

# Theorising Local Content Development and Social Justice: The Case of Zimbabwe's Platinum Mining Communities

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**Abstract:** Research to date on local content development (LCD) has been largely focused on gas and oil with little being said regarding other sectors such as platinum mining. The definitions offered by different scholars with regards to LCD have also been biased towards economic and political perspectives at the expense of the social aspect of the subject. Such narrow understanding of LCD has only considered the interest of the private sector and the host government while neglecting the potential input of mining communities in the mining value chain. This paper, focuses on community-based activism and LCD in the platinum mining communities of Zimbabwe. Through desk research, participant observation and key informant interviews conducted targeting community-based activists, it was found out that mining communities view LCD mainly as a social justice issue infusing it in the discourse of mining frames that embrace the economic, political and social dimensions of LCD. LCD and social justice advocate socio-political-economic fairness, equity and equality and indeed both converge on egalitarianism. The paper contributes to knowledge on LCD and community activism. It recommends that mining policy and legislative frameworks be sensitive to social implications of mining on local mining communities.

**Key Words:** Local Content Development, Social Justice, Mining Sector

## I. INTRODUCTION

The work of Grossman (1981) provided the initial and greatest significant instinctive foundation for the academic work on local content. It presented an original framework on the subject (Richardson, 1993; Veloso, 2001 and 2006; Ado 2013:138). One notes the contested definition of Local Content Development (LCD) in the mining sector where focus has always been restricted to economic and political aspects at the expense of the social perspective. The paper thus, contributes to the debate on the meaning of LCD and the factors that affect its implementation by arguing for the inclusion of a social justice perspective to the concept with examples being drawn mainly from the platinum mining communities of Zimbabwe which are Mhondoro-Ngezi; Zvishavane and Shurugwi where the Zimplats, Mimosas and Unki Platinum mines are the main actors respectively.

Different stakeholders, including academics, mining companies, mining communities and government have varying opinions regarding the definition and implications of LCD. This paper argues that LCD (local content requirements or measures or policies) is a social justice issue that can be taken

up by activist-authors as a contribution to the social movement discourse. The paper argues for a definition that encompasses all the three (political, economic and social) facets of LCD. The major research questions that the paper sought to answer are: What is meant by social justice? And by extension, to what extent can social justice be linked to LCD in the mining sector?

Community based activists have mobilised around issues of LCD within the mining communities. This has been mainly explained by social factors more than economic and political forces. However, a lack of a specific comprehensive policy framework weakens the efforts of community activists on the matter. Garvey and Newell (2005 in Kemp 2009), find issues that relate to governments, firms and host communities that affect the value of community based approaches. Such circumstances comprise government strategies, laws and a company's strategy to citizen involvement in the mining value chain. Thus, the social efforts have to be well supported by the political and legislative frameworks. Zimbabwe is endowed with massive amounts and different kinds of mineral resources. These have been critical to the country's economic growth. These include gold, platinum, nickel, chromite, emeralds, diamonds and coal among many more. The problem is that the country has not been able to convert growth in the mining sector into comprehensive and more sustainable socio-economic development that leads to transformation of people's lives (George, 2015). Mining has only managed to expose Zimbabwe to the international capital flows that does not fully benefit the local communities. Yet, social and economic development of the local people should be the measure of the impact of mineral extraction in any country. The next section looks at the methodology used in compiling this paper. This is followed by literature review on social justice and LCD, while the third section presents the discussion and the last one is the conclusion and recommendations.

## II. METHODOLOGY

The researcher used qualitative means of data collection. Academic work by some scholars as well as other mining related materials like mining company reports were reviewed. The review of academic materials was done over several years. Six community activists from Shurugwi, Mhondoro-Ngezi and Zvishavane were also interviewed as part of the ongoing academic study by the researcher on LCD which covers many years. These were leaders of their respective Community Based

Organisations (CBOs) which advocate for LCD in the platinum mining value chain. Two local authority Chief Executive Officers were also interviewed from two target areas. The researcher further utilised data collected during alternative mining indabas (AMIs) which were annually attended consistently since 2013 to 2022. AMIs was a platform where stakeholders in the mining sector gathered to discuss various issues that affect the sector. It brought together government officials, small scale miners, and mining companies, traditional leaders, national civil society organisations (CSOs), CBOs, individual activists, media, development partners and others. The meetings were held at district, provincial and national levels annually. The Zimbabwe Environmental Law Association (ZELA), Zimbabwe Coalition on Debt and Development (ZIMCODD) and the Zimbabwe Council of Churches (ZCC) were the three organisations that facilitated the AMIs since 2013. The platform was critical for this paper as key informant interviews were carried out during such events while much of the data was also collected from the stakeholders who attended through participant observation. At the international level, the researcher also managed to virtually attend an AMI event in Cape Town, South Africa in 2022 and this informed one's appreciation of some experiences from other communities in the region and beyond with regards to activism around LCD. A total of fifteen AMIs, nine engagement meetings in the three communities, two seminars on mining and LCD, and two parliamentary public hearings on mining laws were attended and data for from such platforms were utilised for writing this paper. One summer school on mineral governance was also attended by the researcher. The units of analysis (that is the subjects or objects of research) for the paper were the community activists, government (both at sub national and national level) and the platinum mining companies of Mimoso (in Zvishavane), Unki (in Shurugwi) and Zimplats (in Mhondoro-Ngezi).

### III. LITERATURE REVIEW

#### *Social Justice: Its Historicity*

Brodie (2007) holds that the concept of social justice can be traced back to Aristotle's thoughts about distributive justice. It is also associated with the moral teachings of Thomas Aquinas (Jackson, 2005 in Brodie 2007) and the term became often used after the emergence of laissez-faire capitalism. The Marxists hold that the awareness on justice developed over the years on the basis of economic relations. For this tradition, the economic structure plays a pivotal role in ensuring that social justice is established and maintained (Hantal, n.d.).

John Rawls in Garrett (2005), shows that social justice entails guaranteeing the protection of equal opportunities and rights as well as caring for the vulnerable groups of people in society. In the context of the mining sector, it therefore entails availing opportunities for all the citizens to participate in the mining value chain. Thus, for an action to be consistent with social justice, it will be dependent on its propensity towards guaranteeing equal opportunities and rights for all (Robinson, 2010).

Social justice has been exposed to sharp ideological and political-economic struggle. It has been attacked for being a 'mirage' meant to misinform the uncompromising and impractical, an instrument of coercion for the people who work competently and effectively in a liberalised economy (Hayken, 1976 in Edgeworth 2012). It has also been described as an enlightening move meant to incorporate the philosophy of physical equality into an economic model which is indifferent to the personal enhancement of the minority at the expense of the majority (Crosland, 1956 also cited in Edgeworth 2012).

The concept gradually shifted from being an influential philosophical motto to one piece in a list of largely endorsed public values, and along the way lost its definitional accuracy (Edgeworth, 2012). Indeed, the fact that each discipline understands the concept differently, shows how the contestation about it is likely to have distorted its probable original meaning. Edgeworth (2012) explains the distortion when he argues that:

Social justice has been conventionally defined as the principle of state-engineered redistribution of material resources to the disadvantaged to advance the goal of greater substantive equality. Now, by contrast, it appears to stand for a looser set of notions such as 'fairness', 'inclusion' or even justice in general, with which no one could reasonably disagree, and is therefore an idea that appeals to many (Edgeworth, 2012:418).

The definition offered by Edgeworth (2012) places much emphasis on the role of the government in the fulfilment of social justice, hence a political perspective. However, Bowers (2009) argues that the fact that international companies continue to shape governmental policies, lead to the deepening of the social and economic plight of marginalised groups who live in the mining communities. Bowers (2009) thus suggests that the private sector wields the economic power which can be utilised to influence local political direction with regards the social status of the host communities. Bowers (2009) further suggests that a fundamental reconsideration of how to deal with social justice issues is necessary. The author indicates that:

Social justice thinking has largely been framed in terms of middle class assumptions about individualism, progress, a world of unlimited exploitable natural resources, and education as a source of individual empowerment. The ultimate goal of achieving greater social justice for marginalized groups has been to enable them to participate on equal terms in the areas of work, politics, and the culture of consumerism (Bowers, 2009:1).

Social justice invokes responsibilities for the various categories of people in a society and these are discussed in the next section.

#### *Responsibilities for Fulfilment of Social Justice*

Social justice as an idea, has received much support from social activists at all levels (Edgeworth, 2012). In the face of globalisation, market liberalism and other global phenomena, the discussion on social justice became a dominant discourse

particularly with regards to the civil society work in Zimbabwe and elsewhere. More academic work still needs to be done to amplify the appreciation of the concept by governments and community based activists as they engage the mining companies on LCD.

It is the private players in the mining context who have the capacity or are expected to contribute to a greater extent to the fulfilment of social justice. However, this does not relegate the role that the government can play to facilitate the promotion of social justice in the sector. On their part, the community activists can also nurture social justice through their advocacy work on LCD at local level. This can be done through the technical, moral and emotional as well as financial support from the CBOs, CSOs and also international networks. Thus, solidarity networks are critical in the sustenance of advocacy on social justice.

Discussing the basic income schemes, Levitt Polanyi (2011), holds that her father, Karl Polanyi (1944), was going to support the scheme as a:

Contribution to equitable economic development, social justice and social cohesion, and freedom in conditions of precarious labour markets and rapid technological change.....He strongly believed that intellectuals have a social responsibility (Levitt Polanyi, 2011: n.p.).

In a way, this is a challenge for the intellectuals to be sensitive to social justice issues in their work. Levitt Polanyi (2011) further asserts that Karl Polanyi (1944) might have been able to support social welfare schemes like the basic income based on social, economic and partly political considerations.

Levitt Polanyi (2011) states that in a situation where an insight on social injustice exists, there will be difficulties of social cohesion and the state will not be effective in dealing with conflicting entitlements on the social matter. On LCD in the mining sector, communities will feel the existence of social justice if they are part of the mining value chain. As a result, such a situation affects the state's capacity to deal with economic issues. Societies that are not restricted and those that are less riddled by inequities as well as injustices are more successful in achieving socio-economic development (Levitt Polanyi). In the context of community activism, one agrees with this observation where engagement among the communities, government and the mining sector is needed in order to foster social justice. Engagement creates a good environment for negotiation and subsequent convergence of ideas of the concerned stakeholders.

The intellectuals have a duty to ensure promotion of social justice in their work. They can learn from the communities in terms of the forms and modes of expressing social justice. The intellectuals can further explain the linkages with LCD in the mining sector. Where the mining companies and the government will be fulfilling LCD, they should be able to have an appreciation of the local communities' wishes that are mainly from a social perspective rather than economic and political angle.

### *Social Justice as a Cross Disciplinary Concept*

Issues of globalisation, capitalism, environmental degradation caused by international mining companies and climate change need to be responded to. Social movements have raised these issues from a social justice perspective. Feagin (2001) holds that:

Given the new century's serious challenges, sociologists need to rediscover their roots in a society committed to social justice, to cultivate and extend the longstanding "counter system" approach to research, to encourage greater self-reflection in sociological analysis, and to re-emphasize the importance of the teaching of sociology (Feagin, 2001:1).

Feagin (2001) recommends that more sociologists have to engage in the study of alternative social elements that promote egalitarian societies. They need to continue seeking sustainable social futures and to assisting creating better human societies. Echoing the same issue, Bauman (2007) in Brodie (2007), argues that in the face of all the challenges of the century, it is imperative to reform social justice. This may hinge upon the collective insistence on putting the social back into the people's way of seeing and contesting neoliberal times. In this case, the thinking resonates well with Karl Polanyi's (1944) views on the people's need to be more social as before, not being dependent on un-controlled market system that is always detrimental to human and environmental life.

Karl Polanyi (1944) seeks to prove the cultural and structural linkages among the various parts of the social whole while declining the inherited determinacy of any one feature. For him, he was following on Aristotle's tradition "*in terms, then, of our modern speech Aristotle's approach to human affairs was sociological*" (Block, 2014:19). In plotting a field of study, Karl Polanyi (1944) would narrate all questions of institutional background and role to the entirety of society (Block). This locates Karl Polanyi's (1944) work squarely within the social justice discourse. Yet, those from the agricultural sector would also link social justice to what they call sustainable food and agricultural issues. Flora *et al.* (2014) argue that social justice can only be an element of agriculture that is sustainable if there is continual raising of the matter.

It can be argued that the subject of social justice seems to be a cross cutting issue that cannot be claimed by a single discipline. It is linked to concepts such as political justice, economic justice, environmental justice among others and this confirms its connection to all aspects of life. Edgeworth (2012:417) asserts that:

it has spread across many domains of discourse, to the extent that it has become conventional not merely for individuals, but also for a wide variety of our institutions such as schools, hospitals, universities (including their law faculties) and even some corporations, to offer formal endorsements of the concept, as evidenced in mission statements, lists of core values, and registers of distinctive achievements.

Fraser (2012) holds that contemporary people lived via challenges of excessive harshness and huge complexity, yet they lack a theoretical framework through which to explain it. The author indicates that there is evidence that the crisis is multidimensional, including ecology, society, and politics and not only about the economy and finance. This confirms that life cannot be explained by single or fixed factors. For Fraser, of these, it is the merging of three elements, that is the financial, the social and ecological, which establishes the characteristic and special severity of the contemporary challenges. Therefore, any critical theory that is meant to address these challenges has to focus on all the three issues, not a single one.

There is need to stress the social disruptions in the same way as the issue of economic manipulation that affected the former (Neil, 2016). Karl Polanyi's (1944) work traces how the social protectionists clashed with those that supported free markets leading to what he called "double movement". This was basically an escalation of some struggle between social protectionists and free-marketers which resulted into political impasse and eventually, to fascism and the Second World War (Fraser, 2012). This is what happens if the state does not intervene. During, the AMI in Bulawayo, one community activist from Mhondoro-Ngezi indicated that mining communities in Zimbabwe "had hoped for the state to provide polices and laws that promote social justice in the area of mineral exploitation but the state did not respond positively" (Interview). As such, they mobilised against both the government and the mining companies in demanding employment, skills and enterprise development (LCD) facilitated by their resources. This was done from a social justice angle where the mining communities felt that they had been excluded from the mineral value chain.

Thus, social justice is not detached from the discussion on the dominance of neoliberal ideology (Zajak, 2013). The interplay of politics and economics affects social movements hence the social justice discourse itself. As Karl Polanyi (1944) described in *The Great Transformation*, the knowledge of the social became complicated in response to free market governance and its intrinsic inability to understand, let alone alter the human costs that emanated from the early industrial capitalism (Brodie, 2007).

There are opinions that argue around the meaning of social justice. However, people normally comprehend the concept to be concerned with fairness which goes beyond personal justice (Baldry 2010 in Ofori 2015). Baldry (2010) contends that social justice is about guaranteeing methodical and mechanical social provisions to advance equality as a central politico-social value. The issues of social justice therefore involves redistribution of resources, recognition of individuals in the society and representation of everyone's voice on community and national issues, all of which are directly linked to mineral extraction. The extraction and distribution of proceeds from the extractive industry reflects either the existence or lack of social justice. LCD in the mining sector can be understood within that context. While there is relatively less contestation on the definition of social justice,

this is not true with regards to LCD. The paper discusses the meaning of LCD in the following section.

#### *Local Content Development: A Definitional Explanation*

Hansen *et al.* (n.d), assert that local content represents the degree to which international mining companies buy inputs in the host country, including all the aspects of linkages, and has become a disputed aspect. Developing countries are introducing local content regulations and global mining companies and local economic businesspersons are failing to meet mounting requirements for local content. The subject has not been fully linked to social justice discourse since much attention has been on its political and economic character.

There is contestation between the communities and technical stakeholders with regards the definition of LCD. According to technical stakeholders, local content rules must contribute to promotion of attractiveness and ensuring that forward, backward and horizontal linkages are produced within the whole local economy (Sigam, 2012). However, local communities view it as basically social and economic development medium. For them, the technical language used by academics, mining companies and government does not matter. One community activist, (aged 42 years) from Mhondongori Community in Zvishavane said that:

This technical language used by the government officials and mining companies does not matter for us. They argue from economics and policy angles, yet, my mother here in Mhondongori does not want all that. What she wants is her food production which is not disturbed by the mining activities. She wants her children to be employed by the mining companies, not for the economic benefit of the country but because the minerals belong to her ancestors. She thus, feels obliged to benefit from that social perspective..... (Interview).

Thus, social justice becomes the aspect expected by communities from the mining companies and the government with regards to the mining sector.

Ado (2013), indicates that:

The concept gathers several definitions from the various understandings of scholars, commentators and industry experts. For instance, Belderbos and Sleuwaegen (1997: 103) consider local content as consisting of the requirements that companies operating in a country are to secure a given percentage of intermediate inputs locally..... Local content is also described as the quantum, percentage or proportion of inputs (labour, materials and parts) derived from the domestic economy and utilized in the production processes (Belderbos and Sleuwaegen, 1997; Barclay and Esteves, 2011; Oguine, 2011; Ofurhie, 2001) for the purpose of adding value to the local economy (INTSOK, 2003; Wells and John, 2008; Warner, 2011).(Ado, 2013:138).

According to Hansen *et al* (n.d), local content can be encouraged both directly and indirectly and among the actions

engaged to do so are rules specifying percentages for local spending, tariffs, taxes, and concessions reliant on capability to generate local content, local companies' reservations for certain inputs. The following shows how the linkages can be traced:

Indirect measures focus on activities to enhance the competitiveness of local supply industries such as supplier development programmes, and information dissemination (UNCTAD, 2010). Direct measures include import tariffs, local content requirements in general legislation and specific concessions. These can be restrictive measures such as percentage limits on imports, mandated local suppliers, and penalties if local content is not achieved; or facilitating measures like subsidies for local content, supplier development programmes and improvements to infrastructure (Hansen *et al.* n.d).

Hansen *et al.* (n.d) further indicate that local content strategy is a mechanism to strike a balance between limiting and enabling actions. They contend that if the government becomes too restrictive, that may make input costs so expensive and that has the potential to affect quality. At the same time, too much subsidy that are not supported by an effective enforcement mechanism can result in wastage of already scarce resources thereby limiting technological and skills transfer (Hansen *et al.*, n.d.).

Warner (2011) applies a critical test to determine which local content rules are likely to be protectionist. The question was “*does the regulation break the core principle – The Golden Thread - that contracts be awarded on the basis of international competitiveness on price, quality and delivery?*” It is critical to also engage the same question as to whether this lead, in the mining sector, to more competitive and skilled local suppliers, or will it help to continue unproductive and uncompetitive local industries? This can be done through an examination of the capacity of the local suppliers.

Competitiveness according to Warner (2011), is the capacity of a local supplier to source commodities in a global market. Significantly, this market could be wholly within the local economy, with external and indigenous companies openly contending. Therefore it means that the local supplier will be exposed to the dictates of the market liberalism where he or she has to compete with suppliers from across the globe. Yet, the international mining companies have access to services and goods from across the world, which they can access cheaply.

Warner (2011) further looks at *protectionism* which refers to the envisioned or unintentional economic strategy of restrictive trade among countries. The setting of LCD targets would fall within this category. Regulations that prefer domestic suppliers over external contractors could be considered a form of import dissuasion. Community activists within the mining areas tend to push for this scenario where they expect the government to craft specific policies and laws to protect local suppliers. This way, the host country would have contributed to efforts that are meant to check the impact of market liberalism and in the process promoting social justice.

Tordo *et al.* (2013), argue that local content policies are concerned with long term results of which one would still argue that the social justice can be regarded as one of the immediate benefits of LCD. While the policies will also impact instant increase in local content, they will further affect actions which will result in its longer-term growth. The long term impacts may include the provision of training in suitable skills to the local workers. Local capabilities (skills) which can be transferred to others should be key. This means that developments in the mining sector should have positive impacts on other related industries in the long run thereby also fulfilling the social justice agenda.

Writing about the oil and gas sector, Tordo *et al.* (2013) hold that, local content can refer to employment or value-addition that is created anywhere in the domestic economy as a result of the actions of a mining company. It may also refer to employment that is created in the neighbourhood of the specific mineral production plant. However, although rules mainly refer to local content without stipulating its location within the broader economy, it is normal that the communities bordering to and most affected by the mining project, will also exert the most pressure for employment.

The discussion on the meaning of “local” brings another angle of conflicts between the communities and the mining companies where the former may call for the later to employ locals and also to procure equipment and other consumables locally. The host communities argue from a social justice perspective that they deserve to benefit from the local natural resources because they directly bear the negative social, economic and environmental consequences of mining activities.

Yet, local content can mean the provision of infrastructure on education, health or transport by the mining companies which is not direct input into the firms' production but meant to benefit the local population (Tordo *et al.* 2013). This definition has been problematic particularly in some mining communities in Zimbabwe. Mining companies on their part appreciate the need for the local communities to benefit from their mineral resources as informed by best practices executed by the sector (Chikuvadze, 2015). Hence, the companies have developed local community engagement plans and policies. However, the communities may argue that there is a “mix up” between the company's corporate social responsibility (CSR) and LCD plans. Companies may argue that through CSR they should not be expected to fulfil some LCD requirements and this may also be rejected by the mining community who may feel that the two need to be separated. A community activist from Shurugwi had this to say during an AMI in Gweru :

We cannot accept a situation where a mining company thinks it has done us favours by building a school or clinic hence no need to fulfil LCD expectations. We want to see our people being employed in the mine, we want our businesses to be deliberately linked to mining activities and we also want to see our children gaining mining skills

that they can use even after the mining company is gone. It should be clear to the mining companies that CSR is not enough because they fulfil that freely as there is no law to control that.... (Interview).

Ramdoe (2015), defines local content as value produced in the region that surrounds the extractive sector. However, Ramdoe further gives a broader meaning of LCD where it is said to involve the recognition of the “nationality” of capital or location of companies’ headquarters. This means that mining companies for instance may therefore be considered as local if (a) they are based locally and owned locally; (b) based locally but foreign owned; or (c) owned locally but foreign based.

Warner (2010:1) gives what he calls a classic definition of procurement as “a process that seeks to secure equipment, materials and services at the *right price*, at the *right time*, to the *right quality*, in the *right quantity* and from the *right place*”. The author is quick to show that the “five Rights” are not equally exclusive, and can result in pressure to make trade-offs but also it is the requirement to minimise trade-offs which means that customers need to be tactical in their procurement arrangement for a particular project.

Ramdoe (2015) further shows that local content issues are pronounced through policies and/or codified in some regulations which can be classified in quantitative and qualitative forms. In terms of quantitative part, strategies specify requirements on mining companies in the form of legally binding targets. These can be in terms of volume or value. They are found in regulations, contracts and conditions for tender qualifications. The second classification involves strategies that are founded on qualitative prescriptions like technological and skills transfer generally found in policy tools, laws, and contractual agreements and are less constraining. They may contain loosely defined targets, which are non-binding (McKinsey 2013), in Ramdoe. CSRs are also often confused with LCD programmes by community members. An examination of contemporary struggles over extractive industry projects shows that they are not adequately captured by current CSR strategies because:

they are not exclusively disputes about the environment, human rights or health and safety as those subjects are generally understood by companies. Rather, they are better understood as disputes over community control of resources and the right of community members to control the direction of their lives (Laplante and Spears, 2008:1).

Indeed, the “right” here also means social justice in the whole extractive processes. The authors emphasise that the most important aspect in the mining project is gaining the social license from the community. The fulfilment of the principle of free prior and informed consent where communities are given the opportunities to spell out their expectations from both the mining companies and the government is purely a social justice matter. In Zimbabwe, there was concern from communities that

they were not being consulted by the mining companies. The Mines and Minerals Act of 1961 gave the central government the sole authority to deal with mining companies without the local communities’ knowledge, including traditional leadership having no special role to play. The law prioritised mining over any other social or economic aspect. For instance, where mineral deposits were discovered, even if it was a farming area, mining was prioritised over agriculture.

A significant set of movements globally and across countries have and continued to challenge the consequences of globalization and specifically the neoliberal agenda from a social justice perspective. Neoliberal ideology is not sensitive to social and economic inequalities that distort real economies (Subramaniam, 2014). The system is supported by powerful states and wealthy corporate interest that has been expanding over time, but that order is also being vigorously challenged by movements acting both locally and transnationally. The community activists in the mining communities are therefore part of the global movement against the behaviour of international mining companies through their various efforts.

The role of states in the promotion of social justice via LCD is critical but has been another area of contestation among scholars. According to Subramaniam (2014), the state is not a monumental whole, nor is its structure stable and constant. The author argues that the nature of state boundaries and authority is changing as a result of changing patterns of relations among states, including evolving international norms. This means that the state itself may adopt an anti-neoliberal stance at times. This is in contrast to the claims by community activists that the state is always siding with the companies when it comes to issues of LCD in the mining sector. However, the position taken by a state will always be determined by the prevailing ideology of the host country including the context. Contributing during an AMI in Bulawayo, one community activist from Shurugwi argued that:

When it is an election period, the tendency has been for the host government to listen and support the electorate in fear of being voted out of power. This is even so when the government would have entered into certain contracts with the companies prior to an election era .

Local content, both actual and potential, will therefore vary over the life cycle of a specific mineral sector. Inputs used in the value chain are dependent on the stage of the chain. Individual mining project go through phases of exploration, construction, and production. The inputs used at these various stages can be quite different, therefore, the extent and nature of local content can vary over time and across stages” (Tordo *et al.* 2013). The section below attempts to show the linkages between LCD and social justice.

#### *Activism on LCD*

Mining can bring socio-economic benefits to communities, through local employment, skills transfer, enterprise

development and resource revenues, but it can also create social changes that can lead to or worsen social conflicts. This can be as a result of lack of adequate consultation and community engagement, lack of accurate information on mining effects, different expectations of social and economic benefits, environmental concerns, and disputes over land use and economic compensation (Fraser Institute, 2012). The impacts of mining on local communities and the host country's economy have remained one of the most controversial areas for the academia. On the one hand, there is a school of thought which supports mining and emphasises variously the positive impacts of the sector on downstream local industry, cluster formation, for employment creation, for technological advancement, innovation and substantial revenue flows (World Bank, 2002a; Buitelaar, 2001 in Rogerson 2011). However, on the other hand, community activism has also arisen to challenge this school of thought. Particularly important is the perspective held by the local mining communities that, mining should address issues of social justice. The community activists interacted with for this study would argue that:

The positive impact of mining should be reflected through social and economic development of the host communities. Otherwise if the local people are not benefiting, then the whole project is not acceptable to the supposed beneficiaries of the local resources. Yet, mining by its very nature, leads to huge expectations among the local people (Community activist in Zvishavane, Interview).

Some stakeholders have held that absolute availability of resources is a distraction while the relative distribution of available resources is what really matters (World Economic Forum, 2014). Wealth and access to resources have been skewed to create critical social and humanitarian pressures, as well as those impacting development. This has called for a fairer and equitable distribution of natural resources and their subsequent benefits. It is demonstrated that part of the unfair distribution of resources relates to who bears the costs of the negative externalities of resource production and consumption. Host mining communities are obviously among the hardest hit. Such impacts can be minimised through employing local content strategies where the local communities will feel the benefits of their resources hence fulfilment of social justice.

However, Gumbo (2020) notes that 87.96% of the total contribution to the Zimbabwean economy by Unki in 2017 was made up of localised procurement from host communities. Gumbo further cites Mungwambi (2015) as having indicated that Zimplats also undertook some training and mentorship sessions for the local suppliers to improve the quality of commodities delivered. The company also made advance payments to assist suppliers with working capital requirements. Zimplats further supported the establishment of a local brick moulding company run by women, called Turf Brick Moulding Company. At some point the company employed forty-six (46) men through direct capital injection from Zimplats (Gumbo). However, in most cases, the employment was contract-based as hiring was only done to fulfil specific orders placed by

customers.

Attention has been drawn to the 'resource curse' or paradox whereby countries with huge endowments of natural resources often suffer from low growth rates, high economic unpredictability, exploitation and sometimes overwhelming civil conflicts. In Zimbabwe, as in the rest of Africa, criticism is focussed on the fact that global mining businesses are often granted too many tax subsidies and concessions and that there is a high occurrence of tax avoidance by mining companies (Rogerson, 2011). A company can declare losses in perpetuity thereby not obliging it to pay the relevant taxes. In this regard, the community activists argued that this promotes tax injustice where the burden would be diverted towards the already overburdened citizens. A community activist in Mhondoro-Ngezi suggested that:

The ideal situation is when the mining companies who realise huge profits pay proportionally huge taxes compared to the poor citizens. Our laws seem to protect the mining companies at the expense of the poor community members. Mining companies should be the ones that pay taxes because they have committed themselves to abide by all local systems including social, cultural and economic ways of fulfilling local expectations. (Interview).

There is increased agreement among scholars that investment in mining and a mineral resource does not always guarantee positive social and economic outcomes hence the community activists are struggling to change this scenario. Thus, there are varying points of conflicts with regards to LCD within the mining sector. Local authorities as "community" have their own share of concerns. They raised concerns during this study that the central government had not been involving them in the mining contraction processes. A Chief Executive Officer in one of the target study areas argued during an AMI in Shurugwi, that:

Local authorities are expected to be providing communities with efficient and effective service delivery. Yet, they are not realising meaningful revenues from the mining companies working in their areas of jurisdiction. The authorities are not consulted by the central government on mining matters (Interview).

There was clear conflict between the central and sub national governments regarding mining revenue collection issues. Once the local authorities fail to fulfil service delivery expectations, the residents argue from a social justice perspective that mining does not address their needs.

The study noted that the local residents engaged the mining companies and the local authorities on issues of development through meetings, but at times they protested. The local people have also been organised into CBOs which lead in such engagements or protests. Examples of such CBOs are Mhondongori Resources Community Development Trust (MRCDT); Turf Resources Conversation Trust (TRCT) and Shurugwi Community Development Trust (SCDT). These CBOs have also been engaging mining companies during the

AMIs at which they are regular participants. Gumbo (2020) notes that at one point, the SCDT mobilised the Nhema community of Shurugwi including the traditional leadership for some demonstrations against the Unki Mine. One of events turned violent leading to arrest of some community members. Government attention was also sought through regular engagement meetings with the local authorities and local Members of Parliament as noted by Gumbo. While the mining companies, government departments have always promised to address issues of LCD in the three communities, the community activists argued that it is more of talking than action.

LCD issues are not confined to the local communities as they also concern the government, and the mining companies themselves. What differs is the level of appreciation of the concept in its technical nature. Therefore, one can argue that indeed it is not only the communities that acknowledge the need for LCD fulfilment.

Local communities communicate globally with potential allies among non-governmental organisations (NGOs,) academics, the media and funding partners (Cooney, 2016) to put pressure on mining companies. A mining company needs to receive the government permit thereby maintaining good relations with political leaders and comply with laws and regulations. Failure to do so leads to costly fines and possible legal suspensions of operations. From the social angle, according to Cooney, there is need to get the community's approval (social license) thereby maintaining good relations with the local leaders through complying with the community expectations. Without fulfilling that, the company faces costly conflicts that can threaten the forceful suspension of operations and subsequently heavy losses. Cooney further argues that the concept of "social license" has evolved to mean many things including social justice, community consultations by mining companies and CSR among other meanings.

#### *Political Economy of Local Content Development*

Hansen *et al.* (n.d), argue that, the academic work on local content is grounded on economic reason where the point is to guarantee that rents from foreign-controlled extractive operations stay in the host country so as to promote local economic development and produce spill over effects from extractives to other related industries. The authors hold that there is a political perspective on the subject too. Thus, for them, local content can be understood from both economic and political perspectives. This is however, too simplistic as it leaves out the social aspect to the whole process. Arguing from an economic point of view, Gbegi and Ademisi (2013), say that delivering local benefits in the communities where extractives industries operate is no longer a choice as it is now a commercial necessity and one that is increasingly mandated by law. Companies now do more than simply mitigate negative impacts of their projects but serve as sources of revenue, and act as good neighbours to the host communities. Indeed, business success depends upon the ability of companies to develop local skills, build a competitive local suppliers base, and deliver lasting socio-economic benefits to the areas where

they operate. From the extract below taken from the work of Gbegi and Ademisi (2013), it can be seen that it is difficult to separate the economic contribution of LCD from the social justice perspective highlighted in the rest of this papers' sections.

Although increasingly required by law in the extractive industry, local content represents the most strategic contribution a company can make to securing its social license to operate and leaving a positive legacy in countries. If designed and implemented effectively, local content offers an opportunity for companies and governments to unlock mutual benefit from resource extraction by focusing on companies' core competencies and supporting long term economic growth prospects (Gbegi and Ademisi, 2013:90).

Hansen *et al.* (n.d.) emphasise the point that liberal trade economists view local content measures as welfare reducing, as they distort trade and foreign direct investment (FDI) (Grossman 1981; Ado 2010). Such economists therefore seem to be more interested in market liberalism at the expense of the social impacts that mining projects may have on the host communities. Warner (2010) in Hansen *et al.* (n.d), argues that local content requirements may affect international companies' net present value (NPV) calculation and internal rate of return (IRR) and that they will eventually reduce overall trade and FDI in a country. It is estimated that local content requirements of all countries affect 2% of global trade across all sectors and reduce it by USD 93 billion annually. Furthermore, it is argued that the requirements may negatively affect local investment climate as may change the competitiveness of domestic players over foreign players, thus potentially leading to economic inefficiencies (Warner).

Tordo *et al.* (2011), indicate that the principal challenge to the use of local content policies rests on the misalignment between objectives and instruments. It should be clearly established if the suggested policy or legislative framework will address the perceived shortcoming in the mining sector for instance. The authors observe that in some cases, the wrong challenge is addressed. The policy makers may view lack of skills in the labour force as an issue thereby suggesting training needs and yet the real issue might be structural matters within the whole sector. For instance, where an attempt to fulfil LCD through local recruitment is attempted at, it was noted that the traditional leaders and high-profile politicians in the areas will second their own relatives because they have direct access to the companies. The genuine potential employees who qualify to work in the sector may not have access as structurally, the companies deal with those in power.

When there is uncertainty around costs and benefits, price intervention tends to yield outcomes closer to the optimal results than quantity regulations (Weitzman 1974 in Tordo *et al.* 2011). Hence in the case of labour as an issue, for instance, incentives and/or subsidies for training may produce better results than mandatory requirements. To reiterate the argument, Tordo *et al.*, argue for a similar case about market failures. The



imposition of minimum local content targets may not yield the best result. The problem may be a lack of adequate competition regulation and/or market management, thus, rules that attempt to ensure full, fair, and reasonable access to procurement opportunities for local suppliers might produce results that are nearer to the best solution.

#### IV. DISCUSSION

##### *Theorising LCD and Social Justice*

Through this study, it was found out that indeed, LCD is not only a political and economic matter but also a social requirement expected by host mining communities. From a political perspective, LCD issues are perceived as instruments for political power in a given host country. In that case, the governments put in place the policy, legislative and institutional frameworks that are favourable for the success of the LCD issues with links to both the foreign companies and local suppliers' businesses. There is also a visible connection between the political and economic elites in this case. However, it is also noted that there are some links between LCD and social needs of communities as the local people expect to gain socially from the mining projects.

A political economy along these lines related to LCD focuses on the way rents are used by patrons to satisfy and to award clients and thereby maintain power. In Zimbabwe, only a portion of local production is taxed since much of the economy is in the informal sector. Thus, political settlements should be achieved through other means, hence the ruling elites make some contracts with international companies, which has however, also influenced the rise of community activism around the LCD. Local authorities, CBOs and CSOs argue that some LCD measures only benefit the ruling elites and those local suppliers who are politically connected. In this case, therefore local content took a political direction yet the economic and social lives of the host communities are not being improved. The approach is exclusionary in nature. Thus, LCD debates are used as instruments to maintain power by awarding contracts, employment and opportunities to financiers of local elites, rather than promoting development of bona fide local enterprises by small to medium enterprises (SMEs). Otherwise, the low absorption of LCD by some local businesses in Zimbabwe and elsewhere is mainly due to the fact that they are not politically connected. Contracts to local firms tend to be awarded for political reasons from an economic efficiency perspective. However, the clear links that exist between social justice and LCD makes them more social than political and economic.

Both LCD and social justice are meant to enhance benefits from the mining activities for host communities. In as much as they have socio-politico-economic dimensions in them, the social aspect seems to be manifesting itself more than the other phenomena. It was also discovered that LCD and social justice are both emancipatory in nature. While LCD ensures that local communities benefit by becoming socially and economically sovereign through participation in the mining value chain, social justice has the same impacts on the

communities. What become clear from the discussion is that LCD and social justice concern individuals (who have become activists), mining communities, host governments (central and sub national) and the private mining firms. In Mhondongori community of Zvishavane where Mimosa was the company of interest for the study, the MRCDT managed to mobilise community members in that area to advocate for LCD and social justice in the mining sector. In Turf community (Mhondoro-Ngezi) where Zimplats mines platinum, the TRCT managed to attract the attention and membership of more than fifty community activists who formally and informally engage the company on LCD. In Shurugwi, the SCDT has a membership of more than fifty people who actively participate in its activities around LCD. Otherwise, the two concepts bring about socio-politico-economic fairness and justice, equity and equality and indeed both are about egalitarianism.

#### V. CONCLUSION

The paper has discussed the various perspectives with regards to LCD in the mining sector. It has been indicated that some scholars view LCD as an economic matter, while others regard it as a political issue. However, it has been argued that the concept is not detached from the social justice discourse. The paper has revealed that local content is a strategy utilised in many countries with natural resources to ensure that mining activities benefit the majority who are the local citizens. It is an initiative that allows mining activities to produce further benefits through linkages with other sectors beyond the actual mining processes. The main purpose of LCD is to generate employment, promote enterprise development and quicken skills and technological transfer to the locals. Economically, social justice leads to the protection of infant industries, limitation of the market control of external business vis-a-vis local industry. Socially, LCD ensures provision of social compensation to and working in harmony with indigenous communities affected by the environmental and social costs of mining projects. It is recommended that intellectuals should enhance understanding of LCD as social justice matter. It is further recommended that policy and legislative frameworks should be sensitive to social and environmental implications of local mining communities. Specific laws should be enacted to guarantee local procurement, employment and enterprise development by the mining companies.

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