



**ECONOMIC JUSTICE NETWORK of FOCCISA**  
**Fellowship of Christian Councils in Southern Africa**

P O Box 2296  
CAPE TOWN  
8000

Tel : +27-21-424 9563  
Fax : +27-21-424 9564  
Email : [admin@ejn.org.za](mailto:admin@ejn.org.za)

# Press Statement

## **Testimonies reveal the uncaring nature of mining in Africa**

*“Through these meetings .... we can ensure that extractive industries in developing countries can benefit and ensure better livelihoods for the miners and their communities....”* Archbishop Njongonkulu Ndungane, 2 February 2010, officially opening the Alternative Mining Indaba, a platform for civil society and communities to discuss mining and its impact on communities.

**Cape Town, February 2010:** Civil Society Organisations (CSOs) are an important link between government, mining companies and the communities within which mining operations take place. This was revealed when more than 50 participants from 20 CSOs met for the Alternative Mining Indaba, at the Fountains Hotel, Cape Town, a few streets from the official Mining Indaba taking place at the Cape Town International Conference Centre, to hear harrowing testimonies from people directly affected by unethical mining practices and whose lives and livelihoods have been shattered.

This was a platform created by several civil society organisations: Economic Justice Network, IDASA, ESSET, Bench-Marks in collaboration with the Norwegian Church Aid, to bring attention to the situation on the ground among the communities living in mining areas. The testimonies gave details of unfulfilled promises around relocations to make way for mining, deaths in the community as a result of the dangerous environment created by the mines, poor housing provided as alternative accommodation for displaced communities, poor working conditions for the few who secure employment and the impact mining has on women and households in general.



CSOs work directly with the communities on a variety of issues, as do religious leaders from different faiths, particularly in Tanzania and Zambia, and Extractive Industries has come under scrutiny because of the devastating impact mining has on the vulnerable communities. CSOs were able to bring the communities to a space where their voices would be heard and where their cries for justice could be juxtaposed with the very voice of the mining corporate who had gathered to take stock of mining ventures throughout the world and to ostensibly chart the way forward. The stark reality emerged that there exists a large void between the expectations of communities and the subsequent actions of mining companies and government when mining is unleashed on ill-prepared and ill-informed communities.

CSOs berated the government for not playing its part of providing “free, prior and informed consent” to the communities before allowing mining activities to take place and of signing opaque contracts with the corporates that resulted in poor or no benefits to their countries, but always marginalised and harmed the vulnerable. In this way, mining companies do not always feel obliged to go beyond minimum standards, especially in interacting with the environment and the communities who inevitably get displaced.

CSOs vowed to “accompany and support communities in their struggle but “NOT” take over the struggle from the communities. They would play the role of “GUARD: not speaking for communities but to empower communities to speak for themselves, not impose their solutions but to “ACCEPT” their “CHOICES” and “SUPPORT” their “COURSE” (this includes legal recourse which is taking place).

From 6 - 7 February 2010 CSOs had the opportunity to compile a document to input into the African Mining Partnership Meeting of African Ministers in Mining. On 7 February, 2010, the paper, on civil society's experience in mining and which proposed recommendations to redress the imbalances therein and also encouraged formulation of people centred policies was presented, by Dr Camillus Kassala on behalf of the CSO groups.

Civi society concerns and recommendations in most cases are in line with the Africa Mining Vision Proposal. Amongst other key things that will be guiding principles are Public Participation in formulation of policies, development of Social Impact Assessments as a



legislative requirement to ensure community benefit in mining operations, Skills development to ensure that the citizens are capacitated to be able to extract, process and add value in local minerals, diversification of economies to ensure wider benefit of the countries so that people are not left with ghost towns when mines close as is the case with Kimberley.

Equally important was the call to legislate Corporate Social Responsibility for mining giants to take care of the environment, land use and people in the immediate localities, development of a Citizen Charter on mining and finally to ensure Artisan Smallscale Miners are capacitated, developed and supported financially and technologically so that they can be integrated into the mainstream economy.

Case studies presented revealed that, with a few exceptions, mining taxation is focused on encouraging mining companies to invest in exploration and extraction. This is due to excessive tax concessions or tax subsidies and secret mining contracts characterized by tax breaks which often contradict national laws. As a result African governments have failed to collect significant budget revenue despite higher production and prices.

Mining companies in the case countries enjoy the following concessions:

- No VAT on imports / exports sales,
- No custom duties on imports / exports,
- Lower corporate income tax (CTI) rates,
- Lower withholding tax rates,
- No windfall / additional profit taxes,
- Lower royalties.

The interfaith CSOs, being aware of the technical, budgetary and political constraints that African governments are victims of reminded government representatives that it is precisely because of these constraints that the critical prioritization between 'people' and 'profits' becomes an imperative choice dilemma.

The following were recommendations made to the government officials:

- Formulation of policies, laws and regulations which are people-centred, which would engage mining investors to learn the rules and regulations dealing with the local



communities, their customs, culture, language, mining experiences, local protocols and to

- Inform these communities of the plans, applications and the potential environmental problems of proposed mining activities and recommend respective mitigation measures.
- Revisiting and responding effectively and efficiently to the allegations of crimes against human rights – which are very well documented by respectable independent research organizations
- To ensure that companies registered on stock exchange implement the international financial reporting standards (IFRS's),
- To collaborate with the UN Economic Commission for Africa to develop and publish user friendly guide on mining taxation; and to require mining companies by law to use EITI reporting template in their annual financial reports
- African governments should stop the practice of granting tax exemptions to mining companies in mining contracts
- African Parliaments should pass laws requiring mining development agreements to be ratified by parliaments and made public
- African governments should insist upon bilateral and multilateral donors to scale up their financial assistance for governments to improve their capacity to monitor and audit the accounts of mining companies and review their mining tax regimes.

The final document will be the Africa Union blue print on mining and natural resources extraction driven by these Ministers where all the member states will be obliged to work and comply in the development of legislation, policies and programmes that seek to ensure the realisation of the AMV.

This was a positive development for civil society and a progressive undertaking at a senior continental level to force the various governments to put their citizens' interest and development of the countries upfront.

