a decentralized governmental system, minutes of the consultation meetings could not be found in any of the district or provincial offices. According to district and provincial government officials, the minutes of these consultations were only obtainable in Maputo in the offices of the central government. When asked, community leaders stated that they were never shown meeting minutes or were shown any sort of agreement on paper regarding the resettlement and what would be given to them as compensation; *“That consultation, did you agree on something? Is there a paper, maybe with the neighborhood secretary, or other people, where it says whether you accept or not, saying that you would move over there and what they would offer?”*

Community member: No, no. Nothing was on paper (focus group discussion)”

8.2 Oppression and Fear:

As a result, the resettled communities find it difficult to demand that all compensation components are fully met since they have no way to prove what was agreed on. On January 2012, community members of the Cateme resettlement, protested against the incompleteness of the consultation agreements by blocking the rail track on which the mining companies transport the extracted coal. The government responded by sending an Emergency Special Force Police in order to repress the protest. The repression of the protest was violent and involved the special force police shooting community members. The fact that the community felt such discontent to organize a protest against the mining companies, and the response shown by the government shows a lack of responsibility by both parties for the communities affected by displacement/resettlement and consequently loss of access to their previous land; *we wanted to tell the company that we were not happy with the situation, we are still waiting for them to give us what they promised. We blocked the railroad, but we didn't hurt anyone. Then the special group they have came and shot at us. Our community was injured. Now they are afraid of doing anything. After that, the company came and fixed some cracks on houses, but we still can't grow food or work. (Cateme community secretary)”* The reaction of the local government sparked a wave of fear among local inhabitants. Community members report that

agents of the Emergency Special Force Police are often dressed as local civilians and pass off as regular community members which are hired to report any unrest or activities related to it to the local government. As a result, community members stated during interviews that they feel that they have lost their freedom of expression since they feel constantly watched by the special force police and fear repercussions and further violence. They have also become suspicious of people entering the community; several of the community members surveyed explained that they were not allowed to share any negative comments regarding the behavior of the mining companies by their family members from fear of reprisals from either the company or the special force police; *“the mining company has people watching for signs of complaints, that’s why we’re not allowed to talk, we don’t want to complain or say anything bad, everything is fine here (During community survey)”*. This image of the resettled community of Cateme widely differs from the one portrayed by Vale as a happy community which now counts with higher living standards and improved opportunities.

The mining issue in Moatize and Tete has become a highly heated and politicized one; not only are community members afraid to speak up against what they perceive as deep injustices, but government officials are also extremely reluctant to give out any detailed information regarding the investments from the mining companies, agreements and contracts, and corporate behavior;

“Do you know how much money Vale and Rio Tinto are investing into local communities?”

District Administrator: *No, I don’t have that type of information in my office. Maybe in Maputo you can find that. None of that is here, you need the Central government for that.*

Interviewer: *Maybe you can give a rough estimate, just an idea? Maybe you know how much they invest in your district? Do Vale and Rio Tinto give money to the local government for community investments? Or do they decide on the investments independently?*

District Administrator: *No sorry, I have no idea. Ask Vale and Rio Tinto.”(During interview with Moatize District Administrator)*

This shows the lack of transparency in the mining investments in Tete and the marginalization of local communities with the unbalanced power relations that take place. Stakeholders that are properly taken into account for decision making should not be afraid of demanding the compliance of agreements and there should exist a mechanism on the part of the companies to ensure accountability and the continuous well being of the communities even after resettlement; *“We sent a letter to the local government but they never answer, so we*

sent another one, but still no answer, we don't want to protest because we want to live. We don't want shooting like before...the company has never come back to listen to our opinions (Community leader)"

According to an interview with the Queen of the Benga that is supposed to resettle to Mwaladzi, the community is refusing to leave their land and relocate to Rio Tinto's resettlement until all construction is finished, the facilities are ready for use, and until the community can move together as a whole without undermining social cohesion; *"I know what happened in Cateme, and now they already moved there and it is too late. I am not moving my people...the construction has to be finished, otherwise in what conditions will we live? And we need to move as a community, if there are problems we need to be together or they will take advantage of us, but Rio Tinto doesn't agree.(Queen of Benga community)"*

9. Challenges to successful CSR and corporate-community investments

Institutions & Enforcement

Vale's and Rio Tinto's investments in Tete, especially in the resettled communities are not impressive, and especially in the case of Vale, it seems that what was offered in compensation for the displacement of communities does not equal the costs that these communities experience. The mining example in Tete is not an isolated case of dysfunctional corporate-community investments and land deals. Rather, corporate-community investments in the mining sector in developing countries have been previously acknowledged as a challenging issue (Esteves A. , Mining and social development: Refocusing community investment using multi-criteria decision analysis).

Social responsibility is a field to which both government and companies are now venturing in. However, in many cases, as is the case in mining in Tete, it has not been clearly delineated which party will take responsibility for what. Corporate social responsibility, and within that, corporate-community investments are not easy to handle and implement in countries with weak institutions. Such is the case of Tete. According to the interviews with government officials and the mining companies' social development departments, strict guidelines were never agreed upon. As a result, the mining companies were left free to improvise resettlement plans and social projects. This was tricky for the government because it gave companies

leeway to get away with at times unsatisfactory investments for the communities. At the same time, it was complicated for the companies because they did not want to take over responsibilities that are traditionally from the government and create very high expectations and dependency from the communities. This fine balance between corporate-social responsibility and government responsibility is an issue that repeatedly comes up as a challenge in mining corporate-community investments (Esteves, 2008).

Inclusion of Local Communities

Previous case studies have also shown that investments in which communities are involved in throughout the whole process tend to be more successful (Esteves, 2008). This can again be seen in the case of mining in Tete. Government officials and also company representatives have acknowledged that they did not involve the communities as much as they should have and based the investments on what the companies believed to be best for these communities rather than what the communities felt that was necessary for them. The companies and government believed that it was easiest to send social scientists to do research in the area and determine what adequate investments would be, while at the same time assuming that the social scientists and company's employees would know what was best for these communities with general low levels of education. However, it has now been acknowledged by all parties that the communities would have been content if they had been given what they wanted to receive as compensation rather and pressured to accept company's and governments conditions. Investments in which both companies and communities mutually benefit are reported to be most successful. However for these investments to be made possible, a high degree of cooperation and collaboration is required. This collaboration can be in the form of relationships between the companies and the communities but also among different companies themselves.

Transparency

Transparency in relations between the government, the companies, and the communities is also an issue that makes successful investments more challenging. According to Vale representatives, companies are not allowed to directly approach the communities but are obliged to use government officials as mediators. While the government claims that this is to increase transparency and monitor what is happening, the companies sometimes feel that this blocks communication and relationships between the company and the communities.

During interviews with different government officials, they kept shifting the responsibility of

providing the information requested to different governmental offices and seemed apprehensive when the information was requested from them. There is a high degree of confidentiality and concealment regarding the activities of the mining companies, including financial flows between local governments and companies and what these are destined for. Information is extremely guarded both on the sides of government and corporations as is the access to their facilities.

The provincial government is now planning to implement a new system in which mining companies donate sums of money towards a fund destined for the communities. The communities will then actively participate in the planning of investments in which different mining companies will work together; *“What must happen in the future is that all the money from the different mining companies for the communities will go to a community fund, from there communities will decide which type of investments they want (Provincial Director of Mineral Resources)”* In this model, flows of money would also become more transparent. This model is still being designed at the government level and unfortunately has not been implemented yet.

Sustainability

Unfortunately, it seems like apart from physical infrastructure (such as roads, housing, and buildings for public service delivery or other public purposes) and training in productivity techniques, the investments made by the mining companies as part of corporate social responsibility will not provide communities with sustainable benefits.

Coal mines in Moatize have a mine-life of only a couple decades (MiningTech). Even though companies are investing in training for local communities, this will leave little benefit in the region after the companies are gone when all the coal is extracted.

Furthermore, indemnification sums and plots of land with low-fertility will not make up for the value of the land that local communities held and for the damages suffered in the long-run due to the isolation communities suffer and the lack of livelihood opportunities that will most likely continue even after the mining corporations have left Tete. Even though the mining boom is also indirectly stimulating the area as more services spring up, these are created mostly for foreigners and have no long term benefit for local communities apart from the few who manage to obtain a job in one of the few restaurants or shops.

Conceptualization of Responsibility

According to Rio Tinto, their rationale for investments in the communities affected by the company's activities is the fact that the satisfaction and well being of the communities creates a positive reputation for the company which in turn benefits them by making it possible to obtain mining licenses (Tinto, 2012). In contrast, Vale puts as its motivation for investments in communities the creation of shared value with communities (Vale, Sustainable Development Policy). However, in practice it seems as if both companies just do what it takes to obtain the land rights and mining licenses while at the same time attempting to maintain a good reputation that will aid them in their next mining acquisition.

The fact that companies deal directly with the Mozambican government for land rights and mining concessions places local communities in a disadvantaged position. It seems that since land is officially owned by the state and it is with the government with who companies negotiate, mining companies do not feel that communities own the land or that they owe them much compensation apart from replacing their physical property;

“Vale employee: communities are never satisfied, we give them houses and buildings and still they are not happy, they just expect more and it is easy for them to complain.

Interviewer: But you know that was their land right? They can't grow food, and their compensation houses are not even properly built.

Vale Employee: Well, their previous houses weren't so cool either you know! They all lived in mud houses” (Informal interview Vale Resettlement employee)

In the eyes of companies, they are carrying out extensive CSR work for the local communities who are still not satisfied despite the fact that the company has invested in them what they consider vast amounts of money. With companies believing that they are already acting with full social responsibility, it is difficult to achieve sustainable long-term benefits for the local communities in the form of CSR. The key issue here seems to be that it is not that mining corporations do not want to be responsible in their practices, but that they believe they already are. This belief held by the companies leaves little room for improvement. Often, it seems that company representatives who have the power to make decisions regarding CSR are out of touch with the realities of local communities. This is further exacerbated when governments do not set minimum guidelines for CSR practices making Vale's and Rio Tinto's CSR plans seem as a voluntary extra given by the company for which they should be admired when in reality it should be a minimum requirement.

It seems that the mining corporations in Tete believe in compensation as an effective form of CSR (and that communities should be satisfied with compensation since they already leased the land from the government and compensated it with financial fees), and the creation of shared value as an acceptable form of CSR *if it can cover a necessity for the company such as cheap labor*. This is not necessarily bad since the underlying principle of creating shared value is mutual benefit, however, companies could make a better effort to find innovative ways of mutual benefit and value for them and the local communities.

Mitigation is an issue which seems to be perceived as being government responsibility since the company is already carrying out investments in compensation and furthermore many of the damages that come with mining are known by all parties beforehand, yet the government still agrees to mining investments. It is undeniable that the government has the ultimate responsibility to protect its people, however, when looked at from the lens of CSR, companies should not take this for granted and should ensure to attempt to mitigate possible damages since the drive for corporate responsibility should be internal and despite the main goal of companies being profit making.

It is often said that with great power comes great responsibility, however, it seems that mining corporations in Tete hold or should hold great responsibility (from the view of public opinion at least), when in reality they hold little power to plan and implement long lasting or sustainable projects for local development in which both communities and companies could mutually benefit; *“the government limits us on what we do, we have been trying to build a Knowledge Center and fix this road, but we still haven’t gotten government’s permission. We can’t just go into communities and do what we think is right (mining company representative)”*

Ferguson argues that *“it may be necessary to conceptualize transnational mining companies as being key players in a country’s governance. (Quoted in (Esteves & Vanclay, 2009, p. 140))”* however this comes with several challenges in countries such as Mozambique. This is mostly because it is the Mozambican government that holds all power and jurisdiction in this sector, and companies scrutinizing and changing what the government is doing in these fields would be seen as too invasive. Furthermore, companies with face continuous challenges in joint governance with governments characterized by *“weak governance, complex politics, corruption, discrimination, violence, human rights violations, and market and welfare structures that reinforce poverty (Esteves & Vanclay, 2009).”*

Conclusion

The damages felt by the communities mostly affected by the arrival of the mining companies and its implications are mostly related to the difficulty of continuing life with the same living standards due to damages to livelihoods in the form of loss of fertile land and resources and isolation from other means of livelihoods and services such as healthcare, transport, employment and access to markets.

Despite the companies' theoretical obligation and will to mitigate and compensate these damages and additionally create shared value for the communities, in reality this did not take place to the extent of sustainably benefiting local communities from the presence and activities of the companies. There has been a large amount of academic literature produced during the last years on how mining companies can be more sustainable and benefit communities. Authors such as Esteves, Kapelus, Hilson, and Kramer & Port among others have highlighted different ways in which to sustainably benefit communities and overcome challenges, and companies claim to support sustainable development. Yet, despite this, according to findings of this case study the benefits of CSR in the mining context it is more of a discourse than a reality as local communities did not receive significant benefits in proportions to their losses despite companies employing their CSR schemes.

Firstly, companies are not complying with their own (vague) codes of conduct regarding Corporate Social Responsibility, or with what has been agreed in Resettlement Plans with the Mozambican government regarding compensation, mitigation, and the creation of shared value in a sustainable and participatory manner. Though not justified, this is caused by lack of motivation on the part of the company emanating from a lack of perceived corporate benefit, and lack of knowledge on social issues and the potential benefits for the company by addressing them. Even though families have already been relocated for years, communities and mining companies are not creating much shared value yet (with the exception of Rio Tinto's training center), they have not been proportionally compensated for the loss of their resource-full highly valuable land, and the damages identified in the SIA's were not properly mitigated.

Secondly, social development departments of the mining companies express to believe that what they are currently doing in terms of CSR is enough and the communities should be content with it. This is despite the fact that the companies' practices do not fully adhere to basic elements of social responsibility such as mitigation, compensation, shared value, and best practices suggested by the IFC in the case of involuntary resettlements (the guidelines they are supposed to follow).

Furthermore, even if the mining companies complied with Resettlement Plans and properly carried out all main components of Corporate Social Responsibility by mitigating and compensating damages, it would not be a significant change for the region. Damages might be mitigated and compensated but this only means that communities would be left in an equal and similar position and not necessarily a better one. Mine-life time frames of a couple of decades (aside from other challenges) make it difficult for mining companies to truly engage in the mutual creation of shared value in a way that creates sustainable long-term benefits while simultaneously avoiding the creation of dependence. This undermines current justifications in the academic literature for large-scale (mining) investments that see the CSR and the private sector as 'development done by the private sector' as explained by Jenkins, since benefits are transitory and limited.

This is highly relevant for the case of Tete since all of the land in the Moatize district has already been leased by several mining corporations, posing a future threat of similar situations with the local communities that reside there now. However, it is also relevant past the national scale since mining companies are increasingly obtaining licenses across the globe, especially in developing countries.

Even though it is difficult to generalize, this case study shows that Corporate Social Responsibility is not powerful enough to meaningfully or significantly contribute towards local sustainable development even when adopted by mining corporations.

Many challenges come in between CSR and sustainable development such as weak institutions, lack of legislation or legislation enforcement, lack of transparency, the low potential for long-term benefits considering the short life-span of mining acquisitions, differing conceptualizations of responsibility by corporations and governments alike, and the lack of power necessary for corporations to assume higher social responsibilities.

Even companies with impressive track records like Rio Tinto that counts with several CSR awards, have not managed to leave lasting benefits at the local level in reality. If Vale and Rio Tinto had managed to mitigate their impacts (which is very difficult), compensated communities adequately, involved communities in decisions about their future, and stimulated the creation of value for local communities, it would have left the communities that previously occupied the mine land with equal or better living standards than the ones they previously lived in, at least for the time that the mining companies stay in Tete.

However, it is debatable whether this would have been enough to leave long-lasting benefits for the communities after the end of mine-life when corporations simply leave. It is better for corporations to implement CSR schemes with short-term benefits for local communities than do nothing at all, yet the case study shows that CSR is not significantly beneficial in the long term. This should be kept in mind when adopting mining investments as a path to development and poverty reduction, since existing literature has shown that mining investments in developing countries has not led to the desired poverty reduction that is used to advocate for this type of investments (Pegg). This, coupled with little local sustainable benefits from CSR in mining investments unfortunately paints a bleak picture for the opportunities for significant contributions to sustainable development through Corporate Social Responsibility.

It seems to be that the two main challenges for CSR as a successful agent for sustainable development in the context of mining are the differing reality of conceptualizations of what being responsible entails by mining corporations versus the discourse that is heavily used by the companies in Public Relations, and the limited potential of mining- a short term activity, for long-term sustainable benefits for local communities. Furthermore, weak governments, power relations and governmental vs corporations' jurisdiction and sovereignty also acts as a difficulty for CSR regulations to be properly implemented and for companies to step into local development plans and strategies with enough control to steer its success.

Therefore, for CSR to act as a successful sustainable development agent, mining companies would have to reconsider what they believe appropriate social responsibility entails and commit themselves to properly fulfilling this including committing their involvement and

impact in communities beyond a mine's closing date. Furthermore, it would also require companies and governments to be willing to give way into traditional responsibilities held by the state, and for companies to have the desire to undertake these responsibilities, even though this appears quite unrealistic. Furthermore, since CSR's main utility for mining companies is more as a public relations exercise to obtain and maintain concessions, it is difficult for a mining company to be genuinely interested in being a catalyst for long-term sustainable development if this aim lies outside the company's main goals, as it often does. As opposed to local communities, mining companies do not have the *need* to create shared value (other than to comply to regulations/external pressure) since they are already creating value in the form of large profits.

This thesis contributes to the mining CSR debate by adding to the amount of research done by academics in this topic. Many articles have been written on damages caused by mining and possible challenges in bridging these through CSR practices, however, there is little research on what these CSR practices are and how effective they are in benefiting local communities in mining contexts. A lot of the existing literature also focuses on current compensation and general benefits without questioning its potential for future benefit. However it is also important to keep a long-term scope beyond several years and mine-closures in order to evaluate how significant these CSR practices are towards sustainable development.

Furthermore, this research also contributes to the debate by confronting the differences between companies' CSR discourse and reality; not only do many companies fail to follow their own CSR policies but often their genuine conceptualizations of what Responsibility entails are completely different from what is seen in CSR literature, company's guidelines and websites, and what would be expected by the public. This leads to huge gaps as companies will never achieve full social responsibility if they think that they *already* are good examples of responsible companies. Finally, this thesis also contributes to the debate by questioning what the real power that companies have in terms of local development is, as they are often constrained by local structures (such as corrupt governments) and do not possess enough sovereignty to have a strong influence in sustainable local development even if they wished to.

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Appendix

Notes from Interview with Moatize Administrator- local government

Catalina: Can you tell me what the government requires from the companies in terms of local investments, corporate-community investments and/or CSR? And what the companies have done?

Administrator: This is a new process that they have never experienced in Tete before. The companies Rio Tinto and Vale do not do much in terms of social responsibility. They have built resettlement houses (550) and a few roads, and expanded electricity networks. We tell them that we need universities, roads, but they don't listen. They have not fixed even the roads that they use to get to the mine.

Catalina: It is true that the companies have not handled things properly when they should have, but how does that work? Doesn't the government place certain requirements and obligations on the mining companies? What are these? You are the government; doesn't the government have the power to pressure these companies into investing more in communities and sticking to agreements? Is there nothing you can do?

Administrator: No, it is not possible. I already told Vale if they don't fix that road I am going to close it down but they don't listen. It's the companies' fault that the situation is how it is. They also mishandled things with the communities. The government is too busy, and now it's too late. We can't focus all of our attention to the resettled communities, we have a lot of communities in Tete, and we can't prioritize the government's time on one over the other. We told Vale that it has no other option but to rebuild the houses that are in bad condition in Cateme, they are already reconstructing them.

Catalina: I've been there but I didn't see any houses being reconstructed, is this going to happen in the future?

Administrator: It can't be that you didn't see that. Yes they are supposed to be reconstructed.

There is a lack of legislation in Mozambique in order to guide and press corporations to invest properly in communities. The legislation that guidelines what type of investments must be made by foreign corporations at the local level is currently being discussed and formed at tables in Maputo.

Maybe you won't understand this but I will say it in Portuguese: Vale is a company from the third world, Brazil. They came here, and people expected it to behave like a first world company. I don't think Vale has realized this yet. Do you understand?

Catalina: Yes, I understand, it's interesting...Do you know how much money Vale and Rio Tinto are investing into local communities?

Administrator: No, I don't have that type of information in my office. Maybe in Maputo you can find that. None of that is here, you need the Central government for that.

Catalina: Maybe you can give a rough estimate, just an idea? Maybe you know how much they invest in your district? Do Vale and Rio Tinto give money to the local government for community investments? Or do they decide on the investments independently?

Administrator: No sorry, I have no idea. Ask Vale and Rio Tinto. I only know they follow the World Bank Guidelines for Resettlement, other than that they can improvise on the framework, for example Vale says that they also focus on sport and culture.

Catalina: I did, but they don't give out information about the sums they use for local communities. They say they are not allowed, and that I have to ask you directly. Yeah Vale told me about their 5 sectors; sports, culture, health, etc. I've had some interviews with the companies already. I thought it was important for my research to check the information with the district administration since they make it sound as if the companies make all investments out of free will.

Administrator: That's strange, they should. And no, the government sets a minimum amount and tells them to follow World Bank Guidelines. I don't know how much, they don't tell me anything, that's not here.

Administrator: Can I see your credentials? Who are you doing your research for? Let me see your ID.

Catalina: I gave my credential to your secretary when I requested the interview. I am doing my research as a student for Utrecht University and the NGO Centro Terra Viva, I explained it in the letter, it's for my Masters thesis on corporate-community investments and the potential for local benefit, I'm not working for anyone I'm a student. You can have a look at my student ID.

Administrator: Alright, I see. So we can have your results? Do you have any other questions?

Catalina: The thesis will be published in the university's database, but that will be in September. I was hoping to get more detailed information about what the government requires from investors in terms of CSR, but if you don't have that information in the office then I guess that's all, unless you have more to say.

Thank you very much for your time and for being willing to meet with me, it has helped me a lot with my research.

Administrator: You're welcome. Goodbye and greet the organization for me.

**Focus Group Discussion Community 25 Setembro.
(Small -300 families- 'Urban' community resettled by Vale)**

Group: 15 Men (approximately between the ages of 17-35)

Discussion led by Catalina & Manuela Wing (translator)

Manuela: She wants to talk with you to find out about some things, how is it that you guys moved, what did the company promise you? The company says one thing but we read another, so we would like to know what you think about the situation, what was promised to you before and what do you have got here now? I don't know if we can ask some questions or you can tell us how events happened, how was it that you moved?

Community member: We were promised a hospital, schools, a football field, access to market also. But when we got here, none of this happened. The hospital construction stopped and the hospital is not functioning, it cannot be used. Another issue is

Manuela: You don't have a place to return to anymore...

Community member: Yeah it's like that.

Manuela: Is there something else that you would like to tell us?

Catalina: What are the investments that Vale company promised to the community before moving here?

Community member: Her Portuguese is weird, I don't understand.

Manuela: She's asking what the investments that the company promised before you moved over here and saw things are.

Regulo(Community leader): He is the chief of the neighborhood, when you talk to each other, he will represent me.

Manuela: So, she wants to ask, what are the investments that were promised but were not fulfilled? You already said a hospital, football field, schools, what else?

Community member: Ok, the things that we need now are the issues of school, what else...A hospital, it's still under construction and it's not known when it will be finished. Another issue is the school. There is a school but the distance to the school is very long. We don't have a school nearby.

Catalina: And the hospital that was promised, was it supposed to be free or did you have to pay?

Community member: We do not know if we will have to pay or not.

Manuela: They didn't tell you? They didn't open the hospital and they did not tell you if you will have to pay or not?

Community Member: No, they didn't say anything about it to us. And on the issue about the houses, the houses have many cracks. We don't know if they will fix them or not. They say that the cracks won't come back, but they do. First some cracks appeared when they finished their work, and then after more and more cracks appeared. They fix the cracks but the cracks return again, in the same spot the crack comes back and more of them come back.

Catalina: Maybe you can ask them about the consultation process, how it happened.

Manuela: And the consultation...did they come here to talk to you?

Community member: Yes, they came here.

Manuela: Did the community tell them, we want to have this, we want to have that?

Community member: No, they came here and things had already been planned. For example the houses; they came here and they told us that the government had already accepted the conditions.

Catalina: So did they ever write down the agreement? Was there anything written regarding the consultation?

Manuela: That consultation, did you agree on something? Is there a paper, maybe with the neighborhood secretary, or other people, where it says whether you accept or not, saying that you would move over there and what they would offer?

Community member: No, no.

Manuela: So how was the process of resettlement to this place?

Community member: they helped us to carry and move all of our belongings and possessions like animals, etc. They helped us with that process.

Catalina: and have you had any benefits in terms of employment from the company or not?

Manuela: If you had opportunities for employment for people from the community related to the mining company?

Community member: They said it would be people from the community who would be hired. They hire a lot of workers that come from other provinces. Then, the work that we got was only for some time. Many men here don't have jobs anymore. They said that the people that would be able to work would be us, but that didn't happen. They said there would be jobs for a time frame of five years, but the people that got hired were only employed for one year.

Catalina: I want to know if they received any benefits, or anything positive from moving here?

Manuela: Was there any benefit by moving here, what did you gain?

Community members: We did not gain anything.

Manuela: So was it worth it to move?

Community members: No.

Manuela: You don't have land to work in anymore, you don't have machambas.

Community member: No, we don't have machamba, we don't have shade either or any way to stay fresh.

Catalina: Other than the bad housing, and lack of schools and hospital, what have been the negative impacts of being here?

Manuela: What are the bad things that have emerged by moving here? Losing your cultivation space, shade, hospital, school, etc. Did the previous community have a hospital?

Yes it did. So why didn't they bring the hospital and all the things that were inside if you already had it?

Community members: Yes, they didn't. there is one hospital the Carbmoc, but it's so far away, we can't get there, there is no transport to go there.

Catalina: Has Vale returned to ask for feedback from the community?

Manuela: She wants to know whether Vale has returned to ask for your opinion.

Community members: No they never return.

Catalina: No? Have you tried to organize yourselves or talk to the company, complain or something?

Manuela: Have you thought about organizing a group, writing a letter to the company or government?

Community members: When we complain they don't bring solutions. We still have the same problems but they don't fix them. The houses, they fix them but we still have the same problems of cracks reoccurring, they don't give real solutions.

Catalina: Are you employed? What do you do for a living?

Manuela: What do you do to survive?

Community members: We are not employed. We are all here living without working, we don't have income. We used to sell crafts of tijol, vegetable coal, firewood, but we can't do any of that here. Where, where can we cut firewood? Nowhere here. We can't cut firewood to cook at home, we have to buy it now, but how do we buy it if we don't have work or income?

Catalina: How many people out of all the people here have a job?

Community members: Very few, very few.

Manuela: And in this group at this time? (about 12 people in group)

One.

Manuela: Where do you work?

Community member: In Minas de Moatize (national company)

Manuela: So not in the mine of the company that resettled you?

Community member: No. no.

Catalina: What is what you want to ask to the local government, and the company?

Market, school, hospital, football field.

Manuela: We are finished with our questions, I don't know if you want to tell us other things? We have an organization and we can help you and direct you. If you write a letter we can help you, there is a copy showing a letter was sent to government and after a year the government did not respond for example. I don't know if anyone wants to say anything?

Focus Group Discussion with 25 Setembro
Group: 20 Women, ages approximately 17-50

Manuela: We have talked to the men and asked them about their views on the resettlement and the mining company. We want to find out the consequences that you faced after moving here, positive and negative. Benefits/Damages. We heard from the men but now we want to hear from you, maybe you see things in a different way and we think it is important to hear from your point of view.

Community member: We do not want to talk to you. We are tired of talking. We are hungry.

Community member: White people like her come here all the time, but they just steal from us or want to talk. They never give solutions. If she's not going to fix our situation, we don't want to talk. Give us food, we don't want you here. White people like her just steal.

Manuela: It's not like that, we have absolutely nothing to do with the mining companies. She does not work for them, she is a student in a different part of the world. And because she heard of what was happening, she spent a lot of time and effort planning to be here and talk to you. Now she is here and maybe if you give her information this won't happen again to a different community, people will find out what is happening and won't think it's OK. We know what is happening is important and we're trying to do something about it.

Community member: We don't speak Portuguese anyway, we can't talk to you.

Nhungue Translator: I will translate for her, she just wants to know how you feel about the resettlement and what you want to change. She has nothing to do with the mining company and she doesn't work for them. She came here with Mr. Rui.

Community member: We don't want to talk.

Community member: We are very angry because we don't have land anymore. We can't grow food. We can't eat. They took our land, said they would give us food but they didn't.

Community member: We don't even have a market, our kids can't go to school. The company couldn't even build a place with shade for us, that's why we sit under this tree for our community meetings. Do you know how hot it gets here during the day? In summer? And worst of all, we don't have food to eat. Look at my kid, he's hungry.

Community member: The older women don't want to talk to her because people come here all the time, and still we're in the same situation.

Community member: We don't want to talk anymore. She is not bringing anything good.

Notes from Interview with 25 Setembro Community leader

March 23rd, 2012

How many people live in this community?

2,000 people, 712 houses (families)

What are the investments that have been made by Vale for the 25 Setembro community?

Vale company built houses but they're in very bad condition, they have cracks everywhere, they have no foundations and the wood is being eaten away by mites. There was a hospital being built but in June 2010 the construction stopped and it was never finished. Now, in order to access health services, community members must travel very long distances into the city.

What services does this community have access to (schools, hospitals, etc)?

There is a primary school about 1km away run by priests. They use the city hospitals. Previously community members did not have to pay for basic water and electricity, but now they must pay 130mt for water and 50mt for electricity.

Does Vale employ people from this community?

During the construction phase some people were hired as mechanics, painters, and electricians. But this was only temporary, they were only hired for a few months. When there was no more construction to do, they were laid off. Now most people in the village are unemployed.

How did the consultation process take place and what was promised to the community?

It started in 2005 and 2006. Vale and the government went to the community on several occasions and they began field research into the community. They researched everyday life in the community and possible impacts. Not enough information was given to the community in order to make an informed decision.

Was the community consulted again after the resettlement took place?

No, they never returned.

What was promised to the community during the consultation process?

They never wrote it down on paper but we were promised food aid, proper housing, a football field, machambas (2-3 hectares), employment, schools, cemetery, kits in order to start small businesses, monetary sum as compensation for having to start from zero in a new location, (350,000 mt per family).

Out of all these things only housing was provided and it is not in good condition. Due to the lack of school and the resettlement process, most kids in the community lost one year of school.

Has the local government made any investments in the new community?

No, nothing.

Has the community done anything to complain to the local government?

Yes, we asked for a meeting with government officials but it was denied. We wrote a letter to the local government but it was never answered. The community of Cateme started a peaceful march that ended up with police shooting at them, so we are now scared to present complaints about their resettlement situation to the government.

We want to live, we don't want to die. We want the government and company to do justice but we don't want to die when we ask for it.

What other issues are there regarding resettlement?

There is no access to market so community members cannot trade, sell or buy products. There is no land for cultivation, therefore community members also cannot grow food. There is a lack of employment, so community members cannot afford to buy food that they used to grow, they cannot afford water or electricity. Many of the houses built by Vale are now being rented out by their owners and they have moved somewhere else where they can cultivate land since there was no form of subsistence or livelihoods in this community. The community is becoming increasingly impoverished. 25 Setembro community is supposed to have priority for microcredit schemes but it doesn't hold true.

Notes from Interview with Mr. Manuel Sitole, Provincial Director of Mineral Resources

According to Mr. Sitole, Mozambique does not count with guidelines or legislation concerning corporate social responsibility of foreign investors. Therefore the companies are left to follow their own initiatives in this field. Vale has its own foundation, Vale Foundation, dedicated at issues of social responsibility. This foundation invested in the communities by rehabilitating the historic place of Missao Boroma⁷, building a sport complex, transporting electricity into the resettlement complexes, and donating funds towards the police office and the Insitute of Geology in Moatize. The foundation is also developing together with the government, social projects regarding new technologies for cultivation and livestock in order to assist families with better production.

If the companies, especially Vale, had adhered to what was agreed for the communities in the Resettlement Plan, the government would be satisfied with their work in social responsibility for the communities. However, the provincial government feels that the companies need to invest more in physical infrastructure and training of local workers. The government is not satisfied with the conditions of the houses built by Vale. Aditionally, they would like to limit the number of workers coming from abroad to Moatize for work in the mining company and rather encourage local employment, which of course would only be possible with adequate training. Rio Tinto is doing better in terms of corporate social responsibility since it had the opportunity to learn from Vale, but not because it has better intentions.

There is a new plan being discussed at the government level in which the different companies will collaborate and put money towards a Community Trust Fund. With this trust fund, communities will set budgets and plan what investments they would like to see in their communities, in this way making corporate-community investments more participatory for communities. Legislation regarding corporate social responsibility of foreign investors is also being discussed in Maputo currently, due to the large amount of foreign investments taking place in different provinces of Mozambique. The government does not want the mistakes that took place in the Vale communities, to occur in other investment projects. Mr. Sitole claims to have no idea the number of hectares that Rio Tinto and Vale have leased. He also says he does not know how much money the companies are using for corporate-community investments and cannot make any vague estimations either.

⁷ The Boroma Mission church does not look rehabilitated and is in an extremely run down condition.

Interview with MICOA (Ministry of Coordination of Environmental Affairs) Director, Tete City

MICOA is involved in providing licenses to mining corporations in Tete as the corporations must obtain an environmental clearance in order to carry out the development of the mine. Environmental assessments and clearance also includes social aspects of the communities occupying the land.

The director of MICOA was asked the following questions in an unstructured manner:

- How did the negotiating process with the companies take place?
 - o What did MICOA and other government agencies require from them?
 - In terms of sustainability, the communities that occupied the land, CSR, resettlement
- What did MICOA and the mining companies agree on regarding compensation and mitigation?
- What investments have the companies made in the communities?
- Have the companies complied with agreements? What is MICOA's view on this?
- Have the mines had a positive impact?
- What is MICOA's role in mining and what is their relationship with the mining companies?

The director of MICOA briefly said that they require the companies to carry out Environmental Impact Assessments and Social Impact Assessments before giving them a license to operate. Both companies fulfilled this requirement. Apart from that, he is not aware of what is happening with the communities or how the companies are dealing with them. He stated that his department did not have that information yet.

I then requested a copy of the impact assessment reports, to which the director responded that he could not allow that, but that I was welcome to view the assessments in his office on a different day.

On our second appointment, I was provided with impact assessments for other-smaller-, Indian companies making investments in a different region of Mozambique. Since this was not the information that I was looking for, I re-requested to look at the relevant documents. After searching all the archives in his office I found the relevant documents and took some notes on them:

Notes from Riversdale- Rio Tinto: 'Plano de Accao de Reasentamento'. Impacto Resettlement Plan- Environmental Impact Assessment for Rio Tinto, carried out by company Impacto.

The area leased by Rio Tinto that conflicts with local land use is a total of 24,740 hectares. 2,108 families lived in this area spread into ten settlements, therefore, these families must be resettled to a different area including their physical infrastructure of

houses, existing hospitals etc in order for Rio Tinto to develop its mine. The primary concern expressed by the communities was the loss of land and machambas. Machambas are relatively small plots of land used for subsistence agriculture. The livelihoods of these communities greatly depend on the cultivation of the machambas as they derive most of their food from there. The machambas are also used for small-scale commerce as some families sell part of the crops they grow. The community also expressed concerns about the loss of culture that the resettlement would entail; the community was not happy about having to leave the land of the ancestors, the sepultures and cemeteries, and the social division that resettlement signified. They expressed to be willing to relocate as long as they were compensated for all these issues. They also wanted to be compensated for the loss of schools and other community buildings in the settlement.

Impacto (the company that conducted the impact assessment) stated that more detailed studies were needed in order to compensate the communities properly as the resettlement implies a loss of natural resources for the communities. If the communities lose access to their land they also lose access to wood for cooking and fuel, fruit trees, medicinal plants used to cure illnesses, other useful materials derived from local vegetation, coal, fish and meat for food, and water (including drinking water) from the local river. Furthermore, they could be more vulnerable to contraction of sanitation diseases and sexually transmitted diseases.

A positive impact stated by the Impacto report is the opportunity for the creation of jobs for the communities and increased activity in the local economy as communities could provide certain services for the mine. This Rio Tinto project (previously owned by Riversdale) plans to invest 2 billion US dollars into the project as a whole.

The Impacto Plano de Accao do Reassentamento was written by Victor Hugo Nicolau:

vhnicolau@impacto.co.mz, tel: 258 21 499 636

Notes on Vale- Plano de Accao para o Reassentamento Area de Complexo Industrial de Moatize. Diagonal Urbana 2007

The communities that occupied the land used by Vale for the development of the mine are the communities of Chipanga, Mithethe, Malabwe, and Bagamoyo. The communities were not consulted as many times as it was planned. Each community was supposed to be consulted five times, with the Chipanga community eleven times. However, Chipanga was only consulted seven times, Mithethe five times, Malabwe once and Bagamoyo once.

During the consultation meetings the communities expressed several concerns, mostly similar:

The communities were concerned about obtaining new machambas in the relocation area since they are dependent on these plots of land for subsistence agriculture. Since the machambas take time to be productive, the community was concerned about whether they will receive food aid during the first year of resettlement. They were

also concerned about the appropriateness of the housing designed for the resettlement; for example safety, freshness, etc. The resettlement also involves problems regarding social cohesion as families are split into different communities and members from the four different communities mixed. The community was also discontent with the long distance between the resettlement area and the village of Moatize where they access many services, employment and transport to travel to the city. They expressed fear that once resettled, they would lose access to services and employment leaving them isolated and marginalized. The community stressed that they wanted electricity, schools, transport, cell phone reception, and the possibility for craft work in the new settlement since they had access to all of this in the old settlement. The communities expressed that they wanted funds for building their new house in the resettlement and compensation money for having to start a new life.

They complained that they were not consulted properly, as everything had already been decided before they met with the community members and they had to struggle to negotiate. The community also complained that compensation was not clear and they still had doubts whether they would have proper access to transport to Moatize, if their machambas would be appropriately sized, how far the machambas would be from the housing built by the company, whether the houses would be built safely since they were designed with an attached kitchen, and if the land in the new area would be fertile enough. They claimed the consultation process was not participatory enough and that the community was not given enough information.

Agreement:

- It was agreed with the community that they would receive cement houses of 25cm² for each family with an apart kitchen and two rooms in the house.
- A secondary school for the Inhangoma resettlement
- A police station
- Electricity
- A health post including maternity services in Capanga
- That the community leaders get to visit the resettlement areas beforehand
- A health center for Inhangoma with pharmacy, place to store medication, doctor appointments, treatments and maternity.
- Primary and secondary schools for Inhangoma including a library
- Community center buildings
- Water taps

Previous conditions of the communities:

- 42% of community members pay about \$2 USD per month for water. One community used the local river and another used to receive free water tanks.
- They spent on average 5-30 mins to access water
- 66% of households in the community did not count with proper sanitation and 90% used a latrine.

- Most communities did not need to spend money on fuel since they used wood available or they spent less than \$4 USD per month
- 60% spent 5-30 minutes getting to school
- 97% go to the local hospital, with the rest of the population traveling all the way to the hospital in the city
- 34% of the population spent 5-30 minutes getting to the hospital, and 36% spent more than an hour getting there.
- The communities had a mix of urban and rural features which made it difficult to divide them into rural and urban resettlements
- The communities of counted with little shops, churches, primary school, football field for the youth, a lagoon, and food aid from the World Food Program
- Chipanga also had access to mine employment, ceramic craft commerce, a health post without electricity which made it difficult for laboratory analysis and other procedures
- Chithata counted with churches, river water, machambas, a primary school, bus stop, access to the health center in Moatize and Matundo, primary school, community police and access to Moatize secondary school.

Topics covered during informal interviews with Eqstra, WBHO, and Bertling employees:

Employment of local people, future plans for local employment, training

- - quotas, how much they get paid & how the company handles it:
 - They try to hire as many locals as possible as part of responsible practices. They want to replace all expat workers by a time frame of five years. Most employees however are foreigners due to lack of skilled locals, especially for medium-skill and high-skilled Jobs. (Eqstra employee)
 - The companies planned to pay the minimum salary that they pay in their countries of origin. However, the government doesn't allow this because they are afraid of huge migration influx. Respondent believes that this is because the local government wants to keep people under submission.
 - Eqstra trains workers but it takes extremely long, must laborers don't know how to read and write, the trainers and the laborers speak different languages. The concept of working for a company is entirely new to them since they always worked in agriculture and they have never seen it.
 - Challenges faced in working in Tete in a sustainable manner
 - Nothing is available in Tete, absolutely nothing is produced so it has to be imported. Companies only care about profits. It is difficult to include locals because they do not have the human, social, financial or technological capital necessary.
 - General challenges of working in Tete; extreme heat, language barriers, nothing to do in the área.
 - Benefits: Companies provide for everything, and as a hardship post they work hard to keep employees happy e.g. monthly bonuses for weekend trips to nearby countries, housing complexes including swimming pools, bars, etc all paid by the company. Good experience to work in an underdeveloped country and región.

How they view Corporate Social Responsibility

- Local communities are in a bad position but the region will benefit as a whole through the multiplier effect. It is what it has to be done when you want development. A couple of houses and schools are not going to help the community (WBHO employee).
- Their perception over Rio Tinto and Vale's Corporate Social Responsibility
- In terms of safety and worker's health, they take it very seriously. You can't drive faster than 30km/hr in the mine even though the roads are like normal roads. They always make a big fuss of safety violations. But if you look at the communities around, I don't think they are benefitting, everything is still the

same, they don't have anything. Look how they live, look at the roads, there is nothing around.

- What work do they do for the companies in the mines?
 - WBHO: construction of roads, bridges, electricity systems, wáter systems for Rio Tinto and Vale.
 - Eqstra: Extraction of coal from the mines, both Vale and Rio Tinto.
 - Beltring & UTI: Logistics in terms of mine-material transport. Arranging shipments from South Africa and Brazil mostly.
 - Odebrecht: Managing all contracts with sub-contracted companies for Vale.

Example of Community Survey

Community Questionnaire

Survey #:

Esta pesquisa tenta descobrir o efeito de investimentos em mineração em Moçambique e os seus potenciais benefícios para as comunidades locais como parte de uma pesquisa realizada pela Universidade de Utrecht. Como um membro da comunidade, você possui conhecimentos especiais tanto para a empresa de mineração e da comunidade. Portanto, suas opiniões são muito valiosas para esta pesquisa e vai ser muito apreciada, se você por favor preencha este inquérito. Todas as suas respostas e informações serão mantidos em anonimato.

1.Edad:		
2.Sexo:	Femenino	Masculino
3.Comunidad:		

3.	Há quanto tempo você reside nesta comunidade?
4.	Que comunidade é você originalmente?
5.	Quanto tempo você reside na comunidade anterior?
6.	Qual é o seu último nível educacional terminar?
	a. No school background b. escola primária c. escola secundária d. colégio e. universidade
7.	Você está empregado?
8.	Que trabalho você faz?
9.	Este e O Trabalho relacionado à Empresa de Mineração?
	a. Yes b. No
9.a	Se sim, o trabalho que você faz para a empresa de mineração?

10.	Onde na comunidade que você vive?
11.	Que tipo de habitação que você possui?
	Numero de pisos: Numero de quartos:
12.	Quantas pessoas vivem em sua casa?
13.	Foi a sua casa fornecida pela companhia de habitação?
14.	Será que contar com a eletricidade?
15.	Se sim, quem é responsável pela distribuição de eletricidade para sua casa?
	a. empresa de mineração b. empresa privada diferente c. governo
16.	Quanto você paga por mês de electricidade?
17.	A sua casa contar com a água?
18.	Se sim, quem é responsável pela distribuição de água para sua casa?
	a. empresa de mineração b. empresa privada diferente c. governo
19.	Quanto você paga por mês para a água?
20.	Quão satisfeito você está com o seu alojamento em uma escala de 1 a 5? 1 = não satisfeito em tudo e 5 = completamente satisfeito
	1 2 3 4 5
21.	Por quê?
22.	O que poderia ser melhorado na caixa?
23.	De acordo com o seu conhecimento, tem a mineradora investiu na comunidade?
	a. Yes

	b. No
24.	Como? (por exemplo, dinheiro para o orçamento, serviços, etc)
25.	De acordo com o seu conhecimento, tem a companhia de mineração desde os serviços de educação para a comunidade?
	a. Yes b. No
26.	Se sim, qual o tipo de serviços de educação existem?
	a. Ensino da escola primária b. Ensino Secundário c. Ensino Profissional d. Meu trabalho de ensino relacionado e. Outros: _____
27.	Quais são os requisitos de acesso à educação fornecida pela empresa de mineração?
28.	Como benefício para a comunidade que você acha que esses serviços de educação estão em uma escala de 1 (não benéfica) a 5 (muito benéfico) são?
	1 2 3 4 5
29.	Por quê?
30.	Você, pessoalmente, beneficiar de investimentos em educação? Como?
31.	Se a empresa de mineração eram para sair, o que você acha, provavelmente, acontecer a estes serviços?
	a. Que deixaria de ser oferecido b. A comunidade seria capaz de gerenciá-lo para continuar o serviço c. O governo local iria assumir e continuar a oferecer o serviço

	d. Outros: _____
32.	Como poderia serviços educacionais oferecidos, com a ajuda da empresa de mineração ser melhorado?
33.	Você acha que este é um investimento adequado? Por quê? (comunidade, sendo capaz de beneficiar-se dele)
34.	De acordo com o seu conhecimento, tem a companhia de mineração desde os serviços de saúde para a comunidade?
	a. Yes b. No
35.	Se sim, que tipo?
	a. O pessoal médico, como médicos e enfermeiros b. Execução de uma clínica c. Execução de uma clínica gratuita d. Outros: _____
35.b	Onde?
36.	Como benefício para a comunidade que você acha que esses serviços estão em uma escala de 1 (não benéfica) a 5 (muito benéfico) são?
	1 2 3 4 5
37.	Por quê?
38.	Quais são os requisitos para acessar serviços de saúde prestados pela empresa de mineração?
39.	Como benefício para a comunidade que você acha que esses serviços de saúde estão em uma escala de 1 (não benéfica) a 5 (muito benéfico) são?
	1 2 3 4 5
40.	Por quê?

41.	Você pessoalmente beneficiar dos investimentos de saúde? Como?
42.	Se a empresa de mineração eram para sair, o que você acha, provavelmente, acontecer a estes serviços?
	a. Que deixaria de ser oferecido b. A comunidade seria capaz de gerenciá-lo para continuar o serviço c. O governo local iria assumir e continuar a oferecer o serviço d. Outros: _____
43.	Como poderia serviços de saúde oferecidos com a ajuda da empresa de mineração pode ser melhorado?
44.	Você acha que este é um investimento adequado? Por quê? (comunidade, sendo capaz de beneficiar-se dele)
45.	De acordo com o seu conhecimento tem a mineradora construiu estradas?
	a. sim b. nao
46.	Onde?
	(sketch diagram please)
47.	Quais são esses caminhos usados principalmente para?
48.	Você acha que esta estrada beneficia os membros da comunidade? Como?
49.	Até que ponto você está satisfeito com as novas estradas na comunidade em uma escala de 1-5
	1 2 3 4 5
50.	De acordo com o seu conhecimento tem a mineradora construiu infraestrutura física de outros? Que tipo?

51.	A empresa de mineração colaborar com projetos comunitários?
52.	Se sim, que tipo de projectos?
53.	De que forma a empresa colaborar?
	a. financiamento b. planejamento c. gestão d. Outro.
54.	Você foi consultado durante a fase de planejamento de reassentamento?
	a. Yes b. No c. Other: _____
55.	Quem consultou você?
56.	O que eles consultá-lo sobre?
57.	Onde eles consultá-lo?
58.	Você dar feedback?
59.	Você considera que este feedback foi utilizado?
60.	Cómo?

61.	Em uma escala de 1 a 5 para o grau que você vê que o feedback da consulta foi utilizado pela empresa de mineração?
	1 2 3 4 5
62.	Quais são os efeitos negativos da presença de minas na comunidade?
63.	Você acha que a mineradora mitigados alguns efeitos?
64.	Você acha que a mineradora poderia ter feito mais para atenuar esses efeitos? O que eles poderiam ter feito?
65.	Como você foi compensado pelos efeitos negativos do desenvolvimento da mineração?
66.	Você acha que foram devidamente compensados pela empresa de mineração?
67.	O que mais você acha que eles deveriam ter feito, a fim de compensar a comunidade?

Por favor, indique até que ponto você concorda com as seguintes afirmações sobre uma escala de 1 = nunca a 5 = concordo totalmente

#	Statement	1	2	3	4	5
1.	Eu era mais feliz na minha comunidade anterior					
2.	A comunidade era mais feliz no local original					
3.	A comunidade beneficiou de mais serviços desde o reassentamento					
4.	A comunidade tem se beneficiado de infra-estrutura física desde o reassentamento					
5.	A comunidade tem se beneficiado de um emprego desde que a liquidação da empresa de mineração					
6.	Eu estou feliz que eu fiquei reassentadas para o novo local					
7.	A mineradora está interessado no bem estar da comunidade					
8.	A presença das minas, indiretamente melhorou as					

	condições de vida para a comunidade					
9.	A presença das minas, diretamente melhorou as condições de vida para a comunidade					
10.	The mining company is interested in the welfare of their workers					
11.	A mineradora está interessado no bem estar das famílias dos trabalhadores					
12.	A mineradora está profundamente interessado no bem estar da comunidade					
13.	A mineradora leva em consideração a comunidade na tomada de decisões					
14.	A empresa mineira tem se envolvido em projetos comunitários					
15.	A presença da empresa de mineração danifica a comunidade local					
16.	A presença da mineração causou o deslocamento comunidade					
17.	O trabalho nas minas me causou problemas de saúde					
18.	A poluição da mina causou problemas de saúde na comunidade					
19.	A companhia de mineração fez o suficiente para compensar a comunidade pelos danos					
20.	A mineradora poderia ter atenuado os impactos					
21.	Benefícios da mina para a comunidade será mantida mesmo após a mineradora fecha / deixa					
22.	Danos da mina para a comunidade vai continuar mesmo depois da mineradora fecha / deixa					
23.	A razão principal para investimentos das empresas de mineração na comunidade é maior lucro financeiro					
24.	A razão principal para investimentos das empresas de mineração na comunidade é o bem estar da comunidade					
25.	A razão principal para investimentos das empresas de mineração na comunidade é manter a licença de exploração mineira					
26.	A razão principal para investimentos das empresas de mineração na comunidade é para acalmar o governo local					
27.	A razão principal para investimentos das empresas de mineração na comunidade é para apaziguar as comunidades locais					

