

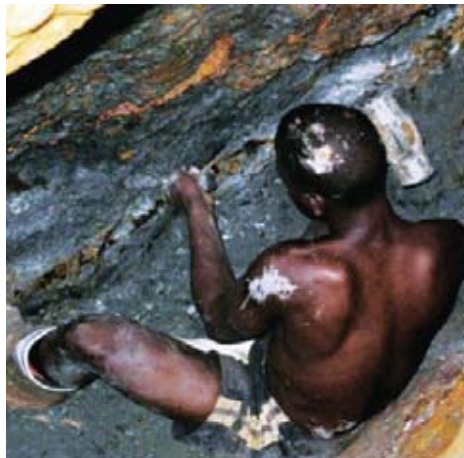
MINING INFRASTRUCTURE, INDUSTRIALISATION AND COMMUNITY DEVELOPMENT IN AFRICA

A summary of an IFAA Research Report

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The Institute for African Alternatives (IFAA) research team completed a research report in 2017 titled: “South Africa’s Industrial Outreach in Africa: Infrastructure, Industrialisation and Community Development.” Here we share the findings, conclusions and recommendations of this report. This research was commissioned by the Development Bank of Southern Africa (DBSA).



FINDINGS AND CONCLUSIONS

1. The infrastructure gap in Africa is large, yet filling it is crucial to economic development. Infrastructural needs vary from country to country and we have highlighted conditions in Zambia, Zimbabwe, Tanzania, Mozambique,

Ghana and the DRC. All of the countries canvassed suffer from power, transport and soft infrastructural deficiencies.

2. Mining remains an integral part of the African economy, with infrastructural spend tied to the industry, either directly or indirectly.
3. All countries surveyed in this report suffer from commodity dependence and have economies that are not diversified. This has led to skewed and volatile growth paths.
4. Minerals-based industrialisation is a norm being championed by all

of Africa’s economic institutions and a number of its progressive economists.

5. A lack of coherence and clear policy objectives related to mining and industrial development in the region poses difficulties in realising minerals-based industrialisation.
6. Infrastructure build related to mining has traditionally been enclave and non-developmental. Yet there is growing recognition of the importance of facilitating spatial linkages through the promotion of “shared-use” or “open access”.
7. Although mining can play a transformative role in Africa’s economy, the industry continues to engage in practices that devastate local communities. There is growing acceptance by both the private sector and government, with pressure from local and international NGOs, that mining needs to acquire its licence from the community. This means that the concept of “infrastructure for community development” needs to be added to “infrastructure for industrialisation” to get the ➤



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industry to play a developmental role.

8. South African industrial firms have a growing presence in Africa in general and within the countries surveyed in this research. Both the private sector and South African and African governments have welcomed deeper trade and investment relations. The latter is particularly the case in infrastructural development, with African countries calling on South Africa to participate in filling the infrastructure gap.
9. South African industrial firms are optimistic about the business operations on the continent, but complain about a lack of South African government support.
10. South African mining and related firms are, in principle, committed to localisation, procurement and community development.

RECOMMENDATIONS

1. Develop a comprehensive picture of Africa's infrastructural challenges from the perspective of business, local governments and communities.
2. Embrace the minerals-based industrialisation agenda and consider funding mining-related infrastructure projects. These projects may become the engines for much-needed economic diversification and the structural

transformation of Africa's economy that can lead to inclusive and sustainable growth.

3. Developmental mining-related infrastructure will require a shift from the "enclave" approach to an "open access" agenda. The DBSA should assist in the conceptualization and development of "shared-use" financing models for mining-related infrastructure.
4. Promote the acceptance of "shared-use" norms on the continent in relation to infrastructure spend in general, and mining-related infrastructure in particular. This can be facilitated through public dialogues and research support. Development finance institutions have not been proactive in promoting shared-use norms in the region.
5. Engage in policy formulation and participate in capacity building at regional and national levels to enforce and support "shared-use" infrastructure plans. This would involve sponsoring research activity to become familiar with the infrastructural landscape in regions and countries and to develop models that enhance the developmental, and not the extractive, dimension of infrastructure projects.
6. Assist with financing potential "shared-use" infrastructure projects in mining-related activities. This will stimulate industrialisation and development.
7. Contract CSOs to monitor corporate social responsibility initiatives as it relates to mining.
8. Target infrastructure projects that will deepen regional integration for developmental gains
9. Establish closer ties with South African industrial entities to advance a South African Inc. approach to the continent that would be mutually beneficial for partner countries and in alignment with the broader continental industrialisation agenda. This requires understanding the commercial interests of South African industrial firms in Africa and their experiences and challenges.
10. However, any support given to South African firms should consider the developmental implications of their operations. Here the monitoring of South African business in relation to localisation, procurement and community development is vital. Encourage South African mining companies to embrace "shared-use" norms in relation to infrastructure development.
11. In general terms, South African companies should be encouraged to link their commercial interests with a developmental strategy as part of their normal business procedures.



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At a broader level, consensus needs to be forged around a people-driven developmental and capable state in Africa. Failure to achieve this is bound to impede Africa's industrialisation and development plans which will increase social and political instability. The DBSA should assist in the diffusion of developmental norms through sponsored research and capacity-building projects in African countries, including South Africa. NA